



10.4% Turnover
7.8% Operating profit
3.9% Headline earnings per share
377 cents Annual dividend declaration per share

Condensed consolidated statement of comprehensive income

Rmillion	% Change	Audited Year ended September 2011	Audited Year ended September 2010
REVENUE			
Turnover	10.4	38 819.6	35 159.6
Cost of sales		(35 336.6)	(32 083.7)
Gross profit	13.1	3 122.1	2 760.5
Other income		360.9	315.4
Operating expenses	17.4	(2 065.7)	(1 759.6)
TRADING PROFIT			
BBBEE transactions		(12.9)	(13.0)
OPERATING PROFIT			
Interest received	7.8	1 404.4	1 303.3
Interest paid		(24.7)	(20.9)
Share of equity accounted associate		6.7	0.4
Profit before taxation	7.4	1 404.6	1 307.4
Taxation		(452.0)	(391.6)
PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			
OTHER COMPREHENSIVE INCOME	4.0	952.6	915.8
Exchange differences from translation of foreign operations		0.1	0.1
TOTAL COMPREHENSIVE INCOME			
EARNINGS PER SHARE			
Earnings per share	(cents) 3.7	555.6	536.0
Diluted earnings per share	(cents)	521.4	506.2
SALIENT STATISTICS			
Headline earnings per share	(cents) 3.9	557.1	536.1
Diluted headline earnings per share	(cents) 3.3	522.8	506.3
Dividend per share	(cents) 4.1	377.0	362.0
Net asset value per share		1 450.5	1 278.8
Operating profit margin	(%)	3.7	3.8
Return on equity	(%)	40.7	44.4
HEADLINE EARNINGS RECONCILIATION			
Profit for the period attributable to ordinary shareholders		952.6	915.8
Adjusted for:			
Loss on sale of property, plant and equipment		3.4	0.1
Tax effects of adjustments		(0.9)	
HEADLINE EARNINGS			
	4.3	955.1	915.9

Condensed consolidated statement of financial position

Rmillion	Audited September 2011	Audited September 2010
ASSETS		
Non-current assets		
Property, plant and equipment	1 550.4	1 521.0
Goodwill	381.9	299.7
Operating lease receivables	119.3	139.1
Investment in associate	22.1	17.0
Other investments	1.5	1.5
Loans	34.8	23.0
Deferred taxation asset	13.2	3.2
Other non-current assets	0.6	1.5
Current assets		
Inventories	1 135.0	959.2
Trade and other receivables	4 867.8	4 412.0
Prepayments	26.6	28.6
Operating lease receivables	36.7	25.7
Loans	15.3	2.2
Taxation receivable		10.0
Bank balances – Guilds	96.4	85.2
TOTAL ASSETS		
	8 301.6	7 528.9
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	49.6	33.4
Treasury shares	(27.8)	(10.8)
Currency translation reserve	(0.1)	(0.2)
Share based payment reserve	292.0	261.8
Retained earnings	2 175.8	1 903.0
Non-current liabilities		
Deferred taxation liability	0.6	
Post retirement medical aid provision	85.5	75.1
Operating lease payables	130.4	134.4
Current liabilities		
Trade and other payables	5 391.5	4 565.0
Operating lease payables	37.0	29.9
Provisions	11.6	5.8
Taxation payable	40.6	0.4
Bank overdrafts	114.9	531.1
TOTAL EQUITY AND LIABILITIES		
	8 301.6	7 528.9

Condensed consolidated statement of changes in equity

Rmillion	Share capital and premium	Treasury shares	Currency translation reserve	Share based payment reserve	Retained earnings	Attributable to ordinary shareholders
Capital and reserves at 30 September 2009						
Total comprehensive income					231.1	1 940.3
Share capital issued	10.1	(10.1)			18.3	18.3
Recognition of share based payments					(120.5)	66.9
Take-up of share options		187.4			120.5	(120.5)
Transfer arising from take-up of share options						(188.1)
Share repurchases		(188.1)				(578.5)
Dividends declared					12.4	12.4
Recognition of BBBEE transaction						0.1
Capital and reserves at 30 September 2010						
Total comprehensive income					261.8	1 903.0
Share capital issued	16.2	(16.2)			17.8	17.8
Recognition of share based payments					(55.2)	41.8
Take-up of share options		97.0			55.2	(55.2)
Transfer arising from take-up of share options						(97.8)
Share repurchases		(97.8)				(624.6)
Dividends declared					12.4	12.4
Recognition of BBBEE transaction						0.1
Capital and reserves at 30 September 2011						
	49.6	(27.8)	(0.1)	292.0	2 175.8	2 489.5

