

2006

REVIEWED
RESULTS

For the year ended 30 June 2006



keyPERFORMANCE
Indicators

Operating profit +17%

Headline earnings per share +19%

ABRIDGED INCOME STATEMENT

R'000	Reviewed year ended 30/06/2006	Audited restated year ended 30/06/2005	% Change
Revenue	182 692	200 632	(8.9)
Operating profit	77 441	66 100	17.2
Net interest received	4 007	4 823	
Loss from associate companies	(253)	(80)	
Profit before taxation	81 195	70 843	14.6
Taxation	(23 528)	(20 114)	
Profit for the year	57 667	50 729	13.7
Attributable to:			
Equity holders of the parent	57 989	50 645	14.5
Minority interests	(322)	84	

RECONCILIATION OF HEADLINE EARNINGS			
Earnings attributable to equity holders of the parent	57 989	50 645	
Headline earnings adjustment:			
Profit on sale of property, plant and equipment	(18)	(422)	
Headline earnings	57 971	50 223	15.4

Statistics			
Shares in issue (000's) (Note 1)	88 156	88 156	
Weighted average number of shares in issue (000's)	88 156	90 783	
Earnings per share (cents)	65.78	55.79	17.9
Diluted earnings per share (cents)	65.12	55.79	16.7
Headline earnings per share (cents)	65.76	55.32	18.9
Diluted headline earnings per share (cents)	65.10	55.32	17.7
Distribution per share (cents)	47.00	40.00	17.5
Net asset value per share (cents)	411.36	381.81	7.7

ABRIDGED CASH FLOW STATEMENT

R'000	Reviewed year ended 30/06/2006	Audited restated year ended 30/06/2005
Cash generated from operations	82 175	67 541
Net interest received	4 007	4 823
Taxation paid	(22 795)	(13 892)
Distributions paid	(36 867)	(32 685)
Working capital changes	(8 485)	(5 297)
Cash flow from operating activities	18 035	20 490
Cash flow from investing activities	(16 666)	(23 845)
Cash flow from financing activities	-	(31 375)
Net movement in cash and cash equivalents	1 369	(34 730)
Adjustment for foreign exchange fluctuations	(184)	383
Net cash and cash equivalents at beginning of the year	39 703	74 050
Net cash and cash equivalents at end of the year	40 888	39 703

GROUP ACCOUNTING POLICIES AND CONVERSION TO IFRS

The Spur Corporation Board of Directors has adopted International Financial Reporting Standards (IFRS) for the year ended 30 June 2006. The financial statements for the year ended 30 June 2006 will be the company's first financial statements prepared in compliance with IFRS and hence IFRS 1 – First Time Adoption of IFRS has been applied in preparing these financial statements. The company has adopted all applicable IFRS issued or revised up to 30 June 2006. These results have been reviewed by KPMG Inc., and their unqualified review opinion is available for inspection at the company's registered office.

In terms of IFRS 1, the group has restated its opening reserves and the consolidated balance sheet as at 1 July 2004 as well as the consolidated income statement and cash flow statement for the year ending 30 June 2005. For further details on this see notes 2 – 7.

FINANCIAL AND OPERATIONAL REVIEW

Spur Corporation has continued to capitalise on buoyant trading conditions to further entrench its position in the family sit-down restaurant market in South Africa. Financial performance was boosted by improved second half results, with the group experiencing a record number of restaurant openings and upgrades of existing restaurants.

Restaurant turnover, which reflects in the franchise fee income received from franchisees, increased by 17.7% and passed the R2 billion mark for the first time. The turnover of existing restaurants, excluding new outlets opened during the year, was 10.7% higher than the previous year.

Group revenue declined by 8.9% to R182.7 million (2005: R200.6 million) as a result of the lower wholesale and distribution sales following the outsourcing of the national distribution of restaurant supplies from the group's central kitchens to an independent distributor. The outsourcing of this function is already proving beneficial to the group and will have a positive effect on profitability and operating margins in the long term.

Operating profit grew by 17.2% to R77.4 million (2005: R66.1 million), benefiting from disciplined cost control and restaurant revenue growth.

