

# UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 31 December 2007



Key **PERFORMANCE** Indicators

Profit after tax +7.1%  
Distribution per share +7.7%

## ABRIDGED INCOME STATEMENT

R'000	Unaudited six months ended 31/12/07	Unaudited six months ended 31/12/06	% Change	Audited year ended 30/06/07
<b>Revenue</b>	<b>144 850</b>	110 125	31.5	215 411
<b>Operating profit</b>	<b>49 581</b>	46 381	6.9	89 585
Net interest received	2 212	2 188		3 754
(Loss)/income from associate companies	(64)	297		(344)
<b>Profit before taxation</b>	<b>51 729</b>	48 866	5.9	92 995
Taxation (note 1)	(15 097)	(14 658)		(27 797)
Recognition of taxes relating to foreign subsidiaries	-	-		16 554
<b>Profit for the period</b>	<b>36 632</b>	34 208	7.1	81 752
Attributable to:				
Equity holders of parent	36 304	34 206	6.1	81 807
Minority interests	328	2		(55)
Earnings per share (cents)	41.18	38.80	6.1	92.80
Diluted earnings per share (cents)	39.56	38.17	3.6	89.39
Distribution per share (cents)	28.00	26.00	7.7	55.00

## RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited six months ended 31/12/07	Unaudited six months ended 31/12/06	% Change	Audited year ended 30/06/07
Earnings attributable to ordinary shareholders	36 304	34 206	6.1	81 807
Headline earnings adjustments:				
Profit on sale of intangible asset	-	-		(1 397)
Loss on sale of property, plant and equipment	-	132		171
Loss on sale of associate company	-	104		104
<b>Headline earnings</b>	<b>36 304</b>	<b>34 442</b>	<b>5.4</b>	<b>80 685</b>

## ABRIDGED BALANCE SHEET

R'000	Unaudited at 31/12/07	Unaudited at 31/12/06	Audited at 30/06/07
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	<b>411 886</b>	358 601	405 298
Property, plant and equipment	88 234	53 576	82 982
Intangible assets	272 596	272 043	272 596
Investments and loans	27 129	22 677	25 072
Deferred taxation	23 927	10 305	24 648
<b>CURRENT ASSETS</b>	<b>124 232</b>	102 239	99 462
Inventory	5 500	2 515	4 943
Trade and other receivables	54 830	58 673	47 100
Taxation	1 910	-	2 285
Cash and cash equivalents	61 992	41 051	45 134
<b>TOTAL ASSETS</b>	<b>536 118</b>	460 840	504 760
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>	<b>418 006</b>	376 281	403 636
Ordinary share capital	1	1	1
Share premium (net of treasury shares)	11 713	60 200	37 279
Foreign currency translation reserve	6 554	5 954	7 128
Share-based payments reserve	18 569	17 065	17 817
Accumulated profit	376 986	293 081	340 682
Total equity attributable to equity holders of the parent	413 823	376 301	402 907
Minority shareholders' interests/(deficit)	4 183	(20)	729
<b>NON-CURRENT LIABILITIES</b>	<b>64 717</b>	40 679	43 288
Interest-bearing loan	17 077	-	-
Operating lease liability	1 502	-	-
Deferred taxation	46 138	40 679	43 288
<b>CURRENT LIABILITIES</b>	<b>53 395</b>	43 880	57 836
Trade and other payables	45 596	35 746	46 691
Shareholders for distribution	347	405	302
Taxation	5 394	6 364	9 927
Bank overdraft	2 058	1 365	916
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>536 118</b>	460 840	504 760

## BASIS OF ACCOUNTING

These unaudited financial results for the six months ended 31 December 2007 have been prepared in accordance with IAS 34 - Interim Financial Reporting. The accounting policies and methods of computation applied in the preparation of these results are consistent with those applied in the preparation of the group's annual financial statements for the year ended 30 June 2007.

