AUDITED RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013 AND CASH DIVIDEND DECLARATION

▲ 9.8% Turnover

▲ 13.0% Headline earnings per share

▲ 12.8% Annual dividend

▲ 485 cents Annual dividend per share declared

SPAR

The SPAR Group Limited

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Rmillion	% Change	Audited Year ended September 2013	Audited Year ended September 2012
Revenue		**47 795.8**	43 560.2
Turnover	9.8	**47 387.3**	43 166.0
Cost of sales		**(43 566.6)**	(39 721.3)
Gross profit		**3 820.7**	3 444.7
Other income		**408.5**	394.2
Operating expenses	10.8	**(2 565.9)**	(2 315.7)
Trading profit		**1 663.3**	1 523.2
BBBEE transactions		**(13.3)**	(13.0)
Operating profit	9.3	**1 650.0**	1 510.2
Interest received		**34.0**	32.8
Interest paid		**(24.8)**	(27.8)
Share of equity accounted associate income		**3.3**	3.5
Profit before taxation	9.5	**1 662.5**	1 518.7
Taxation		**(472.0)**	(459.8)
Profit for the year attributable to ordinary shareholders	12.4	**1 190.5**	1 058.9
Other comprehensive income			
Exchange differences from translation of foreign operations		**0.6**	
Total comprehensive income	12.5	**1 191.1**	1 058.9
EARNINGS PER SHARE			
Earnings per share (cents)	12.2	**690.6**	615.7
Diluted earnings per share (cents)	13.0	**644.7**	570.6
SALIENT STATISTICS			
Headline earnings per share (cents)	13.0	**696.6**	616.3
Diluted headline earnings per share (cents)	13.9	**650.4**	571.2
Dividend per share (cents)	12.8	**485.0**	430.0
Net asset value per share (cents)	11.7	**1 843.4**	1 649.8
Operating profit margin (%)		**3.5**	3.5
Return on equity (%)		**39.6**	39.8
HEADLINE EARNINGS RECONCILIATION			
Profit for the year attributable to ordinary shareholders		**1 190.5**	1 058.9
Adjusted for:			
(Profit)/loss on disposal of property, plant and equipment		**(0.1)**	1.1
– Gross		**(0.2)**	1.5
– Tax effect		**0.1**	(0.4)
Impairment of goodwill		**7.5**	
Loss on disposal of investment		**3.0**	
Headline earnings	13.3	**1 200.9**	1 060.0

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Rmillion	Audited September 2013	Audited September 2012
ASSETS		
Non-current assets	**2 380.9**	2 222.5
Property, plant and equipment	**1 749.1**	1 588.0
Goodwill	**387.6**	391.0
Operating lease receivables	**98.1**	112.7
Investment in associates	**52.6**	40.0
Other investments	**1.9**	20.9
Loans	**64.4**	59.0
Deferred taxation asset	**27.2**	10.9
Current assets	**7 404.8**	7 672.8
Inventories	**1 374.0**	1 415.6
Trade and other receivables	**5 841.3**	5 341.1
Prepayments	**32.7**	35.8
Operating lease receivables	**39.1**	34.3
Loans	**5.5**	4.4
Bank balances – SPAR		752.4
Bank balances – Guilds	**112.2**	89.2
Total assets	**9 785.7**	9 895.3
EQUITY AND LIABILITIES		
Capital and reserves	**3 177.7**	2 837.6
Stated capital	**61.6**	54.5
Treasury shares	**(42.8)**	(6.9)
Currency translation reserve	**0.5**	(0.1)
Share based payment reserve	**355.1**	323.1
Retained earnings	**2 803.3**	2 467.0
Non-current liabilities	**224.6**	236.3
Deferred taxation liability	**1.5**	3.9
Post retirement medical aid provision	**108.0**	103.4
Operating lease payables	**115.1**	129.0
Current liabilities	**6 383.4**	6 821.4
Trade and other payables	**6 204.6**	6 772.6
Operating lease payables	**41.9**	35.4
Provisions	**14.7**	6.7
Taxation payable	**11.3**	6.7
Bank overdrafts	**110.9**	
Total equity and liabilities	**9 785.7**	9 895.3

