

2006 INTERIM RESULTS

For the six months ended
31 December 2005



key PERFORMANCE
Indicators

Store turnover +19%
Headline earnings per share +18%

ABRIDGED INCOME STATEMENT

R'000	Unaudited six months 31/12/05	Unaudited restated six months 31/12/04	% Change	Unaudited restated year ended 30/06/05
Revenue	96 912	105 619	(8.2)	200 632
Profit from operations	38 047	34 175	11.3	66 020
Net interest received	2 887	3 870	(25.4)	4 823
Profit before taxation	40 934	38 045	7.6	70 843
Taxation	(12 088)	(12 044)		(20 421)
Profit after taxation	28 846	26 001	10.9	50 422
Minority interests	211	(50)		(84)
Earnings attributable to ordinary shareholders	29 057	25 951	12.0	50 338

RECONCILIATION OF HEADLINE EARNINGS

Earnings attributable to ordinary shareholders	29 057	25 951		50 338
Headline earnings adjustment:				
Profit on sale of property, plant and equipment	-	-		(449)
Headline earnings	29 057	25 951	12.0	49 889

Statistics

Shares in issue (000's) (Note 1)	88 156	88 496		88 156
Weighted average number of shares in issue (000's)	88 156	93 158		90 783
Earnings per share (cents)	32.96	27.86	18.3	55.45
Headline earnings per share (cents)	32.96	27.86	18.3	54.95
Diluted earnings per share (cents)	32.61	27.82	17.2	55.30
Diluted headline earnings per share (cents)	32.61	27.82	17.2	54.81
Distribution per share (cents)	22.00	20.00	10.0	40.00
Net asset value per share (cents)	380.89	359.81	5.9	367.37

ABRIDGED CASH FLOW STATEMENT

R'000	Unaudited six months 31/12/05	Unaudited restated six months 31/12/04	Unaudited restated year ended 30/06/05
Cash generated from operations	40 961	37 056	67 541
Net interest received	2 887	3 870	4 823
Taxation paid	(11 564)	(11 204)	(14 815)
Distributions paid	(17 511)	(15 621)	(35 179)
Working capital changes	(11 884)	(6 556)	(4 959)
Cash flow from operating activities	2 889	7 545	17 411
Cash flow from investing activities	(6 314)	(51 577)	(52 141)
Net movement in cash and cash equivalents	(3 425)	(44 032)	(34 730)
Adjustment for foreign exchange fluctuations	(293)	12	383
Net cash and cash equivalents at beginning of period	39 703	74 050	74 050
Net cash and cash equivalents at end of period	35 985	30 030	39 703

BASIS OF ACCOUNTING

These unaudited financial results for the six months ended 31 December 2005 have been prepared in accordance with accounting policies that comply with International Financial Reporting Standards ("IFRS"), with the date of transition to IFRS for the group being 1 July 2004.

The audited results for the 12 months ended 30 June 2005 have been restated as unaudited due to the IFRS adjustments not having been audited by the company's auditors.

FINANCIAL AND OPERATIONAL REVIEW

Positive trading conditions in the domestic market have continued into the 2006 financial year and the group has performed in line with the board and management's expectations for the period. The group increased its share of the highly competitive family sit-down restaurant market, while the total store base passed the 300 mark. Our international operations, which account for just over 10% of the stores, continue to offer exciting growth prospects.

The R8.7 million decline in revenue to R96.9 million (2004: R105.6 million) incorporates a decrease in wholesale and distribution sales that resulted from the outsourcing of the national distribution of restaurant supplies from the central kitchens to an independent distributor. The outsourcing of this function was completed in September 2005 and has been and will continue to be beneficial to the group. Sales of manufactured goods from the central kitchens and décor, locally and internationally, increased by 25%.

Store turnover growth, which reflects in the core franchise royalty income and is the yardstick of the group's trading performance, increased by 19%. The turnover of existing stores (excluding new stores opened during the year) was 13% higher, well ahead of the menu price inflation for the period.

The group's operating profit rose 11.3% to R38 million (2004: R34.2 million). When the effect of a share-based payment charge (as a result of the adoption of IFRS 2 - Share-based payments) of R1.1 million as well as the prior year impact of a taxation refund of R1.3 million is excluded,

ABRIDGED BALANCE SHEET

R'000	Unaudited at 31/12/05	Unaudited restated at 31/12/04	Unaudited restated at 30/06/05
NON-CURRENT ASSETS	322 137	312 467	317 579
- Property, plant and equipment	31 502	24 173	27 096
- Intangibles	271 865	270 865	271 865
- Investments and loans	18 770	17 429	18 618
CURRENT ASSETS	84 414	71 878	74 745
- Inventory	1 573	5 457	5 024
- Trade and other receivables	44 430	34 021	28 084
- Cash resources	38 411	32 400	41 637
TOTAL ASSETS	406 551	384 345	392 324
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES	335 779	318 415	323 862
- Ordinary share capital	1	1	1
- Share premium (net of treasury shares)	101 634	137 197	119 265
- Accumulated profit	232 309	179 196	201 907
- Share-based payment reserve	2 118	-	1 059
- Foreign currency translation reserve	(156)	1 971	1 546
- Minority interests	(127)	50	84
Deferred taxation liabilities	34 526	27 482	32 247
CURRENT LIABILITIES	36 246	38 448	36 215
- Trade and other payables	27 119	29 025	24 600
- Shareholders for distribution	333	244	213
- Bank overdraft	2 426	2 370	1 934
- Taxation	6 368	6 809	9 468
TOTAL EQUITY AND LIABILITIES	406 551	384 345	392 324

