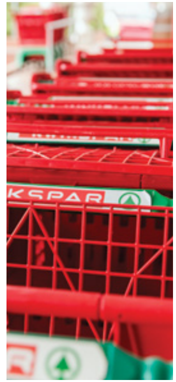

THE SPAR GROUP LTD
RESULTS PRESENTATION

For the year ended 30 September 2016

AGENDA

Introduction	Graham O'Connor, CEO
Spar Group: Facts and figures	
Performance summary	
Salient features	
Defining the five drivers	
Culture and values	
Financial overview	Mark Godfrey, CFO
Operational overview	Graham O'Connor, CEO
Looking forward	
Prospects	
Questions	

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INTRODUCTION

GRAHAM O'CONNOR, CEO

NOTES

SPAR GROUP: FACTS AND FIGURES

SPAR International:
Present in 42 countries on 4 continents with 7 million m² in sales area

- 12 176 stores €33bn p.a. turnover
- South Africa is the second biggest **SPAR** country by turnover
- Ireland is 10th biggest **SPAR** country by turnover
- SPAR Switzerland is the 14th biggest **SPAR** country by turnover

Source: SPAR International Annual Report 2015

Southern Africa:
Balanced portfolio of 2 033 stores across nine brands with R94.9bn retail turnover

- Groceries + fresh produce, liquor, pharmaceuticals and building materials
- Offering spans consumer sectors from high to low LSMs
- Seven (+ satellites) distribution centres: 287 478m³ warehousing space (including imports)
- Handle 70% of **SPAR's** turnover + 30% directly from third party suppliers
- 226.4m cases dispatched in 2016 (2015: 219m cases)
- Distance travelled 31.2 million km's in 2016 (vs 30.8 million km's travelled in 2015)

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NOTES

SPAR GROUP: FACTS AND FIGURES | continued

Ireland / South West England:
BWG services >1 340 stores across six brands, ~€2.2bn (ZAR35.4bn) retail turnover

- Wholesale and distribution of groceries + fresh produce, liquor to retail/catering sectors
- Well established in convenience market
- Three DCs: 34 560m² covering 820 deliveries/day and covering 4.7 million km's per year*
- 19.2m cases despatched in the financial year in Ireland and 8.8m in UK

Support to independent retailers

- Relationships, marketing and branding, product development, systems support, property management, retail operations and training
- Financial: Trade credit and access to funding

* Includes Appleby Westward

NOTES

SPAR GROUP: FACTS AND FIGURES | continued

Switzerland: SPAR Switzerland services 301 stores across three brands + 11 cash-and-carry outlets, CHF39.4m (ZAR5.9bn) wholesale turnover in 2016

- Responsible for operation of 53 corporate stores + 248 independent retailer stores

- Modern logistics centre supplying 6 500 ambient and chilled SKUs and total area of 33 000m²
- Supplying 460 retailers with 370 deliveries per day and travelling 3.4 million km's per annum

- 15.2m cases distributed in 2016 reporting period (i.e. six months)

- TopCC: 11 cash-and-carry outlets with total selling area of 44 000m²

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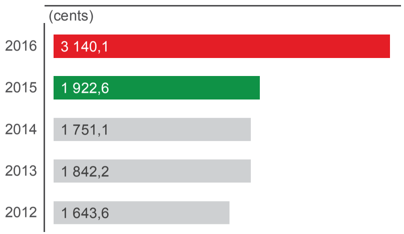
NOTES

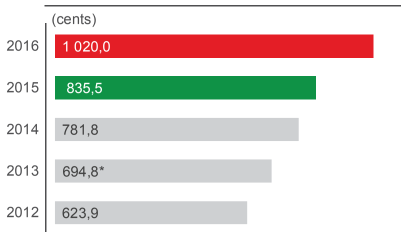
PERFORMANCE SUMMARY

- Significant turnover growth
- 32% of total turnover generated in foreign currency
- Total retail footprint increased to 3 674 stores
- Two extremely successful book builds took place and 19.3m new shares placed
- SPAR SA acquired a majority stake in SPAR Switzerland
- BWG Group acquired Gilletts (Callington) Limited (South West of England) with 63 SPAR retail stores
- BBBEE empowerment deal: R1.5bn distributed to approximately 16 000 beneficiaries

NET ASSET VALUE PER SHARE



HEADLINE EARNINGS PER SHARE



* restated

NOTES

SALIENT FEATURES

R million	2016	2015	Change %
Turnover	90 688.5	73 258.8	+23.8
Operating profit	2 577.3	2 294.2	+12.3
Profit before tax	2 439.2	1 958.2	+24.6
Earnings per share (cents)	1 010.0	820.8	+23.1
Headline earnings per share (cents)	1 020.0	835.5	+22.1
Dividend per ordinary share (cents)	665.0	632.0	+5.2
Net asset value per share (cents)	3 140.1	1 922.6	+63.3

NOTES

BUSINESS ENVIRONMENT

SOUTH AFRICA

- Economic growth remains slow
- Continued pressure on consumers
- Internally measured food inflation: 6.2%
- Expectations that food inflation has topped out
- Slightly improved retail trading since municipal elections
- Retailers having to be innovative to maintain sales growth

IRELAND

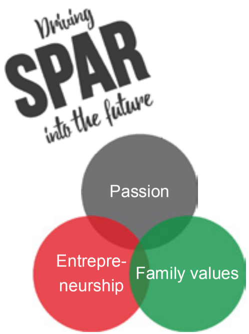
- 4.9% GDP growth projected for 2016
- Retail sales +3.8% y-y to 3 year low (Sept 2016)
- CPI measured at 0% (Sept 2016)
- Household indebtedness remains high despite 6 years of deleveraging
- Unemployment trending down: 7.7% (Oct 2016)
- Economic uncertainties due to Brexit

SWITZERLAND

- GDP on track to grow 1.4% in 2016
- Retail industry under pressure: 2.9% drop in sales y-y (Aug 2016)
- Q3 inflation <0.3%
- Private consumption up 1% in 2016
- Steady unemployment rate: 3.3% (Oct 2016)
- Stable salaries

NOTES

SPAR VALUES AND CULTURE:
PROGRESS ON STRATEGIC OBJECTIVES



STRATEGIC OBJECTIVES UNDERPINNED BY VALUES

Retailer profitability	• Engaged with retailers • Positioned to weather tough economy
Excellence in Fresh	• Higher "Fresh" ratio of total basket • Good progress with HMR
Centre of community	• Entrenched retailers at centre of communities
Competitive pricing	• Supported by extensive promotions and in-store campaigns
Retail relationships, leadership & support	
Supply chain optimisation	• Real-time fleet monitoring • Efficiency improvements
World class replenishment & brands	• Retail and wholesale growth across all brands
Transformation	• Attracting black retailers • Value created by BBBEE scheme
New business	• Acquired majority stake in SPAR Switzerland • Gilletts (SW England) acquired by BWG Group

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NOTES

DEFINING THE FIVE DRIVERS

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SERVICE: PUTTING THE CUSTOMER AT THE CENTRE OF OUR BUSINESS

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SUSTAINABILITY: INCREASINGLY AFFECTING FOOD RETAIL INDUSTRY

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FUTURE: UNDERSTANDING THE VARIABLES

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PEOPLE: OUR MOST IMPORTANT RESOURCE

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RETAIL: UNDERSTANDING THE RETAIL TRIGGERS

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NOTES

BUILDING OUR BUSINESS IN UNCERTAIN TIMES

SPAR

SERVICE FUTURE

SUSTAINABILITY

PEOPLE RETAIL

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CULTURE AND VALUES: THE FOUNDATION OF OUR BUSINESS

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FINANCIAL OVERVIEW

MARK GODFREY, CFO

NOTES

FINANCIAL OVERVIEW: KEY REGIONAL METRICS

R million	SPAR Southern Africa	SPAR Ireland	SPAR Switzerland	Group
Income statement				
Turnover	61 699.5	23 099.7	5 889.3	90 688.5
Gross profit	5 081.2	2 499.7	826.1	8 407.0
Gross margin	*8.24%*	*10.82%*	*14.03%*	*9.27%*
Operating expenses	(3 481.4)	(2 438.1)	(1 428.1)	(7 347.6)
Profit before tax	2 055.6	377.3	6.3	2 439.2
Profit after tax	1 484.4	327.6	3.0	1 815.0
Earnings per share (cents)	*826.0*	*182.3*	*1.7*	*1 010.0*
Headline earnings per share (cents)	*829.3*	*185.8*	*4.9*	*1 020.0*

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NOTES

FINANCIAL OVERVIEW: TURNOVER

R million	2016	2015	Change (%)
SPAR/TOPS	54 791.2	50 176.8	+9.2
*Liquor sales (**SPAR/TOPS**)*	*5 176.5*	*4 622.5*	*+12.0*
Build it	6 908.3	6 190.8	+11.6
South Africa	**61 699.5**	**56 367.6**	**+9.5**
Ireland	23 099.7	16 891.2	+36.8
Switzerland	5 889.3	-	-
Total Group	**90 688.5**	**73 258.8**	**+23.8**

- **SPAR** Southern Africa: positive results from heightened marketing and promotional activity
- **SPAR Ireland**: excellent growth + impact of Londis acquisition + Gilletts Group acquisition
- Impact of **SPAR Switzerland** acquisition
- Foreign currency turnover: up to 32% of total turnover

NOTES

FINANCIAL OVERVIEW: TURNOVER | continued

Ireland: Sales analysis of growth

Solid performance of core business	+3.1%
Acquisition of Londis business	+9.6%
Acquisition of Gilletts business	+1.7%
	14.4%
Rand devaluation against euro	22.4%
	36.8%

Switzerland: Sales analysis by business

		Ratio
Ex-warehouse sales	ZAR2.24bn	38.1%
TopCC sales	ZAR2.22bn	37.7%
SPAR Corporate retail sales	ZAR1.42bn	24.2%
	ZAR5.88bn	**100.0%**

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NOTES

FINANCIAL OVERVIEW: INFLATION PER SEGMENT

	2016	6 months to March 2016	2015
SPAR business	+6.2%[1]	+5.5%	+5.2%
Liquor	+6.6%	+6.8%	+6.4%
Build it	c. +3.5%[2]	c. +3.0%	c. +3.3%