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rmillion	Stated capital	Treasury shares	Currency translation reserve	Share based payment reserve	Retained earnings	Attributable to ordinary share-holders
Capital and reserves at 30 September 2011	49.6	(27.8)	(0.1)	292.0	2 175.8	2 489.5
Total comprehensive income for the year					1 058.9	1 058.9
Issue of shares	4.9	(4.9)				–
Recognition of share based payments				18.7		18.7
Take-up of share options		149.4		(97.2)		52.2
Transfer arising from take-up of share options				97.2	(97.2)	–
Share repurchases		(123.6)				(123.6)
Dividends declared					(670.5)	(670.5)
Recognition of BBBEE transaction				12.4		12.4
Capital and reserves at 30 September 2012	**54.5**	**(6.9)**	**(0.1)**	**323.1**	**2 467.0**	**2 837.6**
Total comprehensive income for the year			**0.6**		**1 190.5**	**1 191.1**
Issue of shares	**7.1**	**(7.1)**				**–**
Recognition of share based payments				**19.6**		**19.6**
Take-up of share options		**116.6**		**(72.2)**		**44.4**
Transfer arising from take-up of share options				**72.2**	**(72.2)**	**–**
Share repurchases		**(145.4)**				**(145.4)**
Dividends declared					**(782.0)**	**(782.0)**
Recognition of BBBEE transaction				**12.4**		**12.4**
Capital and reserves at 30 September 2013	**61.6**	**(42.8)**	**0.5**	**355.1**	**2 803.3**	**3 177.7**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

Rmillion	Audited Year ended September 2013	Restated* Audited Year ended September 2012
Cash flows from operating activities	**(443.2)**	1 153.5
Operating profit before:	**1 650.0**	1 510.2
Non cash items	**191.0**	173.0
Impairment of goodwill	**7.5**	
(Profit)/loss on disposal of property, plant and equipment	**(0.2)**	1.5
Net working capital changes	**(1 032.7)**	622.4
– Decrease/(increase) in inventories	**41.6**	(280.6)
– Increase in trade and other receivables	**(514.9)**	(473.2)
– (Decrease)/increase in trade payables and provisions	**(559.4)**	1 376.2
Cash generated from operations	**815.6**	2 307.1
Interest received	**34.0**	32.8
Interest paid	**(24.8)**	(27.8)
Taxation paid	**(486.0)**	(488.1)
Dividends paid	**(782.0)**	(670.5)
Cash flows from investing activities	**(296.1)**	(220.3)
Investment to expand operations	**(220.1)**	(89.1)
Investment to maintain operations	**(78.5)**	(71.8)
– Replacement of property, plant and equipment	**(83.3)**	(74.1)
– Proceeds on disposal of property, plant and equipment	**4.8**	2.3
Acquisition of businesses	**(24.3)**	(11.0)
Proceeds from disposal of business	**17.0**	
Net movement in loans and investments	**9.8**	(48.4)
Cash flows from financing activities	**(101.0)**	(73.1)
Proceeds from issue of shares	**7.1**	4.9
Proceeds from exercise of share options	**37.3**	47.3
Share repurchases	**(145.4)**	(123.6)
Acquisition of partial interest in a subsidiary that does not involve a change of control		(1.7)
Net movement in cash and cash equivalents	**(840.3)**	860.1
Net balances/(overdrafts) at beginning of year	**841.6**	(18.5)
Net balances at end of year	**1.3**	841.6

** The 2012 values have been restated to ensure correct classifications in terms of IAS 7. The reclassifications do not change the net cash flow position for the year.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The summarised 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 the Financial Reporting Standards Council and the information as required by IAS 34: Interim Financial Reporting, the JSE Limited Listings 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 these applied in the financial statements for the year ended 30 September 2012.

In compliance with the disclosure requirements of the Companies Act, No 71 of 2008, the annual financial statements have been prepared under the supervision of Mr MW Godfrey CA(SA), on behalf of The SPAR Group Limited.

Rmillion	Audited Year ended September 2013	Audited Year ended September 2012
2. STATED CAPITAL		
Authorised		
250 000 000 (2012: 250 000 000) ordinary shares	**0.2**	0.2
30 000 000 (2012: 30 000 000) redeemable convertible preference shares	**–**	–
Issued		
172 800 310 (2012: 172 377 704) ordinary shares	**61.6**	54.5
18 859 949 (2012: 18 911 349) redeemable convertible preference shares	**–**	–
Total stated capital	**61.6**	54.5

Issued share capital amounts to R61 645 499 consisting of 172 800 310 ordinary shares. 422 606 ordinary shares were issued during the year ended 30 September 2013.

