



THE SPAR GROUP LIMITED UNAUDITED INTERIM RESULTS

for the six months ended 31 March 2012 and cash dividend declaration

FINANCIAL HIGHLIGHTS

Turnover	▲ 13.6%
Profit before taxation	▲ 11.4%
Headline earnings per share	▲ 9.1%
Interim dividend of 155 cents per share (gross)	

Condensed consolidated statement of comprehensive income

			Unaudited Six months ended March 2012	Unaudited Six months ended March 2011	Audited Year ended September 2011
Rmillion	% Change				
REVENUE			21 902.0	19 294.7	38 819.6
Turnover	13.6		21 717.8	19 115.0	38 458.7
Cost of sales			(20 001.3)	(17 584.8)	(35 336.6)
Gross profit			1 716.5	1 530.2	3 122.1
Other income			184.2	179.7	360.9
Operating expenses	11.5		(1 111.5)	(996.8)	(2 065.7)
TRADING PROFIT			789.2	713.1	1 417.3
BBBEE transactions			(6.4)	(6.5)	(12.9)
OPERATING PROFIT	10.8		782.8	706.6	1 404.4
Interest received			11.2	7.5	18.2
Interest paid			(14.1)	(14.2)	(24.7)
Share of equity accounted associate			0.9	0.8	6.7
Profit before taxation	11.4		780.8	700.7	1 404.6
Taxation			(257.0)	(221.5)	(452.0)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			523.8	479.2	952.6
OTHER COMPREHENSIVE INCOME					
Exchange differences from translation of foreign operations			(0.1)		0.1
TOTAL COMPREHENSIVE INCOME			523.7	479.2	952.7
EARNINGS PER SHARE					
Earnings per share	(cents)	9.0	304.7	279.6	555.6
Diluted earnings per share	(cents)		283.0	261.9	521.4
SALIENT STATISTICS					
Headline earnings per share	(cents)	9.1	305.4	279.8	557.1
Diluted headline earnings per share	(cents)		283.6	262.1	522.8
Dividend per share	(cents)	9.2	155.0	142.0	377.0
Net asset value per share	(cents)		1 488.9	1 328.0	1 450.5
Operating profit margin	(%)		3.6	3.7	3.7
Return on equity	(%)		20.8	21.5	40.7
HEADLINE EARNINGS RECONCILIATION					
Profit for the period attributable to ordinary shareholders			523.8	479.2	952.6
Adjusted for:					
Loss on sale of property, plant and equipment			1.5	0.5	3.4
Tax effects of adjustments			(0.4)	(0.2)	(0.9)
HEADLINE EARNINGS			524.9	479.5	955.1

Condensed consolidated statement of cash flows

			Unaudited Six months ended March 2012	Unaudited Six months ended March 2011	Audited Year ended September 2011
Rmillion					
CASH FLOWS FROM OPERATING ACTIVITIES			(365.7)	(446.1)	737.7
Operating profit before:			782.8	706.2	1 404.4
Non cash items			92.3	94.4	169.1
Loss on disposal of property, plant and equipment			1.5	0.5	3.4
Net working capital changes			(544.7)	(637.2)	204.3
– Increase in inventories			(253.6)	(240.9)	(175.9)
– Increase in trade and other receivables			(168.2)	(184.0)	(452.2)
– (Decrease) increase in trade and other payables and provisions			(122.9)	(212.3)	832.4
Cash generated from operations			331.9	163.9	1 781.2
Interest received			12.0	6.6	17.1
Interest paid			(14.1)	(14.2)	(24.7)
Taxation paid			(291.6)	(221.9)	(411.3)
Dividends received				0.4	
Dividends paid			(403.9)	(380.9)	(624.6)
CASH FLOWS FROM INVESTING ACTIVITIES			(104.0)	(172.8)	(254.2)
Investment to expand operations			(51.3)	(64.9)	(118.0)
Investment to maintain operations			(25.6)	(30.1)	(36.6)
– Replacement of property, plant and equipment			(26.2)	(30.2)	(41.5)
– Proceeds on disposal of property, plant and equipment			0.6	0.1	4.9
Acquisition of subsidiaries				(71.8)	(82.2)
Net movement on loans and investments			(27.1)	(6.0)	(17.4)
CASH FLOWS FROM FINANCING ACTIVITIES			(66.0)	(22.6)	(56.1)
Proceeds from issue of shares			4.9	13.0	16.2
Proceeds from exercise of share options			25.9	12.5	25.5
Share repurchases			(96.8)	(48.1)	(97.8)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			(535.7)	(641.5)	427.4
NET OVERDRAFTS AT BEGINNING OF PERIOD			(18.5)	(445.9)	(445.9)
NET OVERDRAFTS AT END OF PERIOD			(554.2)	(1 087.4)	(18.5)