Condensed consolidated statement of cash flows

Rmillion	Audited Year ended September 2011	Audited Year ended September 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before:	1 404.4	1 303.3
Non cash items	169.1	153.6
Loss on disposal of property, plant and equipment	3.4	0.1
Net working capital changes	204.3	(257.5)
– Increase in inventories	(175.9)	(106.1)
– Increase in trade and other receivables	(452.2)	(700.9)
– Increase in trade and other payables and provisions	832.4	549.5
Cash generated from operations	1 781.2	1 199.5
Interest received	17.1	23.6
Interest paid	(24.7)	(20.9)
Taxation paid	(411.3)	(384.8)
Dividends paid	(624.6)	(578.5)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment to expand operations	(118.0)	(169.3)
Investment to maintain operations	(36.6)	(34.3)
– Replacement of property, plant and equipment	(41.5)	(36.3)
– Proceeds on disposal of property, plant and equipment	4.9	2.0
Acquisition of subsidiaries	(82.2)	(54.1)
Net movement on loans and investments	(17.4)	(23.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital and premium	16.2	10.1
Proceeds from exercise of share options	25.5	56.7
Share repurchases	(97.8)	(188.1)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	427.4	(163.4)
NET OVERDRAFTS AT BEGINNING OF YEAR		
	(445.9)	(282.5)
NET OVERDRAFTS AT END OF YEAR		
	(18.5)	(445.9)

Notes to the condensed consolidated financial results

- 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 AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34: Interim Financial Reporting. 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 2010.

In compliance with the disclosure requirements of the Companies Act 71 of 2008, the annual financial statements have been prepared by Mr MW Godfrey CA(SA) on behalf of The SPAR Group Limited.

Rmillion	Audited Year ended September 2011	Audited Year ended September 2010
2. SHARE CAPITAL AND PREMIUM		
Authorised		
250 000 000 (2010: 250 000 000) ordinary shares of 0.06 cents (2010: 0.06 cents) each	0.2	0.2
30 000 000 (2010: 30 000 000) redeemable, convertible preference shares of 0.06 cents each (2010: 0.06 cents) each	–	–
Issued		
171 936 604 (2010: 171 170 013) ordinary shares of 0.06 cents (2010: 0.06 cents) each	0.1	0.1
18 911 349 (2010: 18 911 349) redeemable convertible preference shares of 0.06 cents (2010: 0.06 cents) each	–	–
Share premium account		
Balance at beginning of year	33.3	23.2
Issue of shares	16.2	10.1
Total share capital and premium		
	49.6	33.4
Issued share capital amounts to R103 162, consisting of 171 936 604 ordinary shares. 766 591 ordinary shares were issued during the year ended 30 September 2011.		
Issued redeemable, convertible preference share capital amounts to R11 347, consisting of 18 911 349 (2010: 18 911 349) shares issued at par 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 171 444 814 (2010: 170 862 375).		
Diluted earnings and headline earnings per share were based on a weighted average number of ordinary shares (net of treasury shares) of 182 689 548 (2010: 180 912 511).		
- CONTINGENT LIABILITIES**

The company has guaranteed the finance obligations of certain SPAR retailer members to the amount of:

	415.6	366.0
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- OPERATING LEASES**

Operating lease costs charged against operating profit

Immovable property	35.2	10.0
– lease rentals	337.6	274.5
– sub-lease recoveries	(302.4)	(264.5)
Plant, equipment and vehicles	13.9	7.5
Operating lease commitments		
Future minimum lease payments under non-cancellable operating leases	2 924.5	2 324.2
– land and buildings	2 917.2	2 318.4
– other	7.3	5.8
Future minimum sub-lease receivables under non-cancellable property leases		
	(2 569.4)	(2 119.1)
Net commitments		
	355.1	205.1
- CAPITAL COMMITMENTS**

Contracted	130.3	168.0
Approved but not contracted	16.1	23.0
Total capital commitments		
	146.4	191.0
- 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.
- EVENTS AFTER THE REPORTING DATE**

No material events have occurred subsequent to 30 September 2011 which may have an impact on the group's reported financial position at this date.