ABRIDGED BALANCE SHEET

R'000	Reviewed year ended 30/06/2006	Audited restated year ended 30/06/2005
ASSETS		
Non-current assets	346 849	330 636
- Property, plant and equipment	37 612	27 100
- Intangibles	271 865	271 865
- Interest in associate companies	11 258	6 678
- Loans receivable	14 791	11 940
- Deferred taxation assets	11 323	13 053
Current assets	92 707	77 328
- Inventory	2 232	5 024
- Trade and other receivables	39 493	26 660
- Loans receivable	2 449	1 420
- Cash and cash equivalents	45 689	41 637
- Taxation	2 844	2 587
TOTAL ASSETS	439 556	407 964

EQUITY AND LIABILITIES		
Capital and reserves	362 640	336 591
- Ordinary share capital	1	1
- Share premium (net of treasury shares)	82 239	119 265
- Accumulated profit	258 875	200 886
- Share-based payments reserve	16 313	14 809
- Minority shareholders (deficit)/interest	(238)	84
- Foreign currency translation reserve	5 450	1 546

Non-current liabilities		
- Deferred taxation liabilities	37 939	32 570
Current liabilities	38 977	38 803
- Trade and other payables	18 220	19 565
- Loans payable	9 023	5 036
- Shareholders for distribution	372	213
- Bank overdraft	4 801	1 934
- Taxation	6 561	12 055

TOTAL EQUITY AND LIABILITIES	439 556	407 964
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ABRIDGED SEGMENT REPORT

R'000	Reviewed year ended 30/06/2006	Audited restated year ended 30/06/2005
REVENUE		
Wholesale and distribution	73 852	110 165
Franchise - Spur	86 548	73 494
Franchise - Other	19 435	14 278
Corporate services	2 857	2 695
Group revenue	182 692	200 632
OPERATING PROFIT		
Wholesale and distribution	27 432	23 034
Franchise - Spur	72 326	61 470
Franchise - Other	6 507	6 304
Corporate services	(28 824)	(24 708)
Group operating profit	77 441	66 100

Headline earnings increased by 15.4% to R58.0 million (2005: R50.2 million). Headline earnings per share rose by 18.9% to 65.76 cents (2005: 55.32 cents) while diluted headline earnings per share increased by 17.7% to 65.10 cents (2005: 55.32 cents).

The group has grown its base to 321 outlets across its three brands locally and internationally following the addition of 34 restaurants during the financial year. These comprise 15 Spur Steak Ranches, 9 Panarottis Pizza Pasta and 10 John Dory's Fish & Grill outlets. Sixteen restaurants were revamped and this has resulted in strong revenue growth in all these businesses.

A summary of the restaurant base at 30 June 2006 is as follows:

Franchise brand	South Africa	International	Total
Spur Steak Ranches	215	24	239
Panarottis Pizza Pasta	57	8	65
John Dory's Fish & Grill	17	-	17
Total	289	32	321

Black economic empowerment remains a priority and Spur Corporation has facilitated funding of R30 million from the Industrial Development Corporation to finance black franchisees.

ABRIDGED STATEMENT OF CHANGES IN EQUITY

R'000	Notes	Share capital & premium (net of treasury shares)	Reserves	Accumulated (loss)/profit & minority interests	Total
Balance at 1 July 2004 - as previously stated		183 295	-	(44 688)	138 607
IFRS adjustments				196 614	196 614
Trademark adjustment	2			263 391	263 391
Property, plant and equipment	3			825	825
Deferred taxation	4			(67 602)	(67 602)
Restated balance at 1 July 2004		183 295	-	151 926	335 221
Attributable earnings - as previously stated				51 922	51 922
IFRS adjustments			2 298	(1 277)	1 021
Foreign currency translation	5		1 546	(1 493)	53
Property, plant and equipment	3			40	40
Deferred taxation	4			928	928
Share-based payments	6		752	(752)	-
Attributable earnings - restated				50 645	
Other adjustment					
Deferred taxation	7		14 057		14 057
Minority interests				84	84
Taxation charged to equity				(1 685)	(1 685)
Distributions		(32 654)			(32 654)
Shares repurchased		(31 375)			(31 375)
Restated balance at 30 June 2005		119 266	16 355	200 970	336 591
Attributable earnings for the year				57 989	57 989
Distributions		(37 026)			(37 026)
Share-based payments			1 504		1 504
Foreign currency translation			3 904		3 904
Minority interests				(322)	(322)
Balance at 30 June 2006		82 240	21 763	258 637	362 640