1. **SPAR's** budgeted expectations for 2017: 2016:
   - › SA food +6.5% +6.0%
   - › Building materials 4.1% +3.9%
2. Building material inflation budget at c. +4.1% for 2017 with difference between coastal region (c. +4.4%) and inland (c.+3.8%) attributed to cement effect
   - › Ireland -2.0%
     - All foods -2.2%
     - Alcohol -3.0%
     - Tobacco +4.0%

NOTES

FINANCIAL OVERVIEW: INFLATION PER SEGMENT | continued

Ireland (per National CPI figures)		September 2016 annual change
• Supermarkets and convenience	Retail sales - value	+2.0%
	Retail sales - volume	+2.4%
• While not separating convenience still reflects the price pressures		

Illustration – September month

- Food and non-alcoholic drinks -1.1%
- Alcoholic beverages -3.7%
- All tobacco +7.6%

Looking to 2017

- Overall inflation to remain low (sterling weakness ~ lower cost)
- Alcohol to see modest increase
- Tobacco to remain at c. +7.0% levels

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NOTES

FINANCIAL OVERVIEW: INFLATION PER SEGMENT | continued

Switzerland

Consumer price index for period April – September 2016	-0.2%
• Food and alcoholic beverages and cigarettes	+1.6%
• Alcoholic beverages	-0.7%
• Tobacco	-0.1%

Looking to 2017

› Expectation of inflation moving upward to +0.4% but reversing in latter part to 0.0%

NOTES

FINANCIAL OVERVIEW: GROSS MARGINS

R million	2016 (GP%)	2016 Turnover (Rm)	2015 (GP%)
Total Southern Africa	**8.2%**	**61 699.5**	**8.2**
Ireland	10.8%	23 099.7	10.5
Switzerland	14.0%	5 889.3	-
Total Group	**9.3%**	**90 688.5**	**8.7**

Southern Africa

Stronger ex-warehouse sales:		2016	2015	2014
Warehouse (excl. Build It)	- Dry	47.2%	46.9%	46.6%
	- Perishables	16.2%	15.9%	15.5%
		63.4%	62.8%	62.1%
Dropshipment (excl. Build It)		36.6%	37.2%	37.9%

NOTES

FINANCIAL OVERVIEW: EXPENSES

	2016 Expenses (Rm)	2016 % of sales	2015 Expenses (Rm)	2015 % of sales	% increase
South Africa	3 481.4	5.6	3 112.2	5.5	+11.9
Ireland	2 438.1	10.6	1 748.0	10.3	+39.5
Switzerland	1 428.1	24.2	-	-	-
Total Group	**7 347.6**	**8.1**	**4 860.2**	**6.6**	**+51.2**

SPAR Southern Africa

- Warehouse and distribution costs: +10.5% to R1 519.3m
  - Wage cost comparatives reflecting implementation of “equal pay” alignment
  - Fuel and diesel costs: -3.8% despite +3.4% increase in case volumes
  - Higher third party transport costs remain challenging: +16.2%
- Advertising and promotion costs: +16.3%
  - Spends by all brand formats
- Electricity and water costs: +18.2%
  - Both at DCs and retail
- Computer costs: +15.3%
  - Reflects infrastructure investment
- Balance of costs remain tightly controlled
- Abnormal costs
  - Provision towards closure costs of Harare business: R19.3m
  - Increase on previous year bad debt: R15.7m

NOTES

FINANCIAL OVERVIEW: EXPENSES | continued

Ireland

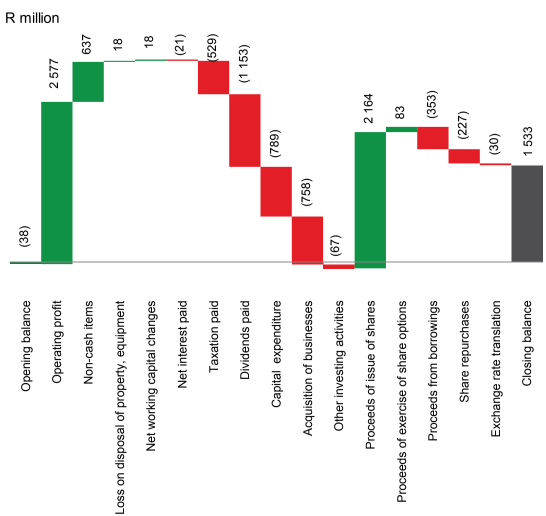
- Whole expenses increased +39.5% in rand terms: in euro terms only +16.7%
- Excluding impact of Gilletts stores for partial period: euro costs +13.1%
- Warehouse costs down in euro terms
  - Two Londis warehouses closed and all retailers fully integrated into Kilcarbery
  - Chilled operations' cost efficiencies continue to improve
- Increased marketing investment made into SPAR business to capitalise on strong growth
- Higher labour costs due to increased cost of key skills, talent retention pressure and minimum wage

Switzerland

- Higher marketing and selling costs due to greater involvement in corporate retailers: 69.3% of total (double Ireland)
- Logistic operations very cost effective

NOTES

FINANCIAL OVERVIEW: CASH FLOW



- Operating profit up 12.3%
- Non-cash items
- Higher trade receivables in Southern Africa
- Increased capex
- Issue of 11.9m shares for R2.1bn cash
- R725m SPAR Switzerland acquisition debt

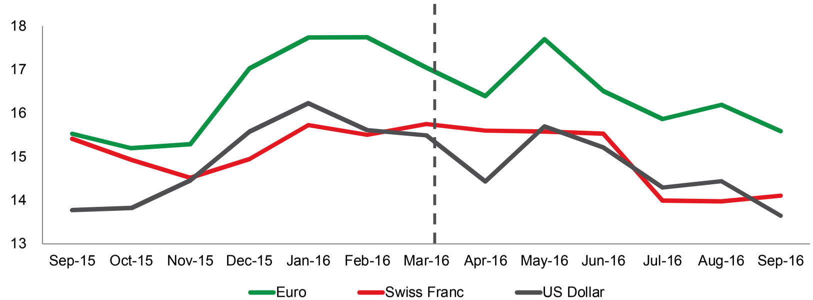
NOTES

FINANCIAL OVERVIEW: CASH FLOW | continued

R million	2016	2015
Cash flow from trading	3 232.3	2 676.6
Working capital changes	17.9	278.0
• Increase in inventory	(133.6)	(114.8)
• Increase in trade receivables	(722.2)	(387.7)
• Increase in trade payables	873.7	780.5
Cash generated from operations	3 250.2	2 954.6
Interest	(21.0)	(118.3)
Taxation	(529.3)	(555.5)
Dividends	(1 152.6)	(1 011.5)
Capex spend	(788.7)	(525.5)
Acquisition of business	(757.5)	(452.0)
Other investing activities	(67.3)	(1.0)
Loans/share activity	1 666.6	162.3
Net cash movement	**1 600.4**	**453.1**

NOTES

CURRENCY IMPACTS (VS ZAR)

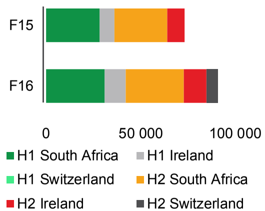


	Ireland (€)		Switzerland (CHF)	
	F2015	F2016	March 2016	F2016
Year end rate	15.53	15.59	15.41	14.38
Average rate	13.75	16.45	n/a	14.93

NOTES

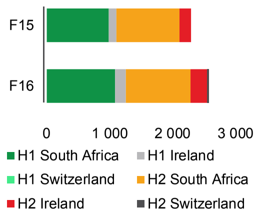
FINANCIAL OVERVIEW: COMPARATIVE TRADING:
UNPACKING H1 VS H2 + SPAR SWITZERLAND IMPACT

TURNOVER (Rm)



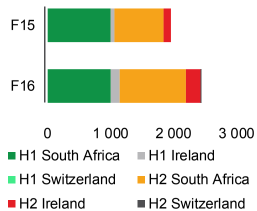
	Growth
First half	+16.7%
South Africa	*+9.2%*
Ireland	*+45.0%*
Second half	+30.6%
South Africa	*+9.7%*
Ireland	*+30.2%*
Switzerland	-

OPERATING PROFIT (Rm)



	Growth
First half	+13.8%
South Africa	*+10.4%*
Ireland	*+41.0%*
Second half	+11.1%
South Africa	*+2.2%*
Ireland	*+41.5%*
Switzerland	-

PROFIT BEFORE TAX (Rm)



	Growth
First half	+7.5%
South Africa	*+0.5%*
Ireland	*+115.0%*
Second half	+44.7%
South Africa	*+35.2%*
Ireland	*+102.9%*
Switzerland	-

** Adjusted for minority accounting impacts*

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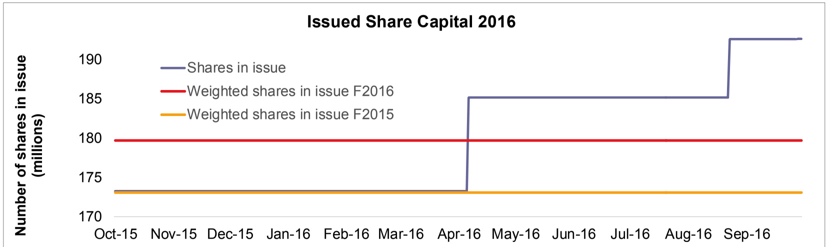
NOTES

RECONCILIATION OF SHARES IN ISSUE

		New shares issued	Total shares in issue
Opening balance	1 October 2015		173 261 662
New shares issued:			
• Ireland and Switzerland acquisitions	6 April 2016	11 891 892	185 153 554
New shares issued:			
• BBBEE Transaction	23 August 2016	7 415 243	192 568 797
• Other share issues			33 558
			192 602 355



NOTES

RECONCILIATION OF DIVIDEND DECLARATION

R million	2016
Reported headline earnings	1 832.9
Adjusted for:	
Foreign exchange profit on financial liability (non-cash) ~ ZAR1.7m	Ignored
Headline earnings for dividend	1 832.9
Dividend cover (consistent with prior)	*1.45 times*
Dividend declared (total payable)	1 264.1
Less: declared and paid at interim	(471.8)*
Available for declaration	792.3
Shares ranking for dividend at declaration date (000s)	192 507.9
Final Dividend per share (cents)	**410**

