

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2010
AND CASH DIVIDEND DECLARATION



FINANCIAL HIGHLIGHTS
OPERATING PROFIT ▲ 13.2%
HEADLINE EARNINGS PER SHARE ▲ 14.7%
INTERIM DIVIDEND 140 CENTS PER SHARE ▲ 14.8%



Condensed statement of comprehensive income

Rmillion	% Change	Unaudited Six months ended March 2010	Unaudited Six months ended March 2009	Audited Year ended September 2009
REVENUE		17 669.6	16 247.5	32 256.2
Turnover	8.8	17 513.4	16 100.8	31 962.1
Cost of sales		(16 131.2)	(14 827.0)	(29 393.0)
Gross profit	8.5	1 382.2	1 273.8	2 569.1
Other income		156.2	146.7	294.1
Operating expenses	4.6	(853.3)	(815.4)	(1 648.7)
OPERATING PROFIT	13.2	685.1	605.1	1 214.5
Interest received		11.7	17.8	34.9
Interest paid		(11.5)	(17.7)	(29.5)
Profit on sale of Western Cape distribution centre BBBEE transaction		(6.2)	63.0	63.0
Profit before taxation		679.1	668.2	1 146.7
Taxation		(204.2)	(198.2)	(401.5)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		474.9	470.0	745.2
Other comprehensive income				
Exchange differences from translation of foreign operations				(0.3)
TOTAL COMPREHENSIVE INCOME		474.9	470.0	744.9
EARNINGS PER SHARE				
Earnings per share	(cents)	278.2	278.2	439.4
Diluted earnings per share	(cents)	264.8	269.3	426.0
SALIENT STATISTICS				
Headline earnings per share	(cents) 14.7	278.1	242.5	404.5
Diluted headline earnings per share	(cents)	264.6	234.7	392.1
Dividend per share	(cents) 14.8	140.0	122.0	322.0
Net asset value per share	(cents)	1 169.6	1 011.8	1 137.4
Operating profit margin	(%)	3.9	3.8	3.8
Return on equity	(%)	24.1	29.3	43.5
HEADLINE EARNINGS RECONCILIATION				
Profit for the period attributable to ordinary shareholders		474.9	470.0	745.2
Adjusted for:				
Profit on sale of property, plant and equipment		(0.4)	(65.0)	(63.7)
Tax effects of adjustments		0.1	4.7	4.4
HEADLINE EARNINGS	15.8	474.6	409.7	685.9

Condensed statement of financial position

Rmillion	Unaudited March 2010	Unaudited March 2009	Audited September 2009
ASSETS			
NON-CURRENT ASSETS	1 886.9	1 746.9	1 856.2
Property, plant and equipment	1 464.6	1 300.9	1 425.8
Goodwill	245.6	245.6	245.6
Operating lease receivables	141.7	127.0	143.3
Investment in associate	3.5	3.5	3.5
Finance lease receivables		27.4	
Loans	2.8	14.5	13.8
Deferred taxation asset	25.3	25.2	22.0
Other non-current assets	3.4	2.8	2.2
CURRENT ASSETS	5 174.7	4 654.0	4 683.6
Inventories	974.8	872.0	853.1
Trade and other receivables	4 091.1	3 686.9	3 715.7
Prepayments	12.9	11.3	26.4
Finance lease receivables		7.6	
Operating lease receivables	17.9	14.7	15.4
Loans	0.5	8.9	4.5
Bank balances – Guilds	77.5	52.6	68.5
TOTAL ASSETS	7 061.6	6 400.9	6 539.8
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES	1 998.8	1 719.1	1 940.3
Share capital and premium	33.4	14.3	23.3
Treasury shares	(17.7)	(6.5)	
Currency translation reserve	(0.3)		(0.3)
Share based payment reserve	246.4	88.8	231.1
Retained earnings	1 737.0	1 622.5	1 686.2
NON-CURRENT LIABILITIES	210.8	190.2	209.4
Post-retirement medical aid provision	70.3	65.0	67.9
Operating lease payables	140.5	125.2	141.5
CURRENT LIABILITIES	4 852.0	4 491.6	4 390.1
Trade and other payables	4 194.6	3 688.5	4 015.2
Operating lease payables	18.2	15.6	15.5
Provisions	5.6	9.1	6.1
Taxation	33.7	14.0	2.3
Bank overdrafts	599.9	764.4	351.0
TOTAL EQUITY AND LIABILITIES	7 061.6	6 400.9	6 539.8