Condensed consolidated statement of changes in equity

				Currency trans- lation reserve	Share based payment reserve	Retained earnings	Attributable to ordinary shareholders
Rmillion	Stated capital	Treasury shares					
Capital and reserves at 30 September 2010	33.4	(10.8)	(0.2)	261.8	1 903.0	2 187.2	
Total comprehensive income					479.2	479.2	
Share capital issued	13.0	(13.0)					–
Recognition of share based payments				8.5			8.5
Take-up of share options		53.7		(28.2)			25.5
Transfer arising from take-up of share options				28.2		(28.2)	–
Share repurchases		(48.1)				(48.1)	(48.1)
Dividends declared						(380.9)	(380.9)
Recognition of BBBEE transaction				6.2			6.2
Capital and reserves at 31 March 2011	46.4	(18.2)	(0.2)	276.5	1 973.1	2 277.6	
Total comprehensive income				0.1	473.4	473.5	
Share capital issued	3.2	(3.2)					–
Recognition of share based payments				9.3			9.3
Take-up of share options		43.3		(27.0)			16.3
Transfer arising from take-up of share options				27.0		(27.0)	–
Share repurchases		(49.7)				(49.7)	(49.7)
Dividends declared						(243.7)	(243.7)
Recognition of BBBEE transaction				6.2			6.2
Capital and reserves at 30 September 2011	49.6	(27.8)	(0.1)	292.0	2 175.8	2 489.5	
Total comprehensive income				(0.1)	523.8	523.7	
Share capital issued	4.9	(4.9)					–
Recognition of share based payments				9.3			9.3
Take-up of share options		70.7		(40.0)			30.7
Transfer arising from take-up of share options				40.0		(40.0)	–
Share repurchases		(96.8)				(96.8)	(96.8)
Dividends declared						(403.9)	(403.9)
Recognition of BBBEE transaction				6.2			6.2
Capital and reserves at 31 March 2012	54.5	(58.8)	(0.2)	307.5	2 255.7	2 558.7	

Condensed consolidated statement of financial position

	Unaudited March 2012	Unaudited March 2011	Audited September 2011
Rmillion			
ASSETS			
Non-current assets	2 149.6	2 114.2	2 123.8
Property, plant and equipment	1 565.3	1 551.1	1 550.4
Goodwill	381.9	371.5	381.9
Operating lease receivables	117.8	133.7	119.3
Investment in associate	22.9	16.6	22.1
Other investments	20.5	1.5	1.5
Loans	25.5	31.2	34.8
Deferred taxation asset	15.5	7.5	13.2
Other non-current assets	0.2	1.1	0.6
Current assets	6 611.2	5 927.9	6 177.8
Inventories	1 388.6	1 200.1	1 135.0
Trade and other receivables	5 044.9	4 593.7	4 867.8
Prepayments	15.1	17.6	26.6
Operating lease receivables	30.5	22.0	36.7
Loans	28.9	10.3	15.3
Taxation receivable		5.6	
Bank balances – Guilds	103.2	78.6	96.4
TOTAL ASSETS	8 760.8	8 042.1	8 301.6
EQUITY AND LIABILITIES			
Capital and reserves	2 558.7	2 277.6	2 489.5
Stated capital	54.5	46.4	49.6
Treasury shares	(58.8)	(18.2)	(27.8)
Currency translation reserve	(0.2)	(0.2)	(0.1)
Share based payment reserve	307.5	276.5	292.0
Retained earnings	2 255.7	1 973.1	2 175.8
Non-current liabilities	223.3	216.9	216.5
Deferred taxation liability	0.6		0.6
Post retirement medical aid provision	94.4	76.8	85.5
Operating lease payables	128.3	140.1	130.4
Current liabilities	5 978.8	5 547.6	5 595.6
Trade and other payables	5 267.3	4 353.0	5 391.5
Operating lease payables	32.8	23.0	37.0
Provisions	12.9	5.6	11.6
Taxation payable	8.4		40.6
Bank overdrafts	657.4	1 166.0	114.9
TOTAL EQUITY AND LIABILITIES	8 760.8	8 042.1	8 301.6

