



2014

UNAUDITED CONDENSED CONSOLIDATED RESULTS
AND CASH DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

PREPARED UNDER THE SUPERVISION OF THE CHIEF FINANCIAL OFFICER, RONEL VAN DIJK CA(SA)

REVENUE

▲ 10.4%

INTERIM DIVIDEND PER
SHARE 57 CENTS



RESULTS COMMENTARY

TRADING PERFORMANCE

Spur Corporation increased revenue by 10.4% to R376.0 million in the six months ended 31 December 2013, driven by a 16.1% increase in restaurant sales from international operations (in rand terms), strong performances locally by Panarottis Pizza Pasta and John Dory's Fish Grill Sushi and another solid performance by Spur Steak Ranches.

Total restaurant sales increased by 11.5% to R2.8 billion.

Sales at Spur Steak Ranches (+10.0%), Panarottis Pizza Pasta (+26.2%) and John Dory's Fish Grill Sushi (+19.3%) were pleasing in the current consumer environment. Franchisees across the portfolio continued to invest in refurbishments, upgrades and children's entertainment facilities. Innovative marketing campaigns, promotions, dynamic branding and menu improvements have contributed to the group's ability to appeal consistently to a range of consumers.

Captain DoRegos' restaurant sales performance (-9.2%) reflects the economic pressure experienced

by its lower LSM target market. Six redundant outlets were closed and four opened during the period, bringing the total number of outlets in South Africa to 70 (contributing 3.3% of the group's total restaurant sales). With continuous investment in marketing the brand, the group is confident of growing its appeal to a broad customer base and that it will perform optimally once fully integrated.

International restaurant sales sustained positive growth. Two Spur franchised outlets were opened in Tanzania and Swaziland during the period. The group continues to expand in countries where it has an existing presence, with Namibia being the strongest performer over the reporting period. Restaurant sales in the United Kingdom and Australia remained steady in local currencies.

A total of 13 (net) new restaurants opened across the four brands during the period, increasing the number of restaurants to 492, of which 49 operate outside of South Africa.

These items include an increase in foreign exchange losses of R2.2 million, costs of R1.2 million in respect of the closure of the Captain DoRegos distribution centre (referred to above) and an unfavourable swing of R11.3 million in the cost of the group's long-term share incentive scheme (including the related hedge). Although the current and prior reporting periods are impacted by the accounting treatment of the employee liability and related hedge, the cash flow cost of the long-term incentive scheme for the period amounts to R2.6 million.

Group headline earnings decreased by 6.1% to R72.9 million, with diluted headline earnings per share decreasing by 5.5% to 85.1 cents. The interim dividend was increased by 3.6% to 57.0 cents per share.

PROSPECTS

The group will open a further seven restaurants internationally while locally six Spur, four Panarottis,

two John Dory's and four Captain DoRegos outlets will be opened by the end of the financial year. The planned international openings include additional franchised Spur restaurants in Nigeria, Zambia and Tanzania and two further Spur and two Captain DoRegos outlets in Namibia.

Financial pressures on consumers are expected to continue in the months ahead, compounded by the recent increase in interest rates. The group will continue to focus on rewarding its customers with great value and an excellent dining experience to maintain and grow its market share.

The purchase of the Western Cape-based Hussar Grill chain, effective from 1 January 2014, has been welcomed by the Spur Corporation franchisees. Hussar Grill, operating since 1964, provides a strong growth opportunity for the group with the potential for the chain to be expanded nationally.

The restaurant footprint at 31 December 2013 is as follows:

Franchise brand	South Africa	International	Total
Spur Steak Ranches	272	36	308
Panarottis Pizza Pasta	69	11	80
John Dory's Fish Grill Sushi	32	–	32
Captain DoRegos	70	2	72
Total	443	49	492

FINANCIAL PERFORMANCE

Local franchise revenue increased by 11.0% following increases in revenue at Spur (+9.4%), Panarottis (+29.2%) and John Dory's (+23.0%) and a decline of 4.5% in revenue at Captain DoRegos.