## FINANCIAL AND OPERATIONAL REVIEW

The period under review was characterised by a slow-down in consumer spending due to multiple interest rate increases, higher fuel prices, high food inflation and the introduction of new credit legislation in June 2007. This impacted on revenue growth in our South African operations with restaurant turnover increasing by 7%. Turnover of existing restaurants, which excludes new outlets opened during the reporting period, grew by 6%. Overall group revenue grew by 31.5% to R144.9 million, mainly as a result of the opening of international company-owned outlets, particularly the two Spur restaurants in London, which commenced trading in June 2007. The group's international operations contributed 27% of revenue (2007: 8%).

The trading environment during the period was adversely affected by on-going high food price inflation. Input costs of raw materials, such as oil and tomato products, resulted in pressure on margins in the group's sauce manufacturing division. Management took the strategic decision not to pass these cost increases on to franchisees in order to ensure both good value for our customers and the sustainability of franchisee profitability. We are confident that this strategy will have a positive effect on the group's revenue and profitability in the medium to long term and our ability to deliver value for money.

These factors contributed to the growth in operating profit being below revenue growth, increasing 6.9% to R49.6 million (2007: R46.4 million).

Headline earnings increased by 5.4% to R36.3 million (2007: R34.4 million) with the distribution per share up 7.7% to 28.0 cents (2007: 26.0 cents).

## RESTAURANT GROWTH

The group has continued with the prudent expansion of its restaurant footprint locally and internationally, opening eight new restaurants across the three franchise brands during the period.

Five new restaurants were opened locally, including a Spur outlet in Maponya Mall, the new mega shopping centre in Soweto, in October 2007.

Following the opening of outlets in Newry (Northern Ireland) and Kampala (Uganda) the group has 37 restaurants outside South Africa.

A summary of the group's restaurant base at 31 December 2007 is as follows:

Franchise brand	South Africa	International	Total
Spur Steak Ranches	232	28	260
Panarottis Pizza Pasta	52	9	61
John Dory's Fish & Grill	20	-	20
<b>Total</b>	<b>304</b>	<b>37</b>	<b>341</b>

## STRATEGY & PROSPECTS

The group's experienced management team views the current tough trading environment as a challenge and an opportunity and is confident that appropriate measures are in place to ensure continued growth.

These strategies include:

- an enhanced focus on increasing efficiencies in the procurement process;
- further leveraging the group's buying power to ensure customer benefit through franchisee success;
- minimising cost increases to customers and franchisees through product innovation, menu engineering and broader local and international product sourcing;
- continuing with aggressive marketing campaigns to further build customer loyalty and drive restaurant foot traffic;
- further enhancement of the family experience in store; and
- the ongoing process of installing generators in order to negate the impact of irregular power supplies and electricity load shedding.

## ABRIDGED CASH FLOW STATEMENT

R'000	Unaudited six months ended 31/12/07	Unaudited six months ended 31/12/06	Audited year ended 30/06/07
Cash generated from operations	55 495	51 210	96 924
Net interest received	2 212	2 188	3 754
Taxation paid	(15 210)	(8 560)	(15 812)
Distributions paid	(25 521)	(22 006)	(45 030)
Working capital changes	(7 430)	(8 611)	10 003
Cash flow from operating activities	9 546	14 221	49 839
Cash flow from investing activities	(11 584)	(15 364)	(47 254)
Cash flow from financing activities	18 414	-	-
Net movement in cash and cash equivalents	16 376	(1 143)	2 585
Adjustment for foreign exchange fluctuations	(660)	(59)	745
Net cash and cash equivalents at beginning of period	44 218	40 888	40 888
Net cash and cash equivalents at end of period	59 934	39 686	44 218