Notes to the condensed consolidated interim results

1 BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The condensed consolidated interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: Interim Reporting and the AC 500 Standards as issued by the Accounting Practices Board, the South African Companies Act (No 71 of 2008, as amended) and the listing requirements of the JSE Limited. The accounting policies are in terms of IFRS and are consistent with those used in the annual financial statements for the financial period ended September 2011.

The information contained in the interim report has neither been audited nor reviewed by the group's external auditors. These condensed consolidated financial statements have been prepared under the supervision of MW Godfrey CA(SA), the Financial Director of the group.

	Unaudited Six months ended March 2012	Unaudited Six months ended March 2011	Audited Year ended September 2011
Rmillion			
2 STATED CAPITAL			
Authorised			
250 000 000 (March 2011: 250 000 000) ordinary shares	0.2	0.2	0.2
30 000 000 (March 2011: 30 000 000) redeemable, convertible preference shares	–	–	–
Issued			
172 372 704 (March 2011: 171 729 604) ordinary shares	54.5	46.4	49.6
18 911 349 (March 2011: 18 911 349) redeemable, convertible preference shares	–	–	–
Total stated capital	54.5	46.4	49.6
Per the resolution passed at the annual general meeting, all shares of par value were converted to no par value.			
Issued share capital amounts to R103 424, consisting of 172 372 704 ordinary shares. 436 100 ordinary shares were issued during the six months ended 31 March 2012.			
Issued redeemable, convertible preference share capital amounts to R11 347, consisting of 18 911 349 (March 2011: 18 911 349) shares issued during the financial year ended 30 September 2009.			
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 171 899 983 (March 2011: 171 394 121).			
Diluted earnings and headline earnings per share were based on a weighted average number of ordinary shares (net of treasury shares) of 185 103 869 (March 2011: 182 991 411).			
3 CONTINGENT LIABILITIES			
The company has guaranteed the finance obligations of certain SPAR retailer members to the amount of:	386.9	386.9	415.6
4 OPERATING LEASES			
Operating lease costs charged against operating profit			
Immovable property	21.7	16.7	35.2
– Lease rentals	181.2	161.7	337.6
– Sub-lease recoveries	(159.5)	(145.0)	(302.4)
Plant, equipment and vehicles	10.7	5.8	13.9
Operating lease commitments			
Future minimum lease payments under non-cancellable operating leases	3 093.9	2 539.5	2 924.5
– Land and buildings	3 087.2	2 536.3	2 917.2
– Other	6.7	3.2	7.3
Future minimum sub-lease receivables under non-cancellable property leases	(2 733.5)	(2 191.7)	(2 569.4)
Net commitments	360.4	347.8	355.1
5 CAPITAL COMMITMENTS			
Contracted	34.2	55.4	130.3
Approved but not contracted	25.7	11.0	16.1
Total capital commitments	59.9	66.4	146.4
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 business of the group is considered to be a single geographic segment.			
7 EVENTS AFTER THE REPORTING DATE			
No material events have occurred subsequent to 31 March 2012 which may have an impact on the group's reported financial position at this date.			