Issued redeemable convertible preference share capital amounts to R11 347, consisting of 18 859 949 (2012: 18 911 349) shares issued during the financial year ended 30 September 2009.

During the current financial year 51 400 redeemable convertible preference shares were converted into 18 122 ordinary shares. These relate to the vesting arising from the death of participants in both BBBEE trusts.

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 172 380 610 (2012: 171 992 577).

Diluted earnings and headline earnings per share were based on a weighted average number of ordinary shares (net of treasury shares) of 184 646 200 (2012: 185 565 578).

Rmillion	Audited Year ended September 2013	Restated* Audited Year ended September 2012
3. CONTINGENT LIABILITIES		
The company has guaranteed the finance obligations of certain SPAR retailer members to the amount of:	**482.8**	386.8
4. OPERATING LEASES		
Operating lease costs charged against operating profit		
Immovable property	**55.0**	52.0
– Lease rentals	**474.3**	410.7
– Sub-lease recoveries	**(419.3)**	(358.7)
Plant, equipment and vehicles	**4.8**	15.7
Operating lease commitments		
Future minimum lease payments under non-cancellable operating leases	**3 694.0**	3 337.6
– Land and buildings	**3 686.6**	3 335.0
– Other	**7.4**	2.6
Future minimum sub-lease receivables under non-cancellable property leases	**(3 290.2)**	(2 973.3)*
Net commitments	**403.8**	364.3
** The September 2012 sub-lease receivables have been restated due to a disclosure error.*		
5. CAPITAL COMMITMENTS		
Contracted	**93.0**	161.4
Approved but not contracted	**13.2**	56.5
Total capital commitments	**106.2**	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 Chief Executive Officer (the Chief Operating Decision Maker) is 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 30 September 2013 which may have an impact on the group's reported financial position at this date.

REVIEW OF TRADING RESULTS

SPAR in South Africa marked its 50th anniversary during 2013 and celebrated past achievements with the people who made it happen – our retailers, employees, suppliers and most importantly, the consumers who support our retailers' stores every day. SPAR has changed dramatically since 1963. Retail membership has grown from 500 stores under one format into 1 817 stores under seven formats, the group's basic warehouses into seven world class distribution centres and our footprint has spread further into Africa.

The group performed solidly with a particularly encouraging second half, despite the challenging trading environment. Consumers were constrained by unemployment, restricted access to credit and rising costs. In emerging market segments increased strike action had a negative impact on disposable spend. The retail environment was increasingly competitive across all segments of the group's business with an aggressive pursuit for new retail sites.

FINANCIAL OVERVIEW

Group turnover increased 9.8% to R47.4 billion (2012: R43.2 billion) and profit after tax increased 12,4% to R1.2 billion. SPAR's gross margin rose to 8.1% (2012: 8.0%). Operating expenses increased 10.8% to R2.6 billion (2012: R2.3 billion) with high distribution costs impacted by rising fuel costs (up 12.7% from 2012). Profit before tax increased 9.5% to R1.7 billion (2012: R1.5 billion).

The lower effective tax rate of 28.4% (2012: 30.3%) is due to the change in STC legislation during the prior year.

Headline earnings growth of 13.3% to R1.2 billion (2012: R1.1 billion) translated into headline earnings per share of 696.6 cents (2012: 616.3 cents), up 13%. A final dividend of 306 cents per share (2012: 275 cents) was declared, bringing the total dividend to 485 cents per share (2012: 430 cents), up 12.8%.

The group's cash generation remained strong with the change in the year-end position attributed to the timing of trade creditor payments. Group cash flow included capital expenditure of R303.4 million, comprising the KwaZulu-Natal dry warehouse facility upgrade (R63.4 million) and the first phase of the new group financial system implementation (R72.8 million). The projected capital expenditure in 2014 is budgeted at R350 million.

The group's balance sheet remains strong, with no long-term borrowings and improved working capital. SPAR's overdraft facilities are sufficient to fund operations for the group's forecast requirements.

