



Turnover

Headline earnings per share

Interim dividend of 179 cents per share

▲

9.6%

▲

12.0%

▲

15.5%

Condensed consolidated statement of comprehensive income

Rmillion	% Change	Unaudited Six months ended March 2013	Unaudited Six months ended March 2012	Audited Year ended September 2012
Revenue		23 991.3	21 902.0	43 560.2
Turnover	9.6	23 794.8	21 717.8	43 166.0
Cost of sales		(21 904.1)	(20 001.3)	(39 721.3)
Gross profit		1 890.7	1 716.5	3 444.7
Other income		196.5	184.2	394.2
Operating expenses	13.2	(1 258.3)	(1 111.5)	(2 315.7)
Trading profit		828.9	789.2	1 523.2
BBBEE transactions		(6.7)	(6.4)	(13.0)
Operating profit		822.2	782.8	1 510.2
Interest received		13.8	11.2	32.8
Interest paid		(15.5)	(14.1)	(27.8)
Share of equity accounted associate		0.8	0.9	3.5
Profit before taxation	5.2	821.3	780.8	1 518.7
Taxation		(232.1)	(257.0)	(459.8)
Profit for the period attributable to ordinary shareholders	12.5	589.2	523.8	1 058.9
Other comprehensive income				
Exchange differences from translation of foreign operations		0.6	(0.1)	
Total comprehensive income	12.6	589.8	523.7	1 058.9
EARNINGS PER SHARE				
Earnings per share	(cents)	341.8	304.7	615.7
Diluted earnings per share	(cents)	319.2	283.0	570.6
SALIENT STATISTICS				
Headline earnings per share	(cents)	342.0	305.4	616.3
Diluted headline earnings per share	(cents)	319.4	283.6	571.2
Dividend per share	(cents)	179.0	155.0	430.0
Net asset value per share	(cents)	1 672.9	1 488.9	1 649.8
Operating profit margin	(%)	3.5	3.6	3.5
Return on equity	(%)	21.7	20.8	39.8
HEADLINE EARNINGS RECONCILIATION				
Profit for the period attributable to ordinary shareholders		589.2	523.8	1 058.9
Adjusted for:				
Loss on disposal of property, plant and equipment		0.3	1.5	1.5
Tax effects of adjustments		(0.1)	(0.4)	(0.4)
Headline earnings	12.3	589.4	524.9	1 060.0

Condensed consolidated statement of cash flows

Rmillion	Unaudited Six months ended March 2013	Unaudited Six months ended March 2012	Audited Year ended September 2012
CASH FLOWS FROM OPERATING ACTIVITIES	(337.0)	(365.7)	1 153.5
Operating profit before:	822.2	782.8	1 510.2
Non cash items	104.8	92.3	173.0
Loss on disposal of property, plant and equipment	0.3	1.5	1.5
Net working capital changes	(545.2)	(544.7)	622.4
– Increase in inventories	(34.7)	(253.6)	(280.6)
– Increase in trade and other receivables	(227.2)	(168.2)	(473.2)
– (Decrease)/increase in trade payables and provisions	(283.3)	(122.9)	1 376.2
Cash generated from operations	382.1	331.9	2 307.1
Interest received	14.3	12.0	32.8
Interest paid	(15.5)	(14.1)	(27.8)
Taxation paid	(244.6)	(291.6)	(488.1)
Dividends paid	(473.3)	(403.9)	(670.5)
CASH FLOWS FROM INVESTING ACTIVITIES	(165.5)	(104.0)	(222.0)
Investment to expand operations	(97.2)	(51.3)	(92.7)
Investment to maintain operations	(48.8)	(25.6)	(71.8)
– Replacement of property, plant and equipment	(49.6)	(26.2)	(74.1)
– Proceeds on disposal of property, plant and equipment	0.8	0.6	2.3
Acquisition of business			(9.1)
Net movement on loans and investments	(19.5)	(27.1)	(48.4)
CASH FLOWS FROM FINANCING ACTIVITIES	(86.0)	(66.0)	(71.4)
Proceeds from issue of shares	7.1	4.9	4.9
Proceeds from exercise of share options	24.2	25.9	47.3
Share repurchases	(117.3)	(96.8)	(123.6)
Net (decrease)/increase in cash and cash equivalents	(588.5)	(535.7)	860.1
Net balances/(overdrafts) at beginning of period	841.6	(18.5)	(18.5)
Net balances/(overdrafts) at end of period	253.1	(554.2)	841.6