** which recognised the additional shares issue in April 2016*

NOTES

FINANCIAL OVERVIEW: REGIONAL KEY METRICS

R million	SPAR Southern Africa	SPAR Ireland	SPAR Switzerland	Group
Balance sheet				
Property, plant and equipment	2 109.5	1 395.5	2 655.3	6 160.3
Goodwill and intangible assets	504.6	3 195.2	308.5	4 008.3
Current assets	10 567.9	3 947.0	2 069.8	16 584.7
Current liabilities	8 482.6	4 566.9	1 073.3	14 122.8
Non-current liabilities	1 099.8	2 901.5	3 588.8	7 590.1
Net asset value per share (cents)	*3 054.0*	*227.7*	*(141.6)*	*3 140.1*

** Includes financial liability of R743.6m*

NOTES

CAPITAL EXPENDITURE: INCREASING DISTRIBUTION CAPACITY

R million	2016	2015
Investing to expand operations	(441.9)	(422.1)
Investment to maintain operations	(346.8)	(103.4)
• Replacement of property, plant and equipment	(372.6)	(111.8)
• Proceeds on disposal of property, plant and equipment	25.8	8.4
Acquisition of business / subsidiaries	(757.5)	(452.0)

Southern Africa

- Expansion of Western Cape and North Rand perishable facilities
- Crane system at South Rand DC's slow moving product facility
- Regular upgrading and replacement of trucking fleet, materials handling equipment and IT hardware

Ireland and Switzerland

- Retail investments + technology
- Funded from foreign subsidiaries' cashflows
- BWG Group acquisition of corporate retail – Gilletts Group

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NOTES

REGIONAL CAPITAL EXPENDITURE

R million	Expansion	Replacement	Total
South Africa	239.6	99.9	339.5
Ireland	157.8	167.8	325.6
Switzerland	44.5	79.1	123.6
	441.9	**346.8**	**788.7**

NOTES

SUMMARY OF SALIENT FEATURES

R million	2016	2015	2014	Change (%)
Turnover	90 688.5	73 258.8	54 483.0	23.8
Gross profit	8 407.0	6 366.6	4 497.9	32.0
Gross profit (%)	9.3	8.7	8.3	-
Operating profit	2 577.3	2 294.2	1 864.9	12.3
Profit after tax	1 815.0	1 420.9	1 345.0	27.7
Headline earnings per share (cents)	1 020.0	835.5	781.8	22.1
Dividend per ordinary share (cents)	665.0	632.0	540.0	5.2
Net asset value per share (cents)	3 140.1	1 922.6	1 751.1	63.3

NOTES

OPERATIONAL OVERVIEW

GRAHAM O' CONNOR, CEO

NOTES

OPERATIONAL REVIEW SOUTHERN AFRICA: RETAIL TURNOVER

	Total growth	Like-for-like
SPAR	+8.2%	+7.9%
TOPS	+14.6%	+10.7%
Build it	+13.4%	+7.4%

- **SPAR** growth driven by uptake of fresh and HMR + extensive promotional and marketing initiatives
- **TOPS** maintained strong organic growth trend
- Solid growth from **Build it** housebrand imports

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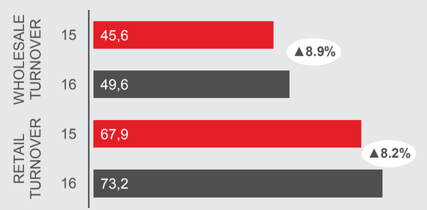
OPERATIONAL PERFORMANCE SOUTHERN AFRICA: SPAR



Strong retail growth in highly competitive market

- Combined food & liquor retail sales: +8.9%
- Same store retail turnover: +7.9%
- Food inflation: +6.2%

Performance drivers

- Extensive marketing campaigns and promotions
- Focus on fresh and HMR

Quality SPAR brand products

- Sales: +12.3%

Organic growth focus paying off

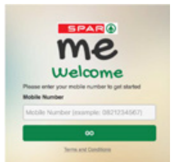
- 167 store revamps
- 19 new stores: 890 stores in total
- Retail space grew +1.5%: highly selective approach

NOTES

PROMOTIONAL AND MARKETING ACTIVITIES: SPAR

Phenomenal results from SPAR Rewards: launched June 2015

- SPAR's first electronic product coupon programme
- Only requires customer's cellphone
- Monthly redemption value growth: R40 000 (June 2015) to R2.5m (September 2016)
- ±200,000 new members joining per month
- Database of 1.7m Rewards customers



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NOTES

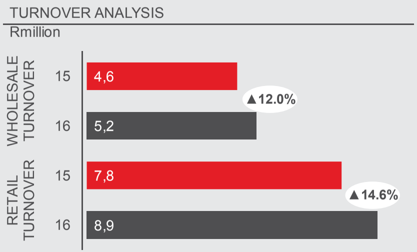
PROMOTIONAL AND MARKETING ACTIVITIES: SPAR

Angry birds campaign

- Innovative marketing: departure from simple price proposition
- SPAR's Angry Birds campaign captured imagination of "little" and not so little customers

NOTES

OPERATIONAL PERFORMANCE: TOPS AT SPAR



Increasing customer support

- +14.6% increase in retail turnover
- Same store retail growth of +10.7%
- Wholesale turnover up +12.0%

Retained #1 spot in retail liquor

Daily News Your Choice Awards

- Best Liquor Store
- Best Place to Buy Wine

45 new stores: total of 691 stores

Widespread conversion to new branding

36 stores revamped

Consumer interactive campaigns well received

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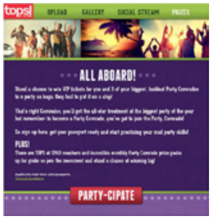
NOTES

PROMOTIONAL AND MARKETING ACTIVITIES: TOPS AT SPAR



"Minister of Parties and Recreation" extended into "Party Comrades"

NOTES

PROMOTIONAL AND MARKETING ACTIVITIES: TOPS AT SPAR

Private Label Wine and Olive Brook wine

- Gaining market share

Olive Brook

- Several Veritas / Michael Angelo awards

Tops and Tales Book Club campaign

- First book ever written on Facebook
- Printed in TOPS own wine, Olive Brook
- Won 3 Loerie Awards

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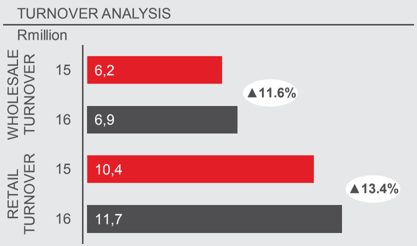
NOTES

OPERATIONAL PERFORMANCE: BUILD IT



Strong sales growth

- Defying constrained consumer spending
- Same store growth: +7.4%
- Improved loyalty support

Increasingly competitive market

- New independent and informal traders
- Lower cement prices from new players

Build it house brand import sales up +9.7%

32 new **Build it** stores opened: 348 in total

Fine tuning TRENDIY retail concept

- Four stores opened

NOTES

OPERATIONAL PERFORMANCE: DISTRIBUTION (SOUTH AFRICA)

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NOTES

OPERATIONAL PERFORMANCE: DISTRIBUTION (SOUTH AFRICA)

Volumes handled up +3.4%: 226.4 million cases despatched

Further expansions to support growth

- Eastern Cape: Purchase of additional land to build new dry warehouse
- KwaZulu Natal: Purchase of property to accommodate future expansion of dry facility (strategic)
- Lanseria: Completing acquisition of land in Muldersdrift area for new DC to service West Rand in 2017
  - › Project over three years to address volume demands for the inland region

Major projects in progress

- Expansion of Western Cape dry and perishables facility: completed October 2016 – on budget
- Expansion of North Rand perishables facility: completed October 2016
- Completed Phase I of installation of crane system at South Rand slow moving facility

NOTES

OPERATIONAL PERFORMANCE: SPAR IRELAND (BWG GROUP)

SPAR

Excellent +36.8% increase in turnover to R23.1bn: +14.4% in €-terms

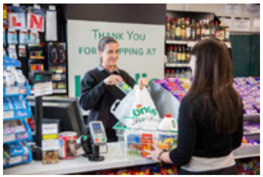
- Positive growth from all retail brands
- -1.1% food & non-alcoholic beverage deflation / +1.4% alcohol & tobacco product inflation*
- Operating profit up +41.4% to R433.4m
- Substantial interest cost savings on lower banking rates realised for full year

Completed integration of Londis

- Sales retention ahead of plan with pleasing improvement in like-for-like sales

Organic turnover growth of +4.8% excluding Londis

Acquired Gilletts Group comprising of 63 SPAR retail stores in South West England




* Source: Irish Central Statistics for 12 months to September 2016

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NOTES

OPERATIONAL PERFORMANCE: SPAR IRELAND

SPAR brand turnover up +8%

- +6.0% like-for-like growth
- EUROSPAR turnaround continued with strong organic growth

BWG Wines and Spirits and BWG Food Service: excellent results: +38% sales growth

Appleby Westward: +13.0% turnover growth impacted by Gilletts acquisition (July 2016)

Store network increased to 1 340 stores: 94 new stores

- 197 store refurbished

Chill distribution facility at Kilcarbery NDC

- Londis chilled facility consolidated into Kilcarbery facility
- Economies of scale and improved costs per case

NOTES

OPERATIONAL PERFORMANCE: DISTRIBUTION (IRELAND & UK)

Kilcarbery NDC

24 000m² facility
Serving 1 200 retailers
105 vehicles travel 2.1 million km's p/year
600 deliveries p/day
420 000 cases p/week

Appleby (Saltash) DC

7 800m² dry facility
Serving 300 retailers
14 vehicles travel 1.2 million km's p/year
90 deliveries p/day
100 000 cases p/week

Appleby (Gregory) DC

2 000m² chilled + 760m² freezer facility
Serving 300 retailers
17 vehicles travel 1.4 million km's p/year
130 deliveries p/day
70 000 cases p/week

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NOTES

OPERATIONAL PERFORMANCE: SPAR SWITZERLAND

Retail sales industry-wide impacted by adverse weather / flooding in Europe in June/July

- H2 sales down -4.1% y-y

Reported gross margin of 14.03%: partially shielded the impact of lower sales

- Most products distributed ex-warehouse: limited central billing arrangements
- Exposure to convenience sector

Reported operating profit of R32.2m and PBT of R6.3m

- Higher overheads: proportionately higher contribution from corporate-owned stores/TopCC
- Selling and marketing expenditure ±70% of overheads
- IAS 19 pension liability charge of R12.8m

Adjusted PBT of R31.0m (IFRS pension charge and future minority purchase obligation)

- Closer to management's expectation

Plans prioritised to improve performance

- Driving retail and wholesale sales is fundamental to improve performance

NOTES

OPERATIONAL PERFORMANCE: DISTRIBUTION (SWITZERLAND)