Margins came under pressure in Spur, Panarottis and John Dory's. This was in part due to the increased investment in staff retention and development to facilitate longer-term growth. The group also increased its contributions to the franchisee marketing funds to sustain market exposure in a period of increased competition.

As part of the integration of Captain DoRegos into the group, the distribution centre in Bloemfontein was closed in November 2013 and distribution operations absorbed into the group's existing outsourced logistics operation. Manufacturing and distribution revenue

consequently declined by 9.6% to R102.3 million. Profitability of the division was impacted by the resulting retrenchment of employees, the sale of redundant assets at a loss and the increased cost of working during the transitional period at an aggregate cost of R1.2 million. In addition, profitability in the group's sauce factory was impacted by increases in raw material costs which were not passed on to franchisees to limit the impact on franchisee profitability.

International revenue, comprising franchise revenue and restaurant turnover from company-owned restaurants in the UK and Australia, showed good growth, and benefited from the weakening rand over the period. The international operations posted a modest return to profitability, although at a lower margin than the local businesses.

Comparable profit before income tax, excluding exceptional and one-off items, increased by 5.5%.



CASH DIVIDEND

Shareholders are advised that the board of directors of the company has, on Wednesday, 26 February 2014, resolved to declare an interim gross cash dividend for the six-month period to 31 December 2013 of R55.7 million, which equates to 57 cents per share for each of the 97 632 833 shares in issue, subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962 amended) ("dividend tax") of 15%.

The dividend has been declared from income reserves. The net dividend is 48.45 cents per share for shareholders liable to pay dividend tax. The company's income tax reference number is 9695015033.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade 'cum dividend'	Thursday, 20 March 2014
Shares commence trading 'ex dividend'	Monday, 24 March 2014
Record date	Friday, 28 March 2014
Payment date	Monday, 31 March 2014

Those shareholders of the company who are recorded in the company's register as at the record date will be entitled to the dividend.

Share certificates may not be dematerialised or rematerialised between Monday, 24 March 2014, and Friday, 28 March 2014, both days inclusive.

For and on behalf of the Board

A AMBOR (Executive Chairman)

P VAN TONDER (Chief Executive Officer)

26 February 2014
Cape Town



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited six months ended 31 December 2013	Restated unaudited six months ended 31 December 2012	% change	Restated unaudited year ended 30 June 2013
Revenue	375 988	340 621	10.4	671 552
Operating profit before finance income	101 176	108 840	(7.0)	190 630
Net finance income	3 590	2 782		5 909
Profit before income tax	104 766	111 622	(6.1)	196 539
Income tax expense	(31 183)	(33 770)		(63 237)
Profit for the period	73 583	77 852	(5.5)	133 302
Other comprehensive income/(losses)*:	10 602	4 607		17 913
Foreign currency translation differences for foreign operations	13 059	6 338		25 913
Foreign exchange loss on net investments in foreign operations	(3 276)	(2 308)		(10 666)
Tax on foreign exchange loss on net investments in foreign operations	819	577		2 666
Total comprehensive income for the period	84 185	82 459	2.1	151 215
Profit attributable to:				
Owners of the company	72 777	77 633	(6.3)	132 624
Non-controlling interest	806	219		678
Profit for the period	73 583	77 852	(5.5)	133 302
Total comprehensive income/(losses) attributable to:				
Owners of the company	83 446	82 541	1.1	151 317
Non-controlling interest	739	(82)		(102)
Total comprehensive income for the period	84 185	82 459	2.1	151 215
* All items included in other comprehensive income are items that are or may be reclassified to profit or loss.				
Per share (cents)				
Basic earnings	84.99	90.15	(5.7)	154.05
Diluted earnings	84.99	90.15	(5.7)	154.05

RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited six months ended 31 December 2013	Restated unaudited six months ended 31 December 2012	% change	Restated unaudited year ended 30 June 2013
Profit attributable to ordinary shareholders	72 777	77 633	(6.3)	132 624
Headline earnings adjustments:				
Impairment of property, plant and equipment	–	–		1 750
Bargain purchase gain	(45)	–		–
Loss/(profit) on disposal of property, plant and equipment (net of tax)	172	(17)		(29)
Reclassification of foreign currency loss from other comprehensive income to profit on deregistration of foreign operation	–	–		842
Headline earnings	72 904	77 616	(6.1)	135 187