## ABRIDGED STATEMENT OF CHANGES IN EQUITY

R'000	Ordinary share capital & premium (net of treasury shares)	Accumulated profit & minority shareholder interests	Other reserves	Total
<b>Balance at 1 July 2006</b>	82 240	258 637	21 763	362 640
Profit for the year		81 807		81 807
Distributions	(44 960)			(44 960)
Share-based payments reserve			1 504	1 504
Foreign currency translation reserve			1 678	1 678
Minority shareholders' share of losses		(55)		(55)
Acquisition of minority shareholder's interests in subsidiary		43		43
Issue of shares in subsidiaries to minority shareholders		979		979
<b>Balance at 1 July 2007</b>	<b>37 280</b>	<b>341 411</b>	<b>24 945</b>	<b>403 636</b>
Profit for the period		36 304		36 304
Distributions	(25 566)			(25 566)
Share-based payments reserve			752	752
Foreign currency translation reserve			(574)	(574)
Minority shareholders' share of profits		328		328
Foreign currency translation reserve effect on minorities		(31)		(31)
Issue of shares in subsidiary to minority shareholder		3 157		3 157
<b>Balance at 31 December 2007</b>	<b>11 714</b>	<b>381 169</b>	<b>25 123</b>	<b>418 006</b>

## ABRIDGED SEGMENT REPORT

R'000	Unaudited six months ended 31/12/07	Unaudited six months ended 31/12/06	Audited year ended 30/06/07
<b>REVENUE</b>			
Wholesale and distribution	42 558	42 710	76 192
Franchise - Spur (SA only)	53 706	50 407	99 911
Franchise - Other	13 826	12 197	23 773
Retail stores	33 058	3 553	13 846
Corporate services	1 702	1 258	1 689
<b>Group revenue</b>	<b>144 850</b>	<b>110 125</b>	<b>215 411</b>
<b>OPERATING PROFIT</b>			
Wholesale and distribution	13 801	17 661	30 987
Franchise - Spur (SA only)	46 047	42 685	84 295
Franchise - Other	6 431	5 264	14 264
Retail stores	855	(903)	(3 285)
Corporate services	(17 553)	(18 326)	(36 676)
<b>Group operating profit</b>	<b>49 581</b>	<b>46 381</b>	<b>89 585</b>

## SUPPLEMENTARY INFORMATION

	Unaudited six months ended 31/12/07	Unaudited six months ended 31/12/06	% Change	Audited year ended 30/06/07
Shares in issue (000's) (note 2)	88 156	88 156		88 156
Weighted average number of shares in issue (000's)	88 156	88 156		88 156
Headline earnings per share (cents)	41.18	39.07	5.4	91.53
Diluted headline earnings per share (cents)	39.56	38.44	2.9	88.17
Net asset value per share (cents)	474.17	426.84	11.1	457.87

## NOTES

- On 20 February 2008, subsequent to the balance sheet date, the Finance Minister announced a reduction in the South African corporate tax rate from 29% to 28%. This reduction will be accounted for in the full year results to 30 June 2008 but no related impact has been taken into account in these results in accordance with AC502 - Substantively Enacted Tax Rates and Tax Laws.
- Shares in issue less shares repurchased by a wholly owned subsidiary company and share incentive trust.

The group plans to open 12 restaurants in South Africa in the second half of the year and three internationally in Belfast (Northern Ireland), Erina Fair (Australia) and Lusaka (Zambia). The group is also investigating further opportunities to open outlets in the United Kingdom and Ireland, as well as Africa in Lagos (Nigeria) and Accra (Ghana), while continuing to explore potential in the Middle East.

The brand loyalty built up over many years together with our positioning as an affordable, accessible and enjoyable family sit-down restaurant experience will ensure continued revenue and profit growth.

## CAPITAL REDUCTION

In accordance with a general authority given to the directors at the annual general meeting held on 5 December 2007, shareholders are advised that the board of directors of the company has approved a capital reduction of R24.7 million payable to the company's shareholders, in lieu of dividends, to be written off against the share premium account, which amount equates to a distribution of 28.0 cents per ordinary share ("the distribution").

The distribution will be paid on Tuesday, 25 March 2008, to those shareholders of the company who are recorded in the company's register on Thursday, 20 March 2008 ("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 Thursday, 13 March 2008. The shares will commence trading ex the distribution on Friday, 14 March 2008.

Share certificates may not be dematerialised or re-materialised between Friday, 14 March 2008 and Thursday, 20 March 2008 both days inclusive.

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

Cape Town  
27 February 2008

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

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

Share code: SUR  
ISIN: ZAE00022653

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