33 000m^2 fruit and vegetable, fresh and dry goods facility

Serving a total of 392 customers:

- 301 SPAR and MAXI retailers
- 11 TopCC cash-and-carry outlets
- A further 80 unbranded independent retailers

32 vehicles travel 3.4 million km's p/year

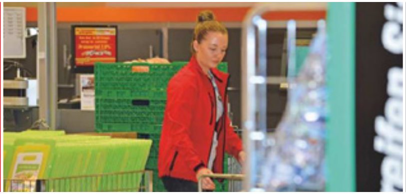
370 deliveries p/day

32 million cases p/year

53

NOTES

LOOKING FORWARD



GRAHAM O' CONNOR, CEO

NOTES

LOOKING FORWARD: GROUP PRIORITIES

Southern Africa

- Organic growth and continued revamps throughout **SPAR** network
- Leverage **TOPS**' successful marketing and promotional campaigns
- Investments to expand warehousing and distribution in South Africa
- Conclude **Zambia** investment

Ireland

- Bed down **Gilletts** acquisition
- Further investments in retail
- Store revamps

Switzerland

- Enhance retail offering and in-store standards
- Drive fresh and HMR product lines
- Unlock operational efficiencies
- Upgrades at **TopCC**
- Leverage opportunities in express and forecourts
- Explore domestic expansion opportunities: Italian speaking Switzerland

Pursue Sri Lanka JV opportunity

NOTES

PROSPECTS

Uncompromising focus on organic growth in **Southern Africa**

- Support existing and new retailers to ensure their success
- Regardless of uncertainty of both economic and political landscape

Irish economy remains robust

- BWG Group well positioned to extend strong performance
- Building on successes in driving real business growth
- Irish management team upbeat about business prospects and growth opportunities despite Brexit-related economic uncertainties

Issues identified in **Swiss** operations

- Understand what needs to be done to achieve expected profitability levels
- Confident in investment case
- Focus on improving retail performance to drive returns

SPAR's business model is resilient

- Still relevant to succeed and prosper in our chosen markets

NOTES

DISCLAIMER

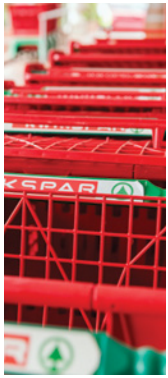
This presentation contains forward-looking statements about the company's operations and financial conditions.

They are based on **SPAR** Group Limited's best estimates and information at the time of writing. They are nonetheless subject to significant uncertainties and contingencies many of which are beyond the control of the company. Unanticipated events will occur and actual future events may differ materially from current expectations due to new business opportunities, changes in priorities by the company or its joint ventures as well as other factors. Any of these factors may materially affect the company's future business activities and its ongoing financial results.

NOTES

Q&A

NOTES



THE SPAR GROUP LTD
PRELIMINARY SUMMARISED AUDITED RESULTS

For the year ended 30 September 2016

CONTENTS

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Rmillion	% Change	Notes	AUDITED YEAR ENDED SEPTEMBER 2016	2015
REVENUE	24.5		**92 227.3**	74 060.0
Turnover	23.8		**90 688.5**	73 258.8
Cost of sales			**(82 281.5)**	(66 892.2)
Gross profit			**8 407.0**	6 366.6
Other income			**1 538.8**	801.2
Net operating expenses	51.2		**(7 347.6)**	(4 860.2)
Trading profit			**2 598.2**	2 307.6
BBBEE transactions		2	**(20.9)**	(13.4)
Operating profit	12.3		**2 577.3**	2 294.2
Other non-operating items		3	**(24.5)**	(131.4)
Interest income			**98.4**	29.2
Interest expense			**(110.4)**	(121.6)
Finance costs including foreign exchange gains and losses			**(106.5)**	(108.1)
Share of equity accounted associate income/(losses)			**4.9**	(4.1)
Profit before taxation	24.6		**2 439.2**	1 958.2
Income tax expense			**(624.2)**	(537.3)
Profit for the year attributable to ordinary shareholders	27.7		**1 815.0**	1 420.9
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss on post-retirement medical aid			**(7.9)**	(4.2)
Deferred tax relating to actuarial loss on post-retirement medical aid			**2.2**	1.1
Actuarial loss on retirement funds			**(220.1)**	(13.3)
Deferred tax relating to actuarial loss on retirement funds			**30.7**	1.7
Items that may be reclassified subsequently to profit or loss:				
Loss on cash flow hedge			**(39.2)**	
Tax relating to loss on cash flow hedge			**11.0**	
Exchange differences from translation of foreign operations			**(29.4)**	20.7
Total comprehensive income	9.5		**1 562.3**	1 426.9

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

			AUDITED YEAR ENDED SEPTEMBER	
Rmillion		% Change	2016	2015
EARNINGS PER SHARE				
Basic earnings per share	(cents)	23.1	**1 010.0**	820.8
Diluted earnings per share	(cents)	32.2	**999.5**	756.1
SALIENT STATISTICS				
Headline earnings per share	(cents)	22.1	**1 020.0**	835.5
Diluted headline earnings per share	(cents)	31.2	**1 009.4**	769.6
Dividend per share	(cents)	5.2	**665.0**	632.0
Net asset value per share	(cents)	63.3	**3 140.1**	1 922.6
Operating profit margin	(%)		**2.8**	3.1
Return on equity	(%)		**40.5**	44.7
HEADLINE EARNINGS RECONCILIATION				
Profit for the year attributable to ordinary shareholders			**1 815.0**	1 420.9
Adjusted for:				
Loss on disposal of property, plant and equipment			**15.0**	12.1
– Gross			**17.9**	15.0
– Tax effect			**(2.9)**	(2.9)
Impairment of goodwill			**4.9**	11.6
Impairment of investments				1.7
Loss/(profit) on disposal of associate interests			**0.7**	(0.7)
Profit on disposal of business			**(1.1)**	
(Profit)/loss on disposal of assets held for sale			**(3.0)**	0.7
Fair value adjustment to assets held for sale			**1.4**	
Headline earnings		26.7	**1 832.9**	1 446.3

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Rmillion	Notes	AUDITED YEAR ENDED SEPTEMBER 2016	2015
ASSETS			
Non-current assets		**10 610.4**	6 771.1
Property, plant and equipment		**6 160.3**	3 221.3
Goodwill and intangible assets		**4 008.3**	3 281.5
Investment in associates		**38.4**	32.4
Other investments		**54.2**	2.3
Operating lease receivables		**100.5**	96.6
Loans		**217.8**	103.0
Deferred tax asset		**30.9**	34.0
Current assets		**16 584.7**	12 364.6
Inventories		**3 810.9**	2 430.4
Trade and other receivables		**10 544.0**	9 309.2
Prepayments		**75.4**	64.0
Operating lease receivables		**63.4**	47.7
Loans		**46.8**	27.9
Income tax recoverable		**4.2**	4.1
Cash and cash equivalents – SPAR		**1 611.8**	399.9
Cash and cash equivalents – Guilds and trusts		**428.2**	81.4
Assets held for sale		**160.7**	194.6
Total assets		**27 355.8**	19 330.3
EQUITY AND LIABILITIES			
Capital and reserves		**5 642.9**	3 328.4
Stated capital	5	**2 231.5**	67.6
Treasury shares		**(18.7)**	(26.9)
Currency translation reserve		**7.9**	37.3
Share-based payment reserve		**261.1**	425.1
Equity reserve		**(713.0)**	(545.7)
Hedging reserve		**(28.2)**	
Retained earnings		**3 902.3**	3 371.0
Non-current liabilities		**7 590.1**	3 868.2
Deferred tax liability		**290.7**	215.1
Post-employment benefit obligations		**1 392.2**	446.7
Financial liabilities	7	**1 568.0**	729.8
Long-term borrowings		**4 164.3**	2 367.9
Operating lease payables		**116.0**	108.7
Long-term provisions		**58.9**	
Current liabilities		**14 122.8**	12 132.6
Trade and other payables		**13 162.5**	11 349.2
Current portion of long-term borrowings		**265.9**	87.2
Operating lease payables		**65.6**	53.7
Provisions		**38.0**	110.3
Income tax liability		**83.7**	13.1
Bank overdrafts		**507.1**	519.1
Liabilities directly associated with assets held for sale			1.1
Total equity and liabilities		**27 355.8**	19 330.3

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rmillion	Notes	Stated capital	Treasury shares	Currency translation reserve	Share-based payment reserve	Retained earnings	Equity reserve	Hedging reserve	Non-controlling interest	Attributable to ordinary shareholders
Capital and reserves at 30 September 2014		67.6	(48.2)	16.6	387.7	3 148.5	(545.7)	–	–	3 026.5
Total comprehensive income for the year				20.7		1 420.9				1 441.6
Actuarial loss on post-retirement medical aid						(3.1)				(3.1)
Actuarial loss on retirement funds						(11.6)				(11.6)
Recognition of share-based payments					25.0					25.0
Take-up of share options			250.2		(172.2)					78.0
Transfer arising from take-up of share options					172.2	(172.2)				–
Share repurchases			(228.9)							(228.9)
Dividends paid						(1 011.5)				(1 011.5)
Recognition of BBBEE transaction	2				12.4					12.4
Capital and reserves at 30 September 2015		**67.6**	**(26.9)**	**37.3**	**425.1**	**3 371.0**	**(545.7)**	**–**	**–**	**3 328.4**
Total comprehensive income for the year				**(29.4)**		**1 815.0**		**(28.2)**		**1 757.4**
Actuarial loss on post-retirement medical aid						**(5.7)**				**(5.7)**
Actuarial loss on retirement funds						**(189.4)**				**(189.4)**
Recognition of share-based payments					**41.8**					**41.8**
Take-up of share options			**235.5**		**(152.5)**					**83.0**
Transfer arising from take-up of share options					**152.5**	**(152.5)**				**–**
Transfer arising from closure of BBBEE transaction					**(216.5)**	**216.5**				**–**
Share repurchases			**(227.3)**							**(227.3)**
Dividends paid						**(1 152.6)**				**(1 152.6)**
Issue of shares	5	**2 163.9**								**2 163.9**
Recognition of BBBEE transaction	2				**10.7**					**10.7**
Non-controlling interest arising on business acquisition									**384.8**	**384.8**
Purchase obligation of non-controlling interest							**(180.3)**		**(384.8)**	**(565.1)**
Exchange rate translation							**13.0**			**13.0**
Capital and reserves at 30 September 2016		**2 231.5**	**(18.7)**	**7.9**	**261.1**	**3 902.3**	**(713.0)**	**(28.2)**	**–**	**5 642.9**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