Condensed consolidated statement of changes in equity

Rmillion	Stated capital	Treasury shares	Currency trans-lation reserve	Share based payment reserve	Retained earnings	Attributable to ordinary shareholders
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)
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
Total comprehensive income			0.1		535.1	535.2
Share capital issued						–
Recognition of share based payments				9.4		9.4
Take-up of share options		78.7		(57.2)		21.5
Transfer arising from take-up of share options				57.2	(57.2)	–
Share repurchases		(26.8)				(26.8)
Dividends declared					(266.6)	(266.6)
Recognition of BBBEE transaction				6.2		6.2
Capital and reserves at 30 September 2012	54.5	(6.9)	(0.1)	323.1	2 467.0	2 837.6
Total comprehensive income			0.6		589.2	589.8
Share capital issued	7.1	(7.1)				–
Recognition of share based payments				9.1		9.1
Take-up of share options		74.6		(43.3)		31.3
Transfer arising from take-up of share options				43.3	(43.3)	–
Share repurchases		(117.3)				(117.3)
Dividends declared					(473.3)	(473.3)
Recognition of BBBEE transaction				6.2		6.2
Capital and reserves at 31 March 2013	61.6	(56.7)	0.5	338.4	2 539.6	2 883.4

THE SPAR GROUP LIMITED UNAUDITED INTERIM RESULTS

for the six months ended 31 March 2013 and cash dividend declaration



Condensed consolidated statement of financial position

Rmillion	Unaudited March 2013	Unaudited March 2012	Audited September 2012
ASSETS	2 309.5	2 149.6	2 222.5
Non-current assets			
Property, plant and equipment	1 665.2	1 565.3	1 588.0
Goodwill	391.0	381.9	391.0
Operating lease receivables	103.8	117.8	112.7
Investment in associates	40.8	22.9	40.0
Other investments	20.9	20.5	20.9
Loans	76.2	25.5	59.0
Deferred taxation asset	11.6	15.5	10.9
Other non-current assets		0.2	
Current assets	7 350.0	6 611.2	7 672.8
Inventories	1 450.3	1 388.6	1 415.6
Trade and other receivables	5 576.3	5 044.9	5 341.1
Prepayments	19.1	15.1	35.8
Operating lease receivables	38.3	30.5	34.3
Loans	6.8	28.9	4.4
Taxation receivable	6.1		
Bank balances – SPAR	125.2		752.4
Bank balances – Guilds	127.9	103.2	89.2
Total assets	9 659.5	8 760.8	9 895.3
EQUITY AND LIABILITIES			
Capital and reserves	2 883.4	2 558.7	2 837.6
Stated capital	61.6	54.5	54.5
Treasury shares	(56.7)	(58.8)	(6.9)
Currency translation reserve	0.5	(0.2)	(0.1)
Share based payment reserve	338.4	307.5	323.1
Retained earnings	2 539.6	2 255.7	2 467.0
Non-current liabilities	239.7	223.3	236.3
Deferred taxation liability	4.9	0.6	3.9
Post retirement medical aid provision	112.7	94.4	103.4
Operating lease payables	122.1	128.3	129.0
Current liabilities	6 536.4	5 978.8	6 821.4
Trade and other payables	6 484.6	5 267.3	6 772.6
Operating lease payables	39.3	32.8	35.4
Provisions	12.5	12.9	6.7
Taxation payable		8.4	6.7
Bank overdrafts		657.4	
Total equity and liabilities	9 659.5	8 760.8	9 895.3

Notes to the condensed consolidated interim results

1 BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS			
The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the information as required by the IAS 34: Interim Financial Reporting, the JSE requirements and the requirements of the Companies Act of South Africa. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 September 2012.			
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 Mr MW Godfrey CA(SA), on behalf of The SPAR Group Limited.			
	Unaudited Six months ended March 2013	Unaudited Six months ended March 2012	Restated* Year ended September 2012
2 STATED CAPITAL			
Authorised			
250 000 000 (March 2012: 250 000 000) ordinary shares	0.2	0.2	0.2
30 000 000 (March 2012: 30 000 000) redeemable convertible preference shares	–	–	–
Issued			
172 782 188 (March 2012: 172 372 704) ordinary shares	61.6	54.5	54.5
18 911 349 (March 2012: 18 911 349) redeemable convertible preference shares	–	–	–
Total stated capital	61.6	54.5	54.5
Issued redeemable convertible preference share capital amounts to R61 645 597 consisting of 172 782 188 ordinary shares. 404 484 ordinary shares were issued during the six months ended 31 March 2013.			
Issued redeemable convertible preference share capital amounts to R11 347, consisting of 18 911 349 (March 2012: 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 172 363 059 (March 2012: 171 899 983).			
Diluted earnings and headline earnings per share were based on a weighted average number of ordinary shares (net of treasury shares) of 184 558 192 (March 2012: 185 103 869).			
3 CONTINGENT LIABILITIES			
The company has guaranteed the finance obligations of certain SPAR retailer members to the amount of:	404.8	386.9	386.8
4 OPERATING LEASES			
Operating lease costs charged against operating profit			
Immovable property	29.3	21.7	52.0
– Lease rentals	204.5	181.2	410.7
– Sub-lease recoveries	(175.2)	(159.5)	(358.7)
Plant, equipment and vehicles	6.4	10.7	15.7
Operating lease commitments			
Future minimum lease payments under non-cancellable operating leases	3 609.2	3 093.9	3 337.6
– Land and buildings	3 602.2	3 087.2	3 335.0
– Other	7.0	6.7	2.6
Future minimum sub-lease receivables under non-cancellable property leases	(3 219.0)	(2 733.5)	(2 976.3)*
* The September 2012 sub-lease receivables have been restated due to a disclosure error.			
5 CAPITAL COMMITMENTS			
Contracted	52.9	34.2	161.4
Approved but not contracted	76.6	25.7	56.5
Total capital commitments	129.5	59.9	217.9
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 segment.			
7 EVENTS AFTER THE REPORTING DATE			
No material events have occurred subsequent to 31 March 2013 which may have an impact on the group's reported financial position at this date.			

