



SPANJAARD



Spanjaard Limited
(Incorporated in the Republic of South Africa)
Registration number 1960/004393/06
Share code: SPA ISIN: ZAE000006938
("Company" or "Group")

UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2014 AND DECLARATION OF DIVIDEND

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months to 31 August 2014 R'000	Six months to 31 August 2013 R'000
Revenue	58 982	58 310
Turnover	57 993	56 890
Cost of sales	(37 501)	(37 165)
Gross profit	20 492	19 725
Operating expenses	(17 996)	(15 503)
Depreciation and amortisation	(1 026)	(1 255)
Profit from operations	1 470	2 967
Finance (cost)/income – net	(558)	(519)
Profit before tax	912	2 448
Income tax expense	313	(788)
Profit	1 225	1 660
Other comprehensive income		
Movement in foreign currency translation reserve	(57)	30
Total comprehensive income for the six months	1 168	1 690
Earnings per ordinary share		
– basic and diluted (cents)	15,0	20,4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Six months to 31 August 2014 R'000	Twelve months to 28 February 2014 R'000
Assets		
<i>Non-current assets</i>	30 429	30 160
Property, plant and equipment	28 998	28 800
Goodwill	437	437
Intangibles	994	923
<i>Current assets</i>	51 157	39 022
<i>Non-current assets held for sale</i>	–	3 759
Total assets	81 586	72 941
Equity and liabilities		
<i>Total shareholders' equity</i>	45 626	42 553
Ordinary shares and premium	6 871	6 871
Reserves	38 755	35 682
<i>Non-current liabilities</i>	8 656	9 377
Borrowings	4 627	4 253
Deferred tax liabilities	4 029	5 124
<i>Current liabilities</i>	27 304	21 011
Total equity and liabilities	81 586	72 941
Net asset value per share	560,3	522,6

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 31 August 2014 R'000	Six months to 31 August 2013 R'000
Cash flows from operating activities	2 325	1 394
Cash flows from investing activities	(2 262)	(1 776)
Cash flows from financing activities	(2 281)	(50)
Net decrease in cash and cash equivalents	(2 218)	(432)
Cash and cash equivalents at beginning of year	(223)	3 318
Cash and cash equivalents at end of year	(2 441)	2 886

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months to 31 August 2014 R'000	Six months to 31 August 2013 R'000
Ordinary shares	407	407
Share premium	6 464	6 464
Foreign currency translation reserve	(184)	(571)
Opening balance	(541)	(93)
Movement for the year	357	(478)
Revaluation reserve	7 769	7 872
Opening balance	8 082	9 630
Movement for the year	(313)	(1 758)
Retained earnings	30 366	28 158
Opening balance	28 141	24 397
Total comprehensive income for the year	2 225	3 761
Total shareholders' equity	44 822	42 330

DIVIDENDS

Dividend declared per ordinary share (cents)	– interim	10,0	15,0
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SUPPLEMENTARY INFORMATION

	Six months to 31 August 2014 R'000	Six months to 31 August 2013 R'000
Capital expenditure	1 225	1 780

OPERATING SEGMENTS

	Six months to 31 August 2014 R'000	Six months to 31 August 2013 R'000
Segment revenue		
Special lubricants and allied chemicals	57 556	52 412
External customers	11 299	6 334
Local customers	46 257	46 078
Lubricant powders/Metal powders	3 962	7 000
External customers	2 572	3 067
Local customers	1 390	3 933
Other	2 543	1 203
External customers	2 543	1 203
Reconciling items	(6 068)	(3 725)
External customers	(3 566)	(1 453)
Local customers	(2 502)	(2 272)
	57 993	56 890
Segment result		
Special lubricants and allied chemicals	348	1 708
Lubricant powders/Metal powders	1 051	1 294
Other	257	366
Reconciling items	(186)	(401)
	1 470	2 967

OPERATING SEGMENTS continued

	Six months to 31 August 2014 R'000	Twelve months to 28 February 2014 R'000
Segment assets		
Special lubricants and allied chemicals	66 375	57 762
Lubricant powders/Metal powders	13 388	11 558
Other	26 571	25 193
Reconciling items	(24 748)	(21 572)
	81 586	72 941
Segment liabilities		
Special lubricants and allied chemicals	37 712	29 395
Lubricant powders/Metal powders	3 370	1 896
Other	19 623	20 720
Reconciling items	(24 748)	(21 623)
	35 960	30 388

RECONCILIATION OF HEADLINE EARNINGS

	Six months to 31 August 2014 R'000	Six months to 31 August 2013 R'000
Profit attributable to shareholders	1 225	1 660
Loss on disposal of property, plant and equipment	303	–
Income tax effect on disposal	(85)	–
Headline earnings	1 443	1 660
Weighted average number of ordinary shares in issue ('000)	8 143	8 143
Headline earnings per ordinary share – basic and diluted (cents)	17,7	20,4

BASIS OF PREPARATION

The condensed consolidated interim results have been prepared using the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, in accordance with IAS 34: *Interim Financial Reporting* and in the manner required by the JSE Listings Requirements and the South African Companies Act, No. 71 of 2008.