Rmillion	Notes	AUDITED YEAR ENDED SEPTEMBER 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		**1 547.3**	1 269.3
Operating profit before:		**2 577.3**	2 294.2
Non-cash items		**637.1**	367.4
Loss on disposal of property, plant and equipment		**17.9**	15.0
Net working capital changes		**17.9**	278.0
– Increase in inventories		**(133.6)**	(114.8)
– Increase in trade and other receivables		**(722.2)**	(387.7)
– Increase in trade payables and provisions		**873.7**	780.5
Cash generated from operations		**3 250.2**	2 954.6
Interest received		**89.0**	26.7
Interest paid		**(110.0)**	(145.0)
Taxation paid		**(529.3)**	(555.5)
Dividends paid		**(1 152.6)**	(1 011.5)
CASH FLOWS FROM INVESTING ACTIVITIES		**(1 613.5)**	(978.5)
Acquisition of businesses/subsidiaries	6.1	**(757.5)**	(452.0)
Proceeds from disposal of businesses	6.2	**10.0**	10.4
Proceeds on disposal of assets held for sale		**43.6**	18.6
Investment to expand operations		**(441.9)**	(422.1)
Investment to maintain operations		**(346.8)**	(103.4)
– Replacement of property, plant and equipment		**(372.6)**	(111.8)
– Proceeds on disposal of property, plant and equipment		**25.8**	8.4
Net movement on loans and investments		**(120.9)**	(30.0)
CASH FLOWS FROM FINANCING ACTIVITIES		**1 666.6**	162.3
Proceeds from issue of shares		**2 163.9**	
Proceeds from exercise of share options		**83.0**	78.0
(Repayments)/proceeds from borrowings		**(353.0)**	313.2
Share repurchases		**(227.3)**	(228.9)
Net movement in cash and cash equivalents		**1 600.4**	453.1
Net overdrafts at beginning of year		**(37.8)**	(543.4)
Exchange rate translation		**(29.7)**	52.5
Net cash balances/(overdrafts) at end of year		**1 532.9**	(37.8)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The preliminary 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 Financial Reporting Standards Council and must also, as a minimum, contain the information as required by IAS 34: Interim Financial Reporting, the JSE Ltd 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 those applied in the consolidated financial statements for the year ended 30 September 2015.

In compliance with the disclosure requirements of the Companies Act, 71 of 2008, the consolidated financial statements have been prepared under the supervision of Mr MW Godfrey CA(SA) (Group Financial Director) on behalf of The SPAR Group Ltd.

2. BBBEE TRANSACTIONS

2.1 BBBEE participation transaction background

In 2009, The SPAR Group Ltd entered into a broad-based black economic empowerment (BBBEE) participation transaction.

In terms of the transaction, 18 911 349 redeemable convertible preference shares were issued to The SPAR BBBEE Employee Trust and The SPAR BBBEE Retailer Employee Trust.

The shares issued to the trusts were subject to restrictions on transferability for a period of seven years from the issue date. Thereafter, the trusts were required to settle their notional loans by way of surrendering such number of redeemable convertible preference shares at the redemption date market value required to settle the loan liability. The remaining convertible preference shares held by the trusts were converted into ordinary SPAR shares and distributed to participants of the relevant trusts.

Full details of the scheme were set out in the Circular to Shareholders dated 17 July 2009.

2.2 BBBEE participation transaction vesting in 2016

The costs relating to the transaction have been measured and recognised from the grant date in 2009 to the transaction's vesting date in 2016.

The vesting of the redeemable convertible preference shares resulted in the issuance of 7 415 243 ordinary shares by The SPAR Group Ltd in August 2016. The impact of the ordinary share issue is reflected in the weighted average number of shares disclosed in the current year.

The majority of participants elected to sell their SPAR shares and The SPAR Group Ltd facilitated the share sale through an accelerated bookbuild offering. Details of this offering are included in note 5.2.

In compliance with IFRS, the two BBBEE trusts are consolidated by The SPAR Group Ltd. To the extent that participants have not been paid out at year-end, The SPAR Group Ltd have consolidated the balance owing to the participants and the corresponding cash resources still on hand.

The cost of the BBBEE scheme including transaction costs amounted to R20.9 million (2015: R13.4 million). The share-based payments charge relating to employees have been recognised in profit and loss over the duration of the scheme.

Rmillion	2016	2015
The SPAR BBBEE Employee Trust – Share-based payments charge	10.7	12.4
Legal and other costs	10.2	1.0
	20.9	13.4

Rmillion	The SPAR BBBEE Retailer Employee Trust	The SPAR BBBEE Employee Trust	Total
Included in trade and other payables			
Amounts due to BBBEE participants	(216.3)	(91.0)	(307.3)
Included in cash and cash equivalents – Guilds and trusts			
BBBEE cash resources	216.3	91.0	307.3
	–	–	–

The trusts are currently in the process of paying over to the participants their cash entitlements. At year-end certain participants had not yet been settled for various reasons.

Scheme conclusion statistics	The SPAR BBBEE Retailer Employee Trust	The SPAR BBBEE Employee Trust	Total
Number of participants	13 746	2 032	15 778
Number of ordinary shares issued for participants			
Total shares issued by The SPAR Group Ltd	3 425 982	3 989 261	7 415 243
Number of ordinary shares issued and sold on behalf of participants	3 399 940	3 967 325	7 367 265
Number of ordinary shares issued to participants	26 042	21 936	47 978
Rmillion			
Value creation at BBBEE transaction conclusion	677.1	788.4	1 465.5
Pre-tax proceeds (net of costs) from sale of shares	671.9	784.0	1 455.9
Value of shares retained by participants	5.2	4.4	9.6

Rmillion	2016	2015
3. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instruments	**(1.0)**	72.8
Fair value adjustment to financial liability		72.8
Fair value adjustment to investment in GRH	**0.2**	
Fair value adjustment to investments in shares and bonds	**(1.2)**	
Capital items	**25.5**	58.6
Impairment of goodwill	**4.9**	11.6
Impairment of investments		1.7
Loss/(profit) on disposal of associate interests	**0.7**	(0.7)
Profit on disposal of businesses	**(1.1)**	
Business acquisition costs – refer note 6.1	**21.0**	46.0
	24.5	131.4

4. SEGMENTAL REPORTING

Segment accounting policies are consistent with those adopted for the preparation of the consolidated financial statements.

The principal segments of the group have been identified on a primary basis by geographical segment which is representative of the internal reporting used for management purposes as well as source and nature of business risks and returns.

The Chief Executive Officer (the Chief Operating Decision Maker) is of the opinion that the operations of the individual distribution centres within Southern Africa are substantially similar to one another and that the risks and returns of these distribution centres are likewise similar. The risks and returns of the Ireland and Switzerland operations are not considered to be similar to those within Southern Africa or each other.

As a result, the geographical segments of the group have been identified as Southern Africa, Ireland and Switzerland. All segment revenue and expenses are directly attributable to the segments. Segment assets and liabilities include all operating assets and liabilities used by a segment, with the exception of inter-segment assets and liabilities, and IFRS adjustments made by segments to their management report for the purposes of IFRS compliance. These assets and liabilities are all directly attributable to the segments.

Analysis per reportable segment:

Rmillion	Southern Africa	Ireland	Switzerland	IAS 19 adjustment	Consolidated Total
2016					
Total revenue	62 232.3	23 471.5	6 523.5		92 227.3
Operating profit	2 057.3	487.8	45.0	(12.8)	2 577.3
Profit before tax	2 001.2	431.7	19.1	(12.8)	2 439.2
Other information					
Interest income	86.8	10.1	1.5		98.4
Interest expense	42.3	51.4	16.7		110.4
Depreciation	174.3	213.9	143.2		531.4
Statement of financial position					
Total assets	13 521.2	8 741.5	5 093.1		27 355.8
Total liabilities	9 582.4	7 468.4	4 045.9	616.2	21 712.9
2015					
Total revenue	56 883.6	17 176.4			74 060.0
Operating profit	1 975.6	318.6			2 294.2
Profit before tax	1 763.9	194.3			1 958.2
Other information					
Interest income	23.7	5.5			29.2
Interest expense	37.8	83.8			121.6
Depreciation	158.3	173.2			331.5
Statement of financial position					
Total assets	11 283.3	8 047.0			19 330.3
Total liabilities	9 038.8	6 963.1			16 001.9

Rmillion	2016	2015
5. STATED CAPITAL		
5.1 Authorised		
250 000 000 (2015: 250 000 000) ordinary shares		
Nil (2015: 30 000 000) redeemable convertible preference shares		
Issued and fully paid		
192 602 355 (2015: 173 261 662) ordinary shares	**2 231.5**	67.6
Nil (2015: 18 702 349) redeemable convertible preference shares		
	2 231.5	67.6
Number of shares		
Ordinary shares		
Outstanding at beginning of year	**173 261 662**	173 231 049
Issue of shares through accelerated bookbuild offering	**11 891 892**	
Converted from redeemable convertible preference shares during the year	**33 558**	30 613
Converted from redeemable convertible preference shares at vesting	**7 415 243**	
Outstanding at end of year	**192 602 355**	173 261 662
Redeemable convertible preference shares		
Outstanding at beginning of year	**18 702 349**	18 759 349
Converted into ordinary shares during the year	**(55 450)**	(57 000)
Converted into ordinary shares at vesting	**(10 323 684)**	
Redeemed at par value	**(8 323 215)**	
Outstanding at end of year	**–**	18 702 349

All authorised and issued shares of the same class rank *pari passu* in every respect.

The unissued shares of the company are under the control of the directors to the extent that such shares may be required to satisfy option holders' requirements. This authority will expire at the forthcoming annual general meeting.

There are no conversion or exchange rights in respect of the ordinary shares and a variation of share rights requires approval by a special resolution from the shareholders at a general meeting in accordance with the Memorandum of Incorporation.

During the current financial year, 55 450 (2015: 57 000) redeemable convertible preference shares converted into 33 558 (2015: 30 613) ordinary shares. These related to the death of participants in both BBBEE trusts.