Review of trading results

TRADING OVERVIEW

Trading for the year under review continued to be challenging with consumer spending under pressure, low levels of food inflation for most of the period and a highly competitive retail environment. The group has, nevertheless, produced a satisfactory set of results, with a pleasing improvement in performance in the second half of the year.

Turnover growth of 10.4% included exceptional performances from our liquor and building materials businesses. Food inflation through our distribution centres averaged 3.3% and was impacted by a significant increase in the last quarter. Volumes handled by our facilities showed a healthy growth of 6.6%, which continues to reflect the underlying health of the business. Operating profit increased by 7.8% for the year and by an encouraging 11.8% in the second half.

SPAR wholesale turnover of R31.9 billion increased by 8.6% and reflects good real growth. Retail trading space was up by 3% with the opening of 25 new stores. At year end the group serviced 859 SPAR stores.

TOPS enjoyed another successful year and store numbers increased to 501 with 48 new stores opening. Liquor sales remained extremely strong with wholesale turnover reaching R2.6 billion and showing an impressive growth of 19.9%. This brand can now confidently claim to be the number 1 liquor brand in the country.

Build it has again had an excellent trading year with 21 new stores opening and wholesale turnover growing by 18.2% to R3.9 billion. The new Build it imports warehouse has shown encouraging growth over the year and we expect this operation to be in a profitable position by 2013.

The group's retail division added, as planned, a further 5 SPAR retail stores during the year under review, bringing the total SPAR stores owned to 10. The trading performance of these stores is not satisfactory, with a loss of R29.9 million incurred for the year. Considerable effort and focus will ensure an improvement in this division's performance in the new year.

The focus on our independent retailers' profitability continued to put pressure on our gross margins and core margins declined slightly to 7.8% (2010: 7.9%). The impact of the retail division and the building materials wholesale operation has positively countered this reduction and resulted in a net improvement in overall margin from 7.9% to 8.1%.

Operating expenses, up by 17.4%, continued to be affected by the retail division and building materials wholesale operation as these two new initiatives have no full base year comparative. Comparable group expenses increased by 9.6% and were significantly impacted by high diesel prices which contributed to delivery costs increasing by 19.9%.

Headline earnings per share increased by 3.9% which was mainly influenced in the current year by a reduced tax benefit arising from the take up of share options.

Cash generation remained strong and was impacted by reduced levels of capital expenditure this year of R160 million, the purchase of retail stores for R94 million, and the buy back of company shares amounting to R98 million. The extension to the perishable facility at the Eastern Cape distribution centre was completed in September 2011 at a cost of R39.7 million.

The dividend cover was maintained and a final dividend of 235 cents per share was declared. Dividends for the year amounted to 377 cents representing a 4.1% increase over last year.

The group has no long term borrowings and, when necessary, funds its operations from overdraft facilities. These facilities are adequate for forecast requirements and are subject to annual review.

PROSPECTS

The group expects 2012 to be a challenging year with consumer spending remaining under pressure and an increasingly competitive trading environment. We are, nevertheless, positive about the opportunities for the business and will continue to focus on improving the performance of the new business initiatives, driving retail growth and realising further cost savings through improved operating efficiencies.

The group is confident that the capital expenditure in 2012 will not exceed R190 million.

Cash generation is expected to remain positive as capital expenditure is closely controlled and the effective dividend cover is maintained. Where appropriate, surplus cash will be utilised to buy back shares.

Mike Hankinson Chairman
Wayne Hook Chief Executive

AUDIT OPINION

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 30 September 2011. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These provisional financial statements have been derived from the group financial statements and are consistent in all material respects, with the group financial statements. A copy of their audit report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a final dividend of 235 cents per share has been declared in respect of the year ended 30 September 2011.

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

Last day to trade cum-dividend	Friday 25 November 2011
Shares to commence trading ex-dividend	Monday 28 November 2011
Record date	Friday 2 December 2011
Payment of dividend	Monday 5 December 2011

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 28 November 2011 and Friday, 2 December 2011, both days inclusive.

By order of the board
KJ O'Brien
Company Secretary
Pinetown
8 November 2011

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: ZAE000058517 **JSE share 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

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