Review of trading results

TRADING OVERVIEW

During a period in which SPAR celebrated a special milestone of 50 years of trading in South Africa, consumer spending continued to be pressured by high levels of unemployment, increasing energy and transport costs and reduced access to credit. Labour unrest in key sectors of our economy added to the challenge for retailers who operate in an increasingly competitive environment.

Against this economic backdrop, group turnover increased by 9.6% to R23.8 billion, which included another strong performance from liquor while building materials' growth slowed. Profit before taxation increased 5.2% to R821.3 million. Gross margins remained in line with those of the prior year, however, total distribution centre expenses increased by 10.7%, and were adversely impacted by a 19.2% increase in delivery costs. These were the result of significant fuel price increases, case volume growth of 4.8%, and increased costs of distribution into neighbouring countries. The total group operating expense increase of 13.2% was further influenced by the costs of effectively 2 additional retail division stores, a new Build it marketing campaign, increased communication costs due to the centralisation of our system infrastructure, and the timing of guild marketing expenditure between the two periods. Profit after taxation increased by 12.5% and was favourably impacted by the removal of the STC tax charge in the current year.

Headline earnings rose 12.3% to R589.4 million (March 2012: R524.9 million) and headline earnings per share increased by 12.0% to 342 cents (March 2012: 305.4 cents). An interim dividend of 179 cents (March 2012: 155 cents) per share was declared, representing an increase of 15.5% and was adjusted to recognise the effect of the STC change.

SPAR wholesale turnover of R19.5 billion increased by 9.2% and was supported by a net growth in retail trading space of 1.32%. Total retail turnover increased by 9.5%, and 7.6% on a comparable store basis. During the review period 9 new stores were opened and at the end of March the group serviced 869 SPAR stores.

TOPS continued to be the stand out performer with wholesale turnover increasing by an impressive 18.2% to R1.9 billion. Store numbers were boosted to 561 with 25 new stores opening during the first half of the financial year. The liquor performance was supported by product inflation of 7.9%.

Combined food and liquor retail sales, which allows for a better industry comparative, increased in total by 10.2% and 7.8% on a like-for-like store basis.

Build it wholesale turnover growth at 6.7% slowed during the period to R2.4 billion. Turnover was impacted by the macro-economic factors covered above, adverse weather conditions over large parts of the country during the latter part of 2012 and imported cement being purchased outside of our system. Another 8 new stores were added during the period taking store numbers to 289. The Build it imports warehouse continued to show improvement with sales growing by 32%, although a weakening rand has had some impact on this initiative.

We have continued the growth of our other retail formats and have opened 10 new Pharmacy at SPAR stores, and 11 Savemor stores.

The group's retail division opened a new store during the period taking the number of corporate stores to 11. This division reported retail sales of R451 million and despite posting a trading loss, the overall group position remains positive when combined with the wholesale profit made on sales to these stores. Subsequent to the reporting period, the group finalised the sale of one of these stores to an independent SPAR retailer.

The group continued to invest in appropriate assets and capital expenditure remained in line with projections. Expenditure for the full year is expected to be within the R290 million budget. The KwaZulu-Natal dry facility extension is progressing on schedule and will be completed this year within the R65 million budget.

PROSPECTS

The group does not expect market conditions to change significantly over the remainder of the financial year. We anticipate that further new store openings, strong marketing supporting our 50th anniversary and a continued focus on costs will allow us to deliver a satisfactory performance for the second half of the year.

Mike Hankinson
Chairman

Wayne Hook
Chief Executive

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim cash dividend of 179 cents per share (gross) has been declared by the board in respect of the six months ended 31 March 2013.

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, 31 May 2013
Shares to commence trading ex-dividend	Monday, 3 June 2013
Record date	Friday, 7 June 2013
Payment of dividend	Monday, 10 June 2013

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 3 June 2013 and Friday, 7 June 2013, both days inclusive. In terms of the Dividends Tax effective 1 April 2012, the following additional information is disclosed:

- The local dividends tax rate is 15%;
- There are no STC credits utilised;
- The net local dividend amount is 152.15 cents per share for shareholders liable to pay the Dividends Tax, and 179 cents per share for shareholder exempt from the Dividends Tax;
- The issued share capital of the SPAR Group Limited as at the date of the declaration is 172 312 120 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
14 May 2013

DIRECTORATE AND ADMINISTRATION

Directors: MJ Hankinson* (*Chairman*), WA Hook (*Chief Executive*), MW Godfrey, 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, 4320

Website: www.spar.co.za

15 May 2013