5.2 Accelerated bookbuild offering

In April 2016, R2.1 billion was raised through the issue of 11 891 892 new ordinary shares through an accelerated bookbuild offering. This bookbuild was offered to institutional investors. The shares were over-subscribed and placed at a price of R185 per share. R725 million (CHF44.5 million) of the proceeds were used to settle the purchase of 60% of SPAR Switzerland. Details of the SPAR Switzerland acquisition are included in note 6.

In August 2016, the balance of the redeemable convertible preference shares vested resulting in the conversion of 10 323 684 shares into 7 415 243 ordinary shares. The unallocated redeemable convertible preference shares totalling 8 323 215 shares were redeemed at par. Further details of the transaction vesting are included in note 2.

6. BUSINESS COMBINATIONS

6.1 Subsidiaries acquired

SPAR Holding AG (SPAR Switzerland)

The SPAR Group Ltd acquired a controlling shareholding of 60% in SPAR Switzerland, which is held by SAH Ltd, a wholly owned subsidiary of The SPAR Group Ltd for a total consideration of R909.7 million. This acquisition was effective from 1 April 2016. SPAR Switzerland is the operator and holder of the SPAR licence in Switzerland and a member of SPAR International since 1989. SPAR Switzerland supplies a wide range of food and beverage products to consumers through company-owned and independent retailer stores trading under the SPAR, SPAR Express and Maxi brands. It also owns 11 corporate cash-and-carry outlets trading under the brand TopCC, rated the second largest business in the Swiss cash-and-carry market in 2014. SPAR Switzerland operates a world-class logistics network based at the group owned centralised warehouse in St Gallen. The transaction is an attractive opportunity for SPAR to invest in an established business in a stable market with growth potential. The company believes that synergies will result from the opportunity to share knowledge, technologies, products and best practice across groups. The goodwill recognised on acquisition reflects this, as well as the brands that have been built by SPAR Switzerland.

The cash portion of the purchase price was settled from part of the proceeds of the equity capital raised through the April 2016 bookbuild offering. Details of this offering are included in note 5.2. The SPAR Group Ltd has an option to buy the remaining 40% of the ordinary shares in SPAR Switzerland from the existing shareholders after five years for CHF40.3 million. This has been recognised as a financial liability, refer to note 7. The non-controlling interest has been recognised at the proportionate share of the net assets of the business.

The initial accounting for the acquisition of SPAR Switzerland is provisional for the value of intangible assets acquired as the valuation of these assets has not yet been completed. Once this valuation is finalised the values of intangible assets acquired, deferred tax, and goodwill are expected to change.

Business acquisition costs of R6.2 million relating to the acquisition of SPAR Switzerland have been recognised as other non-operating items in the statement of profit or loss.

GCL 2016 Ltd (Gilletts)

The BWG Group, which is held by TIL JV Ltd, a subsidiary of The SPAR Group Ltd, acquired the entire issued share capital of Gilletts for a total consideration of R295.4 million. This acquisition was effective from 14 July 2016. The principal business activity of Gilletts is that of retail of consumer goods in the South West of England. The 63 convenience stores trade under the SPAR banner and are customers of Appleby Westward Ltd, a subsidiary of TIL JV Ltd. The goodwill recognised on acquisition of this group is reflective of the expected benefit of these stores continuing to trade as SPARs.

Details of contingent consideration

The contingent consideration is an amount payable which is dependent on the outcome of a completion account process for the working capital, and a valuation performed by a property expert on the quantum of repairs required to properties as part of the business combination. The initial accounting for the acquisition of Gilletts is provisional for the value of repairs as a result of a dilapidation valuation, the consideration, inventories, trade and other receivables, and trade and other payables. The working capital element of the acquisition is subject to a completion account process which requires that the value of the working capital purchased at the date of acquisition be finalised. As this process has not yet been formally concluded this may result in a change in the fair value of working capital acquired. The maximum amount payable for the contingent consideration is expected to be R35.9 million and the minimum amount payable is estimated to be R17.1 million. Business acquisition costs of R14.8 million relating to the acquisition of Gilletts have been recognised as other non-operating items in the statement of profit or loss.

Acquisition costs

Total acquisition costs for business acquisitions concluded during the 2016 financial year amounted to R21.0 million (2015: R46 million) and have been recognised as an expense in profit or loss in "other non-operating items".

SA Retail Stores

During the course of the financial year The SPAR Group Ltd acquired the assets of 13 retail stores (2015: 12). These acquisitions were funded from available cash resources. The principal activity of these acquisitions is that of retail trade and all its aspects. Some of these stores are TOPS stores, acquired to add value to the business of related corporate SPAR stores, while other stores were acquired in order to protect strategic sites. This added value and expected turnover from the acquired stores are reflected in the goodwill recognised on acquisition.

Assets acquired and liabilities assumed at date of acquisition

Rmillion	2016 SPAR Holding AG	2016 GCL 2016 Ltd	2016 SA Retail Stores	2016 Total	2015 ADM Londis plc	2015 SA Retail Stores	2015 Total
Assets	**5 157.5**	**143.7**	**13.7**	**5 314.9**	574.9	17.7	592.6
Property, plant and equipment	**2 873.8**	**14.6**	**13.7**	**2 902.1**	4.6	17.7	22.3
Intangible assets				**–**	98.1		98.1
Other investments	**55.2**			**55.2**			–
Assets held for sale				**–**	144.7		144.7
Loans	**9.9**			**9.9**			–
Inventories	**1 303.1**	**56.9**		**1 360.0**	37.1		37.1
Trade and other receivables	**686.0**	**20.6**		**706.6**	239.0		239.0
Provision for doubtful debts	**(25.7)**			**(25.7)**			–
Income taxation recoverable				**–**	6.1		6.1
Cash and cash equivalents	**255.2**	**51.6**		**306.8**	45.3		45.3
Liabilities	**(4 195.5)**	**(211.5)**	**–**	**(4 407.0)**	(304.3)	–	(304.3)
Post-employment benefit obligations	**(732.5)**			**(732.5)**			–
Long-term borrowings	**(2 327.2)**	**(126.3)**		**(2 453.5)**	(2.0)		(2.0)
Trade and other payables	**(990.1)**	**(78.0)**		**(1 068.1)**	(289.0)		(289.0)
Income tax liability	**(3.3)**	**(2.6)**		**(5.9)**			–
Deferred taxation liability	**(142.4)**	**(4.6)**		**(147.0)**	(13.3)		(13.3)

Rmillion	2016 SPAR Holding AG	2016 GCL 2016 Ltd	2016 SA Retail Stores	2016 Total	2015 ADM Londis plc	2015 SA Retail Stores	2015 Total
Total identifiable net assets at fair value	**962.0**	**(67.8)**	**13.7**	**907.9**	270.6	17.7	288.3
Goodwill arising from acquisition	**332.5**	**363.2**	**42.0**	**737.7**	216.3	117.3	333.6
Non-controlling interest	**(384.8)**			**(384.8)**			–
Purchase consideration	**909.7**	**295.4**	**55.7**	**1 260.8**	486.9	135.0	621.9
Paid in cash	**685.4**	**263.0**	**55.7**	**1 004.1**	316.3	135.0	451.3
Deferred consideration	**224.3**			**224.3**			–
Contingent consideration		**32.4**		**32.4**	170.6		170.6
Cash and cash equivalents acquired	**(255.2)**	**(51.6)**		**(306.8)**	(45.3)		(45.3)
Business acquisition costs	**6.2**	**14.8**		**21.0**	46.0		46.0
Loss on cash flow hedge through OCI	**39.2**			**39.2**			–
Deferred consideration	**(224.3)**			**(224.3)**			–
Contingent consideration		**(32.4)**		**(32.4)**	(170.6)		(170.6)
Net cash outflow on acquisition	**475.6**	**226.2**	**55.7**	**757.5**	317.0	135.0	452.0

6.2 Assets and liabilities at date of disposal

The assets and liabilities disposed of relate to retail stores.

Rmillion	2016	2015
Non-current assets	**8.9**	3.5
Property, plant and equipment	**8.9**	3.5
Non-current liabilities	**–**	(2.4)
Operating lease liability		(2.4)
Goodwill		9.3
Profit on disposal of business	**1.1**	
Proceeds	**10.0**	10.4

6.3 Impact of subsidiaries on the results of the group

Since acquisition SPAR Switzerland has contributed R6 523.5 million revenue and R32.2 million operating profits to the results of the group. Since acquisition Gilletts has contributed R96.2 million revenue and R9.8 million operating profits to the results of the group.

Had all the acquisitions been consolidated from 1 October 2015, they would have contributed additional revenue of R14 194.7 million, and an operating profit of R83.4 million. The group's total revenue would have increased to R1 06 422.0 million, and the group's operating profit would have increased to R2 660.7 million.

	2016				2015		
Rmillion	Spar Holding AG	GCL 2016 Ltd	SA Retail Stores	Total	ADM Londis plc	SA Retail Stores	Total
Revenue	**6 523.5**	**96.2**	**126.5**	**6 746.2**	614.0	56.5	670.5
Trading profit before acquisition costs	**32.2**	**9.8**	**(11.4)**	**30.6**	11.0	3.4	14.4

6.4 Finalisation of ADM Londis plc acquisition

The initial accounting for the 2015 acquisition of ADM Londis plc (Londis) was provisional for the value of the contingent consideration, assets held for sale, inventories, trade and other receivables, and trade and other payables. This was as a result of costs in the acquisition including an element of deferred consideration which was contingent upon the values realised for the assets held for sale. The working capital element of the acquisition was subject to a completion account process, which required that the value of the working capital purchased at the date of acquisition be finalised within five months. This process has now been concluded, which has resulted in no material changes to the provisional values disclosed for this business combination.

7. FINANCIAL LIABILITIES

7.1 The SPAR Group Ltd acquired a controlling shareholding of 80% in the BWG Group, which is held by TIL JV Ltd, a subsidiary of The SPAR Group Ltd, effective from 1 August 2014. The SPAR Group Ltd has agreed to acquire the remaining 20% shareholding from the minorities at specified future dates and in accordance with a determined valuation model. An election was made not to recognise a non-controlling interest, but to fair value the financial liability. The financial liability is calculated as the present value of the non-controlling interests share of the expected purchase value and discounted from the expected exercise dates to the reporting date. As at 30 September 2016, the financial liability was valued at R824.4 million (2015: R729.8 million) based on management's expectation of future profit performance. The group has recognised 100% of the attributable profit.

Repayments will commence in December 2019 and continue in 2020 and 2022. The undiscounted value of the financial liability at 30 September 2016 is R1 094.2 million (2015: R1 087.3 million).