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited at 31 December 2013	Restated unaudited at 31 December 2012	Restated unaudited at 30 June 2013
ASSETS			
Non-current assets	447 299	435 246	451 447
Property, plant and equipment	80 495	77 070	79 775
Intangible assets and goodwill	324 166	323 225	323 633
Investments and loans	16 142	6 311	11 315
Deferred tax	11 603	7 580	9 347
Leasing rights	5 483	1 774	5 290
Derivative financial asset	9 410	19 286	22 087
Current assets	286 045	238 099	244 766
Inventories	13 512	10 387	17 156
Tax receivable	9 682	6 479	8 134
Trade and other receivables	103 612	92 753	88 949
Derivative financial asset	19 315	–	15 703
Cash and cash equivalents	139 924	128 480	114 824
TOTAL ASSETS	733 344	673 345	696 213
EQUITY			
Total equity	508 712	462 327	472 526
Ordinary share capital	1	1	1
Share premium	6	6	6
Shares repurchased by subsidiaries	(77 235)	(65 929)	(77 235)
Foreign currency translation reserve	29 303	4 849	18 634
Retained earnings	560 883	528 380	536 060
Total equity attributable to equity holders of the parent	512 958	467 307	477 466
Non-controlling interest	(4 246)	(4 980)	(4 940)
LIABILITIES			
Non-current liabilities	81 579	90 355	90 236
Long-term loans payable	459	429	423
Employee benefits	6 021	13 110	12 048
Operating lease liability	3 564	6 051	5 481
Deferred tax	71 535	70 765	72 284
Current liabilities	143 053	120 663	133 451
Bank overdrafts	2 147	1 839	1 605
Tax payable	2 390	7 716	4 132
Trade and other payables	122 810	110 704	111 270
Employee benefits	15 334	–	16 117
Shareholders for dividend	372	404	327
TOTAL EQUITY AND LIABILITIES	733 344	673 345	696 213

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited six months ended 31 December 2013	Restated unaudited six months ended 31 December 2012	Restated unaudited six months ended 30 June 2013
Operating profit before working capital changes ^a	92 721	111 507	202 914
Working capital changes	3 182	(1 893)	1 320
Cash generated from operations	95 903	109 614	204 234
Net interest received	3 590	2 782	5 909
Tax paid	(34 740)	(29 730)	(60 675)
Distributions paid	(47 909)	(41 056)	(88 444)
Net cash flow from operating activities	16 844	41 610	61 024
Net cash flow from investing activities^b	11 438	(11 737)	(44 804)
Net cash flow from financing activities	(3 654)	(2 438)	(2 076)
Net movement in cash and cash equivalents	24 628	27 435	14 144
Effect of foreign exchange fluctuations	(70)	(151)	(282)
Net cash and cash equivalents at beginning of period	113 219	99 357	99 357
Net cash and cash equivalents at end of period	137 777	126 641	113 219

FOOTNOTES:

a) Includes a gross cash outflow of R23.357 million (2012: Rnil; year ended 30 June 2013: Rnil) in respect of the settlement of the share appreciation rights granted in terms of the group's long-term share incentive scheme (refer note 4).

b) Includes a gross cash inflow of R20.794 million (2012: R0.395 million; year ended 30 June 2013: R1.221 million) arising from the economic hedging instrument utilised by the group for its long-term share incentive scheme (refer note 4).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Ordinary share capital and share premium (net of treasury shares)	Other reserves	Retained earnings and non- controlling interest	Total
Balance at 1 July 2012 – restated	(60 503)	(59)	486 389	425 827
Total comprehensive income for the year – restated	–	18 693	132 522	151 215
Profit for the year – restated	–	–	133 302	133 302
Other comprehensive income	–	18 693	(780)	17 913
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners	(16 725)	–	(87 851)	(104 576)
Distributions to equity holders	–	–	(87 851)	(87 851)
Own shares acquired	(16 725)	–	–	(16 725)
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	60	60
Acquisition of subsidiary	–	–	60	60
Total transactions with owners	(16 725)	–	(87 791)	(104 516)
Balance at 30 June 2013 – restated	(77 228)	18 634	531 120	472 526
Total comprehensive income for the period	–	10 669	73 516	84 185
Profit for the period	–	–	73 583	73 583
Other comprehensive income	–	10 669	(67)	10 602
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners	–	–	(47 954)	(47 954)
Distributions to equity holders	–	–	(47 954)	(47 954)
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	(45)	(45)
Acquisition of non-controlling interest in subsidiary (refer note 2)	–	–	(45)	(45)
Total transactions with owners	–	–	(47 999)	(47 999)
Balance at 31 December 2013	(77 228)	29 303	556 637	508 712