Accounting policies and methods of computation are consistently applied as in the 2014 audited annual financial statements.

Condensed consolidated interim financial statements are prepared by: Financial Director HJ van Heerden – BCom (Acc).

Condensed consolidated interim financial statements date of publication – 31 October 2014.

COMMENTARY

POINTS OF INTEREST

- Group turnover is up by nearly 2%.
- Interim gross cash dividend declared of 10 cents per share.
- Net asset value increased from 522,6 cents to 560,3 cents per share.

EXECUTIVE CHAIRMAN'S STATEMENT

We have exhibited at the Automechanika exhibition in Frankfurt since 1985. This biennial event was very successful from a general point of view and as well as for Spanjaard, this year's show boasted 4 631 exhibitors from 71 countries with more than 140 000 trade visitors from 173 countries. We believe the investment will provide us with a good return.

The turmoil in the mining industry has put our Industrial division's performance under pressure, as we are an important supplier to several of the large platinum mining operations. On the other hand, we have seen satisfactory growth in our South African Consumer/Automotive division.

The implementation of the new ERP system was completed during the first half of the year. Though the implementation posed a challenge, we are confident that the new system will improve the support of the operations.

The following items contributed to the increase in our operating expenses: effect of the weak Rand on the cost of export freight which is quoted in US\$; the imposition of the e-toll has impacted our costs from our suppliers due to transport costs and the increase in our labour costs as previously reported.

The sale of the Alrode property was completed during the first six months of this financial year realising a loss of R303 000, on the revalued book value as at 28 February 2014.

The net decrease in cash and cash equivalents were due to the following:

- Increase in working capital;
- Increase in deposits also reflected in current assets.

There have been no material related party transactions during the period under review.

SEGMENTAL ANALYSIS

The Special Lubricants and Allied Chemicals division showed a slight increase in turnover. The segment's profit is down due to increases in some of the manufacturing expenses. The Industrial division expects to recoup some of the losses suffered during the mining strikes. The international sales team is working extremely hard to make up for the growth that we did not achieve during the first half of the year. We are optimistic that we will achieve a reasonably good set of results for the second half of the year.

The decision during the 2014 financial year to dispose of part of the Lubricant Powders division led to a 43% decrease in turnover. Through effective cost management, the division showed a very satisfactory profit of R1,05 million.

INTERIM DIVIDEND

Notice is hereby given that Dividend No. 26 of 10 (ten) cents per ordinary share has been declared for the six months ended 31 August 2014.

The dividend will be subject to the Dividends Tax that was introduced with effect from 1 April 2012. In accordance with the provisions of the Listings Requirements of the Johannesburg Stock Exchange, the following additional information is disclosed:

- the dividend has been declared out of profits available for distribution;
- the local Dividends Tax rate is 15%;
- the gross local dividend amount is 10 cents per share for shareholders exempt from Dividends Tax;
- no Secondary Tax on Companies' credits have been utilised;
- the net local dividend amount is 8,5 cents per share for shareholders liable for Dividends Tax;
- Spanjaard has 8 142 850 ordinary shares in issue; and
- Spanjaard's income tax reference number is 9543 676 84 6.

The following dates are applicable to the dividend:

The last date to trade in order to be eligible for the dividend will be Friday, 14 November 2014. Shares will trade ex-dividend from Monday, 17 November 2014.

The record date will be Friday, 21 November 2014 and payment will be made on Monday, 24 November 2014.

Share certificates may not be dematerialised/re-materialised between Monday, 17 November 2014 and Friday, 21 November 2014, both days inclusive.

By order of the Board

Mrs SF Pitchford

Company Secretary

31 October 2014

Directors

RJW Spanjaard (*Executive Chairman*), Ms E Nepgen (*Managing Director*), GF Cort, Mrs S Hari*, BL Montgomery*, CKT Palmer, Prof DP van der Nest*, HJ van Heerden (*Financial Director*)
* *Independent Non-executive*

Registered office

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Transfer Secretaries

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