Interest is recorded in respect of this liability within finance costs using the effective interest rate method. The net exchange differences on the financial liability have been presented in finance costs. The estimated future purchase price is fair valued at each reporting date and any changes in the value of the liability as a result of changes in the assumptions used to estimate the future purchase price are recorded in profit or loss.

In 2016, there were no changes to these assumptions and therefore no fair value adjustment. In 2015, changes in these assumptions resulted in a fair value adjustment of R72.8 million.

7.2 The SPAR Group Ltd acquired a controlling shareholding of 60% in SPAR Holding AG, which is held by SAH Ltd, a wholly owned subsidiary of The SPAR Group Ltd, effective from 1 April 2016. Part of the purchase price of this 60% shareholding is a deferred consideration of CHF16 million, which will be paid between December 2020 and February 2021 with the purchase of the remaining 40% of SPAR Holding AG. The purchase of the remaining 40% shareholding is at a set price of CHF40.3 million. An election was made not to recognise the non-controlling interest's share of profits and losses in equity, but rather as the movement in the fair value of the discounted financial liability to purchase the remaining 40% shareholding. On initial recognition of the financial liability to purchase the non-controlling interest, the present value of the liability was set-off against the non-controlling interest recognised on acquisition of SPAR Holding AG, and the remaining debit recognised as an equity reserve. The undiscounted value of the financial liability including the deferred consideration at 30 September 2016 is R803.6 million.

Interest is recorded in respect of this liability within finance costs using the effective interest rate method. The net exchange differences on the financial liability have been presented in finance costs.

	Rmillion	GROUP 2016	GROUP 2015
8.	**FINANCIAL RISK MANAGEMENT**		
	Financial instruments classification		
	Net bank balances/(overdrafts)	**1 532.9**	(37.8)
	Loans*	**264.6**	130.9
	Other equity investments***	**54.2**	2.3
	Trade and other receivables*	**10 544.0**	9 309.2
	Trade and other payables**	**(13 162.5)**	(11 349.2)
	FEC (liability)/asset***	**(0.7)**	0.4
	Borrowings**	**(4 430.2)**	(2 455.1)
	Financial liabilities***	**(1 568.0)**	(729.8)

* *Classified under IAS 39 as loans and receivables.*
** *Classified under IAS 39 as financial liabilities measured at amortised cost.*
*** *Classified under IAS 39 as financial assets or liabilities at fair value through profit or loss.*

Fair value hierarchy

The group's financial instruments carried at fair value are classified into three categories defined as follows:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments. These instruments consist of the forward exchange contracts.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. Financial instruments classified as level 2 are mainly comprised of other equity investments.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

The following financial instruments on the statement of financial position are carried at fair value.

The financial instruments are further categorised into the appropriate fair value hierarchy:

Financial instrument

2016 Rmillion	**Carrying Value**	**Fair Value** **Level 1**	**Level 2**	**Level 3**
Other equity investments	**54.2**		**54.2**	
FEC liability	**(0.7)**	**(0.7)**		
Financial liability	**(1 568.0)**			**(1 568.0)**
Total	**(1 514.5)**	**(0.7)**	**54.2**	**(1 568.0)**

2015				
Other equity investments	2.3		2.3	
FEC asset	0.4	0.4		
Financial liability	(729.8)			(729.8)
Total	(727.1)	0.4	2.3	(729.8)

Level 3 sensitivity information

The fair value of the level 3 financial liabilities of R1 568.0 million (2015: R729.8 million) was estimated by applying an income approach valuation method including a present value discount technique. The fair value measurement is based on significant inputs that are not observable in the market. Key inputs used in the valuation include the assumed future profit targets for the financial liability relating to TIL JV Ltd, and the discount rates applied. The assumed profitability for TIL JV Ltd was based on historical performances but adjusted for expected growth.

The following factors were applied in calculating the financial liabilities at 30 September 2016:

TIL JV Ltd

– Discount rate of 7.2% (2015: 8.15%)
– Closing rand/euro exchange rate of 15.59 (2015: 15.53)

SPAR Holding AG

– Discount rate of 2%
– Closing rand/swiss franc exchange rate of 14.38

The following tables show how the fair value of the level 3 financial liabilities would change in relation to the interest rate if the interest rate increased or decreased by 0.5%.

TIL JV Ltd 2016	Valuation technique	Discount rate %	Sensitivity %	Liability Rmillion
Financial liability	Income approach	**7.20**	**0.5**	**(15.8)**
Financial liability	Income approach	**7.20**	**(0.5)**	**16.2**
2015				
Financial liability	Income approach	8.15	0.5	(17.5)
Financial liability	Income approach	8.15	(0.5)	18.0

SPAR Holding AG 2016	Valuation technique	Discount rate %	Sensitivity %	Liability Rmillion
Financial liability	Income approach	**2.00**	**0.5**	**(15.5)**
Financial liability	Income approach	**2.00**	**(0.5)**	**16.1**

The following tables show a reconciliation of the opening and closing balances of the financial liabilities carried at fair value:

	GROUP	
Rmillion	2016	2015
TIL JV Ltd		
Balance at the beginning of the year	**729.8**	548.9
Finance costs recognised in profit or loss	**96.3**	45.9
Net exchange differences arising during period	**(1.7)**	62.2
Fair value adjustment		72.8
Closing value of financial liability	**824.4**	729.8
SPAR Holding AG		
Balance at the beginning of the year	**–**	
Financial liability initially recognised	**789.4**	
Initial recognition reducing non-controlling interest balance	**384.8**	
Initial recognition in equity reserve	**180.3**	
Deferred consideration	**224.3**	
Finance costs recognised in profit or loss	**7.7**	
Net exchange differences arising during period	**4.2**	
Foreign exchange translation	**(57.7)**	
Closing value of financial liability	**743.6**	–
Total financial liabilities	**1 568.0**	729.8

9. EVENTS AFTER THE REPORTING DATE

No material events have occurred subsequent to 30 September 2016, which may have an impact on the group's reported financial position at this date.

COMMENTARY

HIGHLIGHTS

- Turnover up 23.8%
- Net asset value per share 63.3%
- Headline earnings per share up 22.1%
- Annual dividend declared 665 cents per share

REVIEW OF TRADING RESULTS

The SPAR Group delivered a very pleasing overall performance for the year ended 30 September 2016:

- SPAR Southern Africa's organic growth focus continued to pay off with positive indications of market share gains across all store formats. In order to support its store network, which increased to 2 033 during the year, the pace of investment in promotional and marketing activities as well as increased warehousing and distribution capacity has been accelerated.
- BWG Group (SPAR Ireland) delivered excellent growth, underpinned by a positive contribution from all brands and store formats. In particular, the Londis business was fully integrated and its growth was ahead of plan. BWG Group increased its total store network to 1 340 outlets by the end of September 2016.
- The acquisition of a majority stake in SPAR Switzerland (effective 1 April 2016) added 302 stores and a third geographic region to the group's portfolio. Although the performance for this first period of consolidation was disappointing, the group is confident of an improvement through well-defined management interventions to enhance retail performance and grow the business.

FINANCIAL REVIEW

Summary segmental analysis

R million	SPAR (Southern Africa)	BWG Group (Ireland)	SPAR (Switzerland)	The SPAR Group Ltd
Turnover	61 699.5	23 099.7	5 889.3	90 688.5
Gross profit	5 081.2	2 499.7	826.1	8 407.0
Operating profit	2 111.7	433.4	32.2	2 577.3
Profit before tax	2 055.6	377.3	6.3	2 439.2

The SPAR Group achieved a significant 23.8% increase in reported turnover to R90.7 billion (2015: R73.3 billion). The core Southern African business achieved growth of 9.5% underpinned by aggressive promotional and marketing activity in a highly competitive market. In addition, the Irish operations delivered 36.8% turnover growth bolstered by the acquisition of Londis, in the latter part of the prior year, Gilletts in the current year, and a good performance across all other brands. The turnover of SPAR Switzerland, consolidated for the second six months, contributed R5.9 billion. Resulting from its international expansion, the group's revenue streams have become more geographically diversified with 32.0% of total turnover being generated in foreign currency (2015: 23.1%).

The increasing offshore revenue streams also enhanced the group's gross margin, rising from 8.7% to 9.3%. Southern African gross margins were enhanced by a continued growth in ex-warehouse sales as well as an increased contribution from corporate stores. In Ireland, increased volumes from the recently commissioned perishables facility at the Kilcarbery National Distribution Centre contributed to higher margins. The newly acquired Swiss business enjoys higher gross margins of 14.0%, as a result of operating in the convenience sector and also contributed to the overall gross margin expansion.

The SPAR Group reported a total operating profit of R2.6 billion, up 12.3% from the previous year (2015: R2.3 billion). The operating profit of the Irish operations grew 41.4% to R433.4 million. In Southern Africa, operating profit increased 6.2%, being impacted by higher marketing and IT costs, contributions to closure costs of the Zimbabwe operation of R19.3 million and net debt impairments increasing by R15.7 million. Profit before tax was up 24.6% to R2.4 billion (2015: R2.0 billion), boosted by net interest income of R44.5 million (2015: R14.1 million net interest expense) from the Southern African operations, largely attributable to the proceeds of the equity raising in April 2016. Lower finance costs in Ireland following the refinancing in July 2015 also had a substantial positive impact.

Profit after tax improved 27.7% to R1.8 billion (2015: R1.4 billion), as a result of lower effective tax rates in Ireland and Switzerland. Headline earnings per share increased 22.1% to 1 020.0 cents (2015: 835.5 cents), as the weighted average number of shares increased to 179.7 million shares (2015: 173.1 million) following the issue of shares to fund the Irish and Swiss acquisitions as well as settling the BBBEE share scheme that vested in August 2016. The board approved a final dividend of 410 cents resulting in a total annual dividend growth of 5.2% which was largely impacted by the increased number of ranking shares and accounting adjustments in the prior year.

In line with the improved trading performance, cash generated from operations rose to R3.3 billion (2015: R3.0 billion). Overall cash flow was however negatively affected by a R425.0 million increase in trade receivables for the Southern African operations. The improved cash holding of the group was lifted by the issue of 11.9 million ordinary shares for total proceeds of R2.1 billion in April 2016, of which R725 million was utilised to settle the funding raised to purchase 60% of SPAR Switzerland.