Review of trading results

TRADING OVERVIEW

Trading profit for the period under review reflected a pleasing improvement over the same period last year. The consumer remained under pressure, high unemployment levels persisted and food retail competition intensified, which all led to a challenging trading environment. This was partly countered by higher internal inflation of 7.2% for the period.

Turnover growth of 13.6%, which included volume growth of 6.1%, was very encouraging and reflected a solid contribution from food and strong performances from liquor and building materials. Profit before taxation increased 11.4% for the period and was impacted by tighter gross margins, down from 8.0% to 7.9%, and lower marketing income. Total operating expenses increased by 11.5%, with fuel costs up 38% being a major contributing factor, and the once-off KwaZulu-Natal distribution centre strike costs adding a further R12 million. Comparable business costs, excluding our retail stores and imports warehouse operation, were up 9.9%. Headline earnings per share increased by 9.1% to 305.4 cents and was impacted by an underprovision for tax in the prior period.

SPAR wholesale turnover of R17.9 billion increased by 12.1% and was supported by growth in retail trading space of 1.63%. During the period 12 new stores were opened. At the end of March the group serviced 867 SPAR stores.

TOPS remains a real success story. Store numbers increased to 523 with 25 new stores opening during the first half of the year. Liquor trading remained very strong with wholesale turnover for the period increasing by an impressive 19.7% to R1.6 billion.

Build it wholesale turnover reported growth of 19.2% to R2.25 billion, and was once again supported by an excellent retail performance. Eight new stores were opened in the period. The new Build it imports warehouse operation has shown an impressive sales growth of 72%, however, our current focus is on refining the product range and addressing the cost of distribution. We remain confident about the future success of this venture.

We have progressed other retail formats and now have 16 pharmacies, and 13 Savor stores. We expect these new opportunities to gain some further momentum going forward.

During the period the group's retail division took on 2 new stores temporarily which, together with 2 other corporate stores, are in the process of being sold. Performance in this division will show an improvement for the year to September 2012. This division is profitable after the relevant wholesale profit is taken into account, which affirms our decision to protect these retail sites.

PROSPECTS

The group does not expect market conditions to change significantly over the remainder of the financial year and consequently expects to deliver a satisfactory performance for the second half of the year.

Cash generation will remain strong, buoyed by the fact that operational capital expenditure for the year will not exceed R180 million.

Mike Hankinson

Chairman

Wayne Hook

Chief Executive

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim dividend of 155 cents per share (gross) has been declared by the board in respect of the six months ended 31 March 2012. The dividend has been declared out of income reserves.

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

Last day to trade cum-dividend	Friday, 1 June 2012
Shares to commence trading ex-dividend	Monday, 4 June 2012
Record date	Friday, 8 June 2012
Payment of dividend	Monday, 11 June 2012

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 4 June 2012 and Friday, 8 June 2012, both days inclusive.

In terms of the new Dividend Tax effective 1 April 2012, the following additional information is disclosed:

- The local dividend tax rate is 15%;
- There are no STC credits utilised;
- The net local dividend amount is 131.75 cents per share for shareholders liable to pay the new Dividend Tax, and 155 cents per share for shareholders exempt from the new Dividend Tax;
- The issued share capital of The SPAR Group Limited is 172 372 704 ordinary shares; and
- The SPAR Group Limited's tax reference number is 9285/168/20/0.

By order of the board

KJ O'Brien

Company Secretary

Pinetown

8 May 2012

DIRECTORATE AND ADMINISTRATION

Directors: MJ Hankinson* (*Chairman*), WA Hook (*Chief Executive*), MW Godfrey, DB Gibbon*, PK Hughes*, RJ Hutchison*, MP Madi*, HK Mehta*, P Mnganga*, R Venter, CF Wells* *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 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: One Capital, PO Box 784573, Sandton, 2146

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

Attorneys: Garlick & Bousfield, PO Box 1219, Umhlanga Rocks, 432