Condensed statement of cash flows

Rmillion	Unaudited Six months ended March 2010	Unaudited Six months ended March 2009	Audited Year ended September 2009
CASH FLOWS FROM OPERATING ACTIVITIES	(71.2)	(338.8)	215.4
Operating profit before:	679.0	668.1	1 141.3
Non-cash items	67.2	28.3	291.1
Profit on disposal of property, plant and equipment	(0.4)		(63.7)
Net working capital changes	(301.1)	(459.6)	(163.6)
– Increase in inventories	(121.6)	(76.0)	(57.4)
– Increase in trade and other receivables	(358.0)	(365.6)	(409.3)
– Increase/(decrease) in trade payables and provisions	178.5	(18.0)	303.1
Cash generated from operations	444.7	236.8	1 205.1
Interest received	11.0	17.2	34.3
Interest paid	(11.5)	(17.7)	(29.5)
Taxation paid	(176.2)	(314.9)	(526.8)
Dividends paid	(339.2)	(260.2)	(467.7)
CASH FLOWS FROM INVESTING ACTIVITIES	(76.2)	(132.8)	(268.5)
Investment to expand operations	(65.1)	(226.7)	(390.4)
Investment to maintain operations	(24.7)	57.3	49.5
– Replacement of property, plant and equipment	(26.0)	(38.1)	(51.1)
– Proceeds on disposal of property, plant and equipment	1.3	95.4	100.6
Net movement on loans and investments	13.6	36.6	72.4
CASH FLOWS FROM FINANCING ACTIVITIES	(92.5)	11.9	22.6
Proceeds from issue of share capital and premium	10.1	0.8	9.9
Proceeds from exercise of share options	41.2	45.9	47.6
Share repurchases	(143.8)	(34.8)	(34.9)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(239.9)	(459.7)	(30.5)
Net overdrafts at beginning of period	(282.5)	(252.1)	(252.1)
Effects of exchange rate changes on the balance of cash held in foreign currencies			0.1
NET OVERDRAFTS AT END OF PERIOD	(522.4)	(711.8)	(282.5)

Condensed statement of changes in equity

Rmillion	Share capital and premium	Treasury shares	Currency translation reserve	Share based payment reserve	Retained earnings	Attributable to ordinary shareholders
CAPITAL AND RESERVES AT 30 SEPTEMBER 2008	13.4	(77.6)		78.4	1 473.6	1 487.8
Comprehensive income for the period					470.0	470.0
Share capital issued	0.9	(0.9)				–
Recognition of share based payments				10.4		10.4
Take-up of share options		106.8		(60.9)		45.9
Transfer arising from take-up of share options				60.9	(60.9)	–
Share repurchases		(34.8)				(34.8)
Dividends declared					(260.2)	(260.2)
CAPITAL AND RESERVES AT 31 MARCH 2009	14.3	(6.5)	–	88.8	1 622.5	1 719.1
Comprehensive income for the period			(0.3)		275.2	274.9
Share capital issued	9.0	(9.0)				–
Recognition of share based payments				10.7		10.7
Take-up of share options		15.6		(4.0)		11.6
Transfer arising from take-up of share options				4.0	(4.0)	–
Share repurchases		(0.1)				(0.1)
Dividends declared					(207.5)	(207.5)
Recognition of BBBEE transaction				131.6		131.6
CAPITAL AND RESERVES AT 30 SEPTEMBER 2009	23.3	–	(0.3)	231.1	1 686.2	1 940.3
Comprehensive income for the period					474.9	474.9
Share capital issued	10.1	(10.1)				–
Recognition of share based payments				9.1		9.1
Take-up of share options		136.2		(84.9)		51.3
Transfer arising from take-up of share options				84.9	(84.9)	–
Share repurchases		(143.8)				(143.8)
Dividends declared					(339.2)	(339.2)
Recognition of BBBEE transaction				6.2		6.2
CAPITAL AND RESERVES AT 31 MARCH 2010	33.4	(17.7)	(0.3)	246.4	1 737.0	1 998.8

Notes to the condensed interim results

1. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The group financial results, from which these condensed financial statements were derived, are prepared in accordance with International Financial Reporting Standards and have been prepared on the historical cost basis except for the revaluation of financial instruments, the valuation of share based payments and the post-retirement medical obligation. The principal accounting policies adopted are consistent with those of the previous year. These condensed financial statements have been prepared in terms of IAS 34: Interim Financial Reporting.

These unaudited interim results have not been reviewed or reported on by the group's external auditors.