NOTES

- Shares in issue less shares repurchased by a wholly owned subsidiary company and share incentive company.
- Trademarks** – In accordance with IFRS 1 - First Time Adoption of International Financial Reporting Standards, Appendix B2(b), trademarks previously written off against reserves have been reinstated with a resultant increase in equity. In accordance with IAS 38 - Intangible Assets, trademarks have been assessed to have indefinite useful lives and accordingly have not been amortised, but are subject to an annual impairment review.
- Property, plant and equipment** – In terms of IFRS 1, the group has elected to measure certain items of property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as its deemed cost at that date. This exemption was applied to land and buildings owned at the transition date while residual values of 50% were assigned to all the buildings. This has resulted in a lower depreciation charge on properties, and a reversal of accumulated depreciation.
- Deferred taxation** - Deferred taxation has been adjusted to account for the effect of the IFRS adjustments set out in notes 2 and 3.
- Foreign currency translation** – IAS 21 - The Effects of Changes in Foreign Exchange Rates, requires the translation of foreign subsidiary companies with a different functional currency (i.e. other than Rand) than its parent to translate all their assets and liabilities at year end spot rates. Foreign exchange differences arising on translation are no longer recognised in the income statement, but are now recognised directly in a separate component of equity (foreign currency translation reserve or "FCTR").

The group has elected the exemption available in IFRS 1, to set its FCTR to zero at the transition date i.e. 1 July 2004.
- Share-based payments** – IFRS 2 - Share-based Payments, requires that the fair value of equity settled share-based payments be determined at grant date and that the expense be charged to the income statement over the vesting period net of related taxes.
- Deferred taxation** - An adjustment was required to account for the taxation benefit derived from the Spur management share incentive scheme.

PROSPECTS

While the low interest rate environment has contributed to strong turnover growth in recent years, the interest rate increases in June and August, together with further anticipated hikes in the year ahead, are likely to result in a slowdown in discretionary consumer spending. This creates an opportunity for the group to make further market share gains across the three franchise brands as consumers become more price sensitive and value-for-money conscious. The continued expansion of our restaurant footprint will bolster revenue growth.

CAPITAL DISTRIBUTION

In accordance with a general authority given to the directors at the annual general meeting held on 2 December 2005, shareholders are advised that the board of directors of the company has declared a capital distribution of R22.0 million payable to the company's shareholders, in lieu of dividends, to be written off against the share premium account, which amount equates to 25 cents per ordinary share ("the distribution").

The distribution will be paid on Monday, 9 October 2006, to those shareholders of the company who are recorded in the company's register on Friday, 6 October 2006 ("the record date").

The last day to trade (cum the distribution) in the company's shares for purposes of entitlement to the distribution will be Friday, 29 September 2006. The shares will commence trading ex the distribution on Monday, 2 October 2006.

Share certificates may not be dematerialised or rematerialised between Monday, 2 October and Friday, 6 October 2006 both days inclusive.

For and on behalf of the Board
A Ambor (Executive Chairman)
P van Tonder (Managing Director)

Cape Town
13 September 2006

Directors: A Ambor (Executive Chairman), P van Tonder (Managing Director), M Farrelly, K Getz*, D Hyde*, P Joffe, K Madders* (British), J Rabb*, K Robertson Company secretary: R van Dijk [* non-executive]

www.spur.co.za

Spur Corporation Limited (Registration number 1998/000828/06)

Share code: SUR
ISIN: ZAE000022653

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Transfer Secretaries
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Sponsor: Sasfin Capital (A division of Sasfin Bank Ltd)