CONDENSED CONSOLIDATED OPERATING SEGMENT REPORT

R'000	Unaudited six months ended 31 December 2013	Restated unaudited six months ended 31 December 2012	% change	Restated unaudited six months ended 30 June 2013
External revenues				
Manufacturing and distribution ^a	102 270	113 088	(9.6)	213 712
Franchise – Spur	100 737	92 114	9.4	179 464
Franchise – Panarottis	10 826	8 382	29.2	16 692
Franchise – John Dory's	7 192	5 847	23.0	11 712
Franchise – Captain DoRegos	4 690	4 912	(4.5)	9 174
Other South Africa	22 592	16 070	40.6	30 399
Total South Africa segments	248 307	240 413	3.3	461 153
Unallocated	38	98	(61.2)	515
Total South Africa	248 345	240 511	3.3	461 668
United Kingdom	77 795	55 521	40.1	118 353
Australia	42 754	38 464	11.2	79 157
Other International	7 094	6 125	15.8	12 374
Total International	127 643	100 110	27.5	209 884
TOTAL EXTERNAL REVENUES	375 988	340 621	10.4	671 552
Profit/(loss) before income tax				
Manufacturing and distribution ^a	30 708	33 043	(7.1)	59 525
Franchise – Spur	89 919	82 492	9.0	158 818
Franchise – Panarottis	6 754	5 291	27.7	9 874
Franchise – John Dory's	4 225	3 474	21.6	6 629
Franchise – Captain DoRegos	1 903	2 353	(19.1)	3 838
Other South Africa	167	274	(39.1)	92
Total South Africa segments	133 676	126 927	5.3	238 776
Unallocated – South Africa ^b	(29 597)	(15 117)	(95.8)	(34 889)
Total South Africa	104 079	111 810	(6.9)	203 887
United Kingdom ^c	2 206	993	122.2	(1 006)
Australia ^d	825	470	75.5	(1 513)
Other International	4 151	3 652	13.7	7 487
Total International segments	7 182	5 115	40.4	4 968
Unallocated – International ^e	(6 495)	(5 303)	(22.5)	(12 316)
Total International	687	(188)	465.4	(7 348)
TOTAL PROFIT BEFORE INCOME TAX	104 766	111 622	(6.1)	196 539

FOOTNOTES:

- a) Includes revenue of R22.696 million (2012: R39.200 million; year ended 30 June 2013: R72.625 million) and loss before tax of R0.967 million (2012: profit of R1.435 million; year ended 30 June 2013: R1.949 million) relating to the Captain DoRegos warehouse and distribution centre (refer note 3). Included in the current year are costs associated with the closure of the distribution centre amounting to R1.224 million in respect of retrenchment costs, losses on sales of property, plant and equipment and the impact of the increased cost of working during the process of closing down the facility.
- b) Includes net interest income of R3.461 million (2012: R2.719 million; year ended 30 June 2013: R5.854 million). Includes a charge in respect of cash-settled share-based payments of R16.547 million (2012: R8.590 million; year ended 30 June 2013: R23.645 million) and a fair value gain in respect of a related hedge of R11.729 million (2012: R15.027 million; year ended 30 June 2013: R34.357 million) (refer also note 4).
- c) The current period includes a bargain purchase gain of R0.045 million arising from the acquisition of the remaining 10% interest in Trinity Leasing Limited (refer note 2). The results for the year ended 30 June 2013 include initial start-up and trading losses in respect of Two Rivers Spur (Staines, England), Rapid River Spur (Dublin, Ireland) and Trinity Leasing in the amount of R2.773 million in aggregate.
- d) The results for the year ended 30 June 2013 include an impairment of property, plant and equipment relating to Panarottis Tuggerah of R2.188 million.
- e) Includes a foreign exchange loss of R3.075 million (2012: R1.148 million; year ended 30 June 2013: R6.518 million).