Rmillion	Unaudited Six months ended March 2010	Unaudited Six months ended March 2009	Audited Year ended September 2009
2. SHARE CAPITAL AND PREMIUM			
Authorised			
250 000 000 (March 2009: 250 000 000) ordinary shares of 0.06 cents (March 2009: 0.06 cents) each	0.2	0.2	0.2
30 000 000 (March 2009: nil) redeemable, convertible preference shares of 0.06 cents each	–	–	–
Issued			
171 170 013 (March 2009: 170 010 935) ordinary shares of 0.06 cents (March 2009: 0.06 cents) each	0.1	0.1	0.1
18 911 349 (March 2009: nil) redeemable, convertible preference shares of 0.06 cents each	–	–	–
Share premium account	33.3	14.2	23.2
Balance at beginning of year	23.2	13.3	13.3
Shares issued during the year	10.1	0.9	9.9
Total share capital and premium	33.4	14.3	23.3
Issued share capital amounts to R102 702 consisting of 171 170 013 ordinary shares. 572 221 ordinary shares were issued during the six months ended 31 March 2010.			
The weighted average number of ordinary shares (net of treasury shares) used in the calculation of earnings per share and headline earnings per share was 170 672 879 (March 2009: 168 949 525). Diluted earnings and headline earnings per share were based on a weighted average number of ordinary shares (net of treasury shares) of 179 364 480 (March 2009: 174 518 888).			
3. CONTINGENT LIABILITIES			
The company has guaranteed the finance obligations of certain SPAR retailer members to the amount of:	361.8	310.2	330.5
4. OPERATING LEASES			
Operating lease costs charged against operating profit			
Immovable property	–	5.8	9.2
– lease rentals	129.5	108.3	221.5
– sub-lease recoveries	(129.5)	(102.5)	(212.3)
Plant, equipment and vehicles	4.7	5.6	8.6
Operating lease commitments			
Future minimum lease payments under non-cancellable operating leases	2 134.7	1 817.3	1 932.9
– land and buildings	2 132.6	1 815.5	1 930.6
– other	2.1	1.8	2.3
Future minimum sub-lease receivables under non-cancellable property leases	(2 102.0)	(1 808.2)	(1 923.4)
Net commitments	32.7	9.1	9.5
5. CAPITAL COMMITMENTS			
Contracted	52.2	149.3	48.7
Approved but not contracted	30.5	0.9	53.0
	82.7	150.2	101.7
6. SEGMENTAL REPORTING			
The group operates its business from distribution centres situated throughout South Africa. The distribution centres individually supply goods and services of a similar nature to the group's voluntary trading members. The directors are of the opinion that the operations of the individual distribution centres are substantially similar to one another and that the risks and returns of these distribution centres are likewise similar. As a consequence thereof, the results of the distribution centres have been aggregated in terms of IFRS 8. Build it, although constituting a distinct business, does not satisfy the thresholds of significance for disclosure as a separate reportable segment.			
7. POST BALANCE SHEET EVENTS			
No material events have occurred subsequent to 31 March 2010 which may have an impact on the group's reported financial position at this date.			

Review of trading results

Despite an extremely tough trading period and considerably lower levels of inflation, turnover grew 8.8%, operating profit increased by 13.2% and headline earnings per share rose by 14.7%. Operating expenditure was well controlled being only 4.6% up on prior year. This performance was influenced by the effect of lower fuel prices on delivery costs and a considerably reduced bad debt write off. Case volumes handled through the group's distribution centres increased 4.7% on the comparable prior period.

Consumer spending remained under pressure and the food retail environment was extremely competitive with aggressive pricing and promotions. Notwithstanding the aforementioned, SPAR retail store turnover continued to grow ahead of the market. Retail trading space increased to 894 306 m² with 19 new stores opened. At period end the group serviced 848 SPAR stores (249 SUPERSPAR, 459 SPAR and 140 KWIKSPAR stores). SPAR continued to focus on its responsible competitive pricing philosophy and on providing value through its house brand range. Driving retail growth remains the group's number one priority.

TOPS store numbers increased to 439 with 28 stores opening during the six month period. Trading remained strong with ex distribution centre turnover increasing 27.5% to R1.1 billion (2009: R873 million). TOPS continues to gain market share.

Build it turnover at R1.55 billion (2009: R1.36 billion) grew 13.9% on the comparable prior period. This was a very pleasing performance given the state of the industry and the current economic climate. Eleven new stores were opened taking store numbers to 253. Build it has leased a distribution warehouse in Durban and will shortly commence sourcing product for direct supply ex distribution centre to retailers. It is estimated that over the next few years Build it will be able to supply some 15% of retailers' product requirements. This new venture will improve pricing to the consumer and will provide margin opportunities for retailers and the group's distribution centres.

CAPITAL EXPENDITURE

The extension to the group's South Rand distribution centre was completed during the period under review, with the final cost of the project being R265 million.

Construction of a new perishable facility at the Lowveld distribution centre is progressing according to timetable and budget, with anticipated handover of the facility scheduled for July 2010.

The group estimates that 2010 capital expenditure will not exceed R200 million.

PROSPECTS

The group anticipates that the tough trading environment will continue for the balance of the financial year. However, slightly higher levels of inflation and the positive sentiment generated by the World Cup should lead to improved prospects for growth.

Mike Hankinson Wayne Hook
Chairman Chief Executive

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim dividend of 140 cents per share has been declared in respect of the six months ended 31 March 2010.

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

Last day to trade cum-dividend	Friday, 4 June 2010
Shares to commence trading ex-dividend	Monday, 7 June 2010
Record date	Friday, 11 June 2010
Payment of dividend	Monday, 14 June 2010

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 7 June 2010 and Friday, 11 June 2010, both days inclusive.

By order of the board

KJ O'Brien
Company Secretary

Pinetown
11 May 2010

DIRECTORATE AND ADMINISTRATION

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

COMPANY SECRETARY: KJ O'Brien

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

REGISTRATION NUMBER: 1967/001572/06

ISIN: ZAE 000058517 JSE share code: SPP

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

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

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

SPONSOR: Barnard Jacobs Mellet Corporate Finance (Pty) Limited PO Box 62200, Marshalltown, 2107

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

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

WEBSITE: www.spar.co.za

SUPERSPAR

KWIKSPAR

SPAR

Build it

TOPS

incentive