OPERATIONAL OVERVIEW

Retail turnover for **SPAR** stores increased 9.1% to R58.5 billion (2012: R53.7 billion), with wholesale turnover up 9.3% to R38.7 billion (2012: R35.5 billion). Existing stores outperformed the market, with turnover growth of 7.5%, underpinned by strong promotional activity. Internal food inflation declined to 5.5% (2012: 6.1%). SPAR house brands are core to the growth and achieved wholesale turnover of R5.1 billion. Retail trading space increased 2.2% (2012: 3.2%) with 20 new SPAR stores opened, taking the total store number to 873. The revamp of 155 stores had a positive effect on turnover growth.

TOPS at SPAR extended its recent growth trajectory as retail sales increased 15.9% to R5.8 billion (2012: R5.0 billion) with wholesale turnover growing 16.1% to R3.6 billion. 47 new stores were opened, bringing the total TOPS stores to 582. Its number one ranking in the South African retail liquor trade was confirmed, with awards including The Sunday Times' Best Liquor Store accolade and ten Veritas wine awards for our exclusive brands.

Build it reported satisfactory results for the year, outperforming its main competition and seeing an encouraging recovery in the second half. Retail turnover increased 12% (2012: 17%) to R8.3 billion (2012: R7.5 billion) and existing store growth was 9%. Wholesale turnover was up 9.5%, totalling R5.1 billion (2012: R4.6 billion). With 20 new stores opened, including stores in Mozambique and Botswana, total stores grew to 298. Particularly pleasing was a 27.1% improvement in sales out of the Build it imports facility to R195.9 million (2012: R154.1 million).

Savemor is a small store format catering to the needs of less populated rural towns or the CBDs of larger towns that cannot justify the set-up cost of a SPAR store. A total of 14 new stores were opened during the year, bringing the total format stores to 28.

The group continued to fine-tune the **Pharmacy at SPAR** model and rolled out 17 new stores during the year, taking total store numbers to 36.

During the year, the group entered into an arrangement to pilot the **SPAR Express** concept with Shell. Initial results from the first store in Wadeville have been positive and the pilot will be expanded during the new financial year.

SPAR group despatched 203.5 million cases through seven distribution centres, an increase of 4.3% on the volumes handled in the prior year. Distribution capacity is a key driver of growth and to this end, the group extended the KwaZulu-Natal distribution centre in 2013 and is planning an extension of the adjacent perishables facility in the new year. The group is making progress to finalise the acquisition of land for the new distribution centre planned in the Lanseria area.

The corporate retail division, comprising 11 stores owned and managed by the group, reported turnover of R836 million, up 7% on the prior year. The trading challenges of the locations in which our retail division operates have remained unchanged, however, the group remains steadfast that its decision to defend these sites was appropriate. The net profitability position of this business continues to be positive for the group. During the year, one new store was opened in Philippi and the Sea Point SUPERSPAR was sold to an independent retailer.

PROSPECTS

The group expects the trading environment to remain challenging with subdued economic growth and continued rand weakness.

Nevertheless, the SPAR group remains confident that the resilience of our people, our retailers and our business model will allow us to once again produce a satisfactory trading performance in 2014.

DIRECTORATE/EXECUTIVE

The Board announced the resignation of Wayne Hook as Chief Executive Officer effective 31 January 2014 and the appointment of Graham O'Connor as Chief Executive Officer as of 1 February 2014.

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 2013. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited financial statements is available for inspection at the company's registered office.

These summarised financial statements have been derived from the group's financial statements and are consistent in all material respects with the group's financial statements. These summarised financial statements have been audited by the company's auditors who have issued an unmodified opinion. The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the company's registered office.

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 306 cents per share has been declared by the board in respect of the year ended 30 September 2013. The dividend has been declared out of income reserves.

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

Last day to trade *cum* dividend	Friday, 29 November 2013
Shares to commence trading *ex* dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Payment of dividend	Monday, 9 December 2013

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 2 December 2013 and Friday, 6 December 2013, both days inclusive.

In terms of South African taxation legislation effective from 1 April 2012, the following additional information is disclosed:

- The South African local dividend tax rate is 15%;
- No STC credits will be utilised;
- The net local dividend amount is 260.1 cents per share for shareholders liable to pay tax on dividends and 306 cents per share for shareholders exempt from such dividend tax;
- The issued share capital of The SPAR Group Limited is 172 800 310 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, 12 November 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: 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: Garlicke & Bousfield, PO Box 1219, Umhlanga Rocks, 4320
WEBSITE: www.spar.co.za

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