SUPPLEMENTARY INFORMATION

R'000	Unaudited six months ended 31 December 2013	Restated unaudited six months ended 31 December 2012	% change	Restated unaudited year ended 30 June 2013
Shares in issue (000's)*	85 633	86 019		85 633
Weighted average number of shares in issue (000's)	85 633	86 112		86 090
Diluted weighted average number of shares in issue (000's)	85 633	86 112		86 090
Headline earnings per share (cents)	85.14	90.13	(5.5)	157.03
Diluted headline earnings per share (cents)	85.14	90.13	(5.5)	157.03
Net asset value per share (cents)	594.06	537.47	10.5	551.80
Dividend per share (cents)	57.0	55.0	3.6	111.0

* Shares in issue less shares repurchased by a wholly-owned subsidiary company and share incentive special purpose entity.

NOTES

- The unaudited interim condensed consolidated results for the six months ended 31 December 2013 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act (No. 71 of 2008) and the JSE Limited Listings Requirements. The accounting policies and methods of computation applied in these results have been consistently applied to prior periods and are consistent with those applied in the preparation of the group's annual financial statements for the year ended 30 June 2013, except for the application of IFRS 10 – Consolidated Financial Statements, which resulted in certain companies now being consolidated into the group's results which previously did not meet the definition of a subsidiary under the previous consolidation standard. The applicable comparative amounts have also been restated. The impact on opening retained earnings for the current period is an increase of R0.812 million (2012: R0.472 million). The impact on profit for the period is an increase of R0.766 million (2012: R0.319 million; year ended 30 June 2013: R1.482 million). The impact on profit attributable to ordinary shareholders is an increase of R0.267 million (2012: 0.195 million; year ended 30 June 2013: R0.340 million).
- On 7 November 2013, a wholly-owned subsidiary of the group acquired the remaining 10% interest in Trinity Leasing Limited ("Trinity") for no consideration, resulting in the group now owning all the shares in Trinity. Trinity owns the lease of the premises from which the group operates the Two Rivers Spur in Staines, England. The acquisition resulted in a bargain purchase gain of R0.045 million which is included in profit.

3. In November 2013, the group closed its Captain DoRegos warehouse and distribution centre in Bloemfontein. The distribution operations were absorbed into the group's existing outsourced logistics network.
4. In December 2013, the first tranche of share appreciation rights granted in terms of the group's long-term share incentive scheme was settled in cash. This resulted in a gross cash outflow of R23.357 million. Simultaneously, the economic hedging instrument utilised by the group matured which resulted in a gross cash inflow of R20.794 million. Further details of the share appreciation rights and related hedges are detailed in notes 21 and 15 respectively on pages 127 and 124 respectively of the annual integrated report for the year ended 30 June 2013.
5. Subsequent to the reporting date and with effect from 1 January 2014, the group acquired The Hussar Grill franchise group which includes three company-owned restaurants and three franchised restaurants. The purchase consideration amounts to R35 million in total.
6. There have been no changes to the status of contingent liabilities referred to in note 41 on page 148 of the annual integrated report for the year ended 30 June 2013.



OUR BRAND FAMILY

www.spurcorporation.co.za



DIRECTORS

Executive Chairman: A Ambor

Chief Executive Officer: P van Tonder

Executive: M Farrelly, R van Dijk

Non-executive: K Getz, D Hyde, M Kuzwayo, K Madders MBE (British), D Molefe, M Morojele

Company secretary: R van Dijk

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

Share code: SUR **ISIN:** ZAE000022653

Registered Office: 14 Edison Way, Century Gate Business Park, Century City, 7441

Transfer Secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001

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