ABRIDGED SEGMENT REPORT

R'000	Unaudited six months 31/12/05	Unaudited restated six months 31/12/04	Unaudited restated year ended 30/06/05
REVENUE			
Wholesale and distribution	42 301	60 987	110 165
Franchise - Spur	43 032	37 049	73 494
Franchise - Other	9 710	6 641	14 278
Corporate services	1 869	942	2 695
Group revenue	96 912	105 619	200 632
PROFIT BEFORE TAXATION			
Wholesale and distribution	14 276	11 786	23 034
Franchise - Spur	35 112	30 577	61 470
Franchise - Other	2 102	725	6 304
Corporate services	(13 443)	(8 913)	(24 788)
Group profit from operations	38 047	34 175	66 020

comparable operating profit increased 19%. While expenses have been well-managed, the group incurred increased staff and travelling costs for the investment in new stores (with the group planning to open more than 40 new stores during the financial year), higher depreciation charges and the IFRS 2 expense.

Headline earnings of R29.1 million were 12% higher than the previous reporting period. Headline earnings per share increased by 18.3% to 32.96 cents (2004: 27.86 cents), while diluted headline earnings per share rose by 17.2% to 32.61 cents (2004: 27.82 cents).

The group's aggressive expansion has continued, with an additional 22 stores opened since the beginning of the financial year, bringing the store base to 309. These comprise seven Spur Steak Ranches, five Panarottis Pizza Pasta and ten John Dory's Fish & Grill outlets.

A summary of the store base at 31 December 2005 is as follows:

Franchise brand	South Africa	International	Total
Spur Steak Ranches	208	23	231
Panarottis Pizza Pasta	54	7	61
John Dory's Fish & Grill	17	-	17
Total	279	30	309

A further 22 stores are anticipated to be opened in the second six months of the year. This includes new Spur outlets in China (Fuzhou), Australia (Campbelltown) and Botswana (Gaborone), with two further Panarottis stores in Australia (Campbelltown and Blacktown).

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 2003		210 050		(81 866)	128 184
Profit for the year				37 178	37 178
Distributions		(25 873)			(25 873)
Shares repurchased		(882)			(882)
Balance at 30 June 2004 - as previously stated		183 295		(44 688)	138 607
IFRS adjustments				196 614	196 614
Trademarks	2			263 391	263 391
Property, plant and equipment	3			825	825
Deferred taxation	4			(67 602)	(67 602)
Restated balance at 30 June 2004		183 295		151 926	335 221
Profit for the year - as previously stated				51 922	51 922
IFRS adjustments			2 605	(1 584)	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 payment	6		1 059	(1 059)	-
Profit for the year - restated				50 338	50 338
Minority interests				84	84
Taxation charges to equity				(357)	(357)
Distributions		(35 148)			(35 148)
Shares repurchased		(28 881)			(28 881)
Restated balance at 30 June 2005		119 266	2 605	201 991	323 862
Profit for the period				29 057	29 057
Taxation charges to equity				1 345	1 345
Distributions		(17 631)			(17 631)
Share-based payment			1 059		1 059
Foreign currency translation			(1 702)		(1 702)
Minority interests				(211)	(211)
Balance at 31 December 2005		101 635	1 962	232 182	335 779

Notes

- Shares in issue less shares repurchased by a wholly owned subsidiary company and share incentive trust.
- 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.

PROSPECTS

The new store openings and projected openings for the remainder of the financial year highlight the opportunities for the group to increase its national store footprint across the three franchise brands and grow market share. Assuming a stable interest rate environment and favourable trading conditions, the board and management are confident of a strong second half performance which will translate into continued solid earnings growth for shareholders.

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 R19.4 million payable to the company's shareholders, in lieu of dividends, to be written off against the share premium account, which amount equates to 22 cents per ordinary share ("the distribution").

The distribution will be paid on Monday, 27 March 2006, to those shareholders of the company who are recorded in the company's register on Friday, 24 March 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 Thursday, 16 March 2006. The shares will commence trading ex the distribution on Friday, 17 March 2006.

Share certificates may not be dematerialised or rematerialised between Friday, 17 March 2006 and Friday, 24 March 2006 both days inclusive.

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

CapE Town
2 March 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

Registered Office
1 Waterford Mews, Century Blvd, Century City, 7441
Transfer Secretaries
Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001

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