Capital expenditure increased to R788.7 million (2015: R525.5 million). This comprised of R339.5 million in Southern Africa, including the expansion of the Western Cape and North Rand perishables facilities. In Ireland and Switzerland, capital expenditure amounted to R325.6 million and R123.6 million respectively, which was applied to investments in the retail environment and technology upgrades.

Budgeted capital expenditure for the year ahead in Southern Africa, amounting to R752.0 million (budget 2016: R462.2 million), includes the purchase of additional land to build a new dry warehouse in the Eastern Cape, property in KwaZulu-Natal to accommodate future expansion of the dry facility and completing the acquisition of land in the West Rand to develop a future distribution centre. The group will also make further investments to gear up its IT systems across all three regions to support future growth. In Ireland, budgeted capital projects for the year ahead amount to €20 million and include wide ranging retail development projects. In Switzerland, CHF23 million has been budgeted in 2017 for retail investments and revamps of TopCC premises. It is anticipated that the foreign subsidiaries will fund all capital expenditure from their own cash flows.

GEOGRAPHICAL REVIEW

Southern Africa

The turnover of SPAR Southern Africa increased 9.5% to R61.7 billion (2015: R56.4 billion) underpinned by double digit liquor and building material sales growth. Furthermore, combined food and liquor wholesale turnover growth of 9.2% was well ahead of internally measured food inflation of 6.2%.

An increase in ex-warehouse sales' contribution to 56.3% (2015: 55.8%) of supplied sales unlocked higher gross margins of 8.24% (2015: 8.16%). The contribution of the corporate owned stores to the group's bottom line is also enhancing margins. Operating expenses were up 11.9%. Volumes processed through the seven distribution centres increased 3.4% during the year to 226.4 million cases (2015: 219 million cases).

SPAR Southern Africa achieved a 15.7% increase in profit before tax to R2.1 billion, which was boosted by net interest income of R44.5 million.

SPAR stores performed well despite a highly competitive market with retail turnover growth of 8.2% to R73.2 billion (2015: R67.9 billion) and strong organic like-for-like growth of 7.9%. Combined food and liquor retail sales, which allow for a better industry comparison, increased by 8.9%. This bears testimony to the effectiveness of extensive marketing campaigns and promotions rolled out during the year as well as initiatives to drive SPAR's fresh and home meal replacement offerings. Wholesale turnover growth of 8.9% to R49.6 billion indicates increased loyalty from SPAR's independent retailers. Also demonstrating the success of SPAR's ongoing efforts to deliver value to price sensitive consumers, demand for its SPAR-branded products grew 12.3% during the year, with total sales of R7.3 billion.

Reflecting SPAR's focus on supporting the profitability of existing retailers, total retail space growth slowed to 1.5% (2015: 3.2%). This was due to increased scrutiny to confirm the viability of all proposed expansion projects and a number of new developments being delayed by property developers. In line with its organic growth focus, SPAR accelerated the pace of store refurbishments, with 167 stores being revamped (2015: 159 stores). A net five stores were opened during the year, bringing the total store numbers to 890 by 30 September 2016.

TOPS at SPAR continues to enjoy increasing levels of customer loyalty, reflected by a 14.6% increase in reported retail turnover to R8.9 billion (2015: R7.8 billion). The brand extended its strong organic growth trajectory with same store turnover up 10.7%. These results were underpinned by a number of entertaining promotional and marketing campaigns that are appealing to its target market. Wholesale turnover was up 12% to R5.2 billion (2015: R4.6 billion). Despite delays in obtaining Liquor Licences, 45 new TOPS stored opened during the year and the brand closed the year with 691 stores. The total retail space was up 9.3% for the period. The majority of stores converted to the new TOPS at SPAR logo and 36 stores were revamped.

The performance of **Build it** continues to defy ongoing pressure on consumer spending with retail sales up 13.4% to R11.7 billion (2015: R10.4 billion) and same store growth of 7.4%. Improved drop shipment benefited wholesale turnover, which grew 11.6% to R6.9 billion. Build it withstood deflationary pressures in an increasingly competitive market, with increasing numbers of independent and informal retailers entering the market and new cement manufacturers lowering cement prices to grow market share. Consumers continue to favour Build it's house brand imports with sales improving 9.7% to R285.2 billion for the period. The recently launched TrenDIY ended the year with four stores, and work is ongoing to fine tune its offering in order to bed down this new brand. As at 30 September 2016, Build it's store network stood at 348 stores, having opened 32 new outlets during the year.

Ireland

BWG Group showed an excellent 36.8% increase in turnover to R23.1 billion (2015: R16.9 billion), with euro-denominated turnover growth of 14.5% to €1.4 billion and all retail brands achieving positive growth. This compares extremely favourably to the reported internal deflation of -1.1% for food and non-alcoholic beverages and inflation of 1.4% for alcohol and tobacco products in the 12 months to September 2016 (Source: Irish Central Statistics).

The integration of Londis, acquired in the prior year, was completed and sales retention was ahead of plan with a pleasing improvement in like-for-like sales. Excluding Londis, BWG Group attained organic turnover growth of 4.8% for the period (2015: 2.6%). The performance of the SPAR brand was particularly pleasing, with total turnover up 8% and 6.0% on a like-for-like basis. Management interventions were successful at EUROSPAR which grew sales strongly in the year. The BWG Wines and Spirits and BWG Food Service businesses delivered excellent results. Appleby Westward, operating in South West England, delivered 13.0% turnover growth including a positive contribution from Gilletts, which comprises 63 SPAR stores and was acquired in July 2016.

Due to an improved product mix, led by high perishable volumes, the gross margin increased to 10.8% (2015: 10.5%). Profitability in the second half recovered, compensating for slightly lower margins at the half-year stage when BWG Group's margin was impacted by heightened competition. Operating profit grew 41.4% to R433.4 million (2015: R306.4 million) while profit after tax was up 106% to R327.6 million (2015: R159.0 million), or 73% in euro terms. This reflects the improved trading performance as well as substantial interest cost savings on the lower banking rates which were realised for the full year.

Total store numbers across BWG Group's store formats increased to 1 340 stores, with 94 new stores opened during the year and the completion of 197 store refurbishments (2015: 109 stores).

The commissioning of the chilled facility at the Kilcarbery National Distribution Centre was completed and will result in lower distribution costs per case. In addition, the Londis chilled facility was closed and consolidated into the Kilcarbery facility where volumes peaked at 32 500 cases per day, delivering economies of scale and improved costs per case.

Switzerland

A majority stake in SPAR Switzerland was acquired effective from 1 April 2016. Retail sales industry-wide were impacted by adverse weather and flooding in Europe during the months of June and July. SPAR Switzerland's overall sales for the six month period were down some 4.1% from the prior year, compared to Swiss food retail sales which were up 0.6% year-on-year for the same period (Source: Federal Statistical Office). Driving sales at both the retail and wholesale level in Switzerland is a key priority for SPAR to improve this acquisition's business performance.

The higher gross margins that characterise SPAR Switzerland's business model compared to the group's other regions, partially shielded the impact of lower sales. The business model whereby all products distributed are ex-warehouse, with limited central billing arrangements, underpins the reported gross margin of 14.0%. Furthermore, SPAR Switzerland is highly exposed to the convenience sector that commands higher margins.

The cost structure of SPAR Switzerland reflects the greater exposure of this business to retail, resulting from the proportionately higher contribution from corporate-owned stores and TopCC cash-and-carry outlets. Accordingly, selling and marketing expenditure typically amounts to some 70% of this business's overheads, or at least double that of the rest of the group. An IAS 19 pension liability charge of R12.8 million also impacted reported expenses.

SPAR Switzerland recorded operating profit of R32.2 million for the period and profit before tax amounting to R6.3 million. However, adjusting for the extraordinary IFRS pension charge and a financial liability relating to the future minority purchase obligation, the reported figure increases to R31.0 million. Although the performance of SPAR Switzerland for this first period of consolidation was well below plan, the adjusted result is closer to management's expectation. The underlying drivers to reach the required returns have been fully analysed and plans have been prioritised to improve the performance of this region.

THE BBBEE TRANSACTION

In 2009, the group entered into a BBBEE empowerment deal, with approximately 16 000 SPAR employees and SPAR retailer employees being the beneficiaries of this scheme. In terms of the transaction, 18.9 million redeemable convertible preference shares were issued to the BBBEE Trusts. All BBBEE shares vested in August 2016, seven years after the grant date. This resulted in an issue of 7.4 million new ordinary SPAR shares for cash in August 2016, which was taken up by institutional investors. This enabled the vast majority of participants who opted to receive their benefits in cash, to share in this total payout of R1.5 billion.

"We look forward to witnessing the life-changing impact that this scheme will make to members of our SPAR family," said the Chairman.

PROSPECTS

In Southern Africa, the group will maintain an uncompromising focus on the organic growth of retailers to ensure their success regardless of the uncertainty of both the economic and political landscape.

The Irish economy remains robust and accordingly the BWG Group is well positioned to extend its strong performance from the current year, building on its successes in driving real business growth. The Irish management team remains upbeat about business prospects and growth opportunities despite the economic uncertainties relating to Brexit.

Management has identified the issues that need to be addressed in the Swiss operations in order to achieve the expected profitability levels. SPAR remains confident in the investment case and will focus on improving the retail performance, thereby driving returns.

Management and the board believe we will continue to prosper in our chosen markets and deliver value to our shareholders.

AUDIT OPINION

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 September 2016. 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 consolidated financial statements is available for inspection at the company's registered office. These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. These summarised consolidated financial statements have been audited by the group'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. 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 summarised financial information from the company's registered office. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors.

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 410 cents per share has been declared by the board in respect of the year ended 30 September 2016. The dividend has been declared out of income reserves. This brings the total gross dividend for the year to 665 cents (2015: 632 cents) per ordinary share.

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

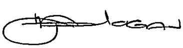
Last day to trade *cum*-dividend	Tuesday, 6 December 2016
Shares to commence trading *ex*-dividend	Wednesday, 7 December 2016
Record date	Friday, 9 December 2016
Payment of dividend	Monday, 12 December 2016

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Wednesday, 7 December 2016 and Friday, 9 December 2016, 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%;
- The net local dividend amount is 348.50 cents per share for shareholders liable to pay tax on dividends and 410 cents per share for shareholders exempt from such dividend tax;
- The issued share capital of The SPAR Group Ltd is 192 602 355 ordinary shares; and
- The SPAR Group Ltd's tax reference number is 9285/168/20/0.

By order of the board



MJ Hogan
Company Secretary

Pinetown
15 November 2016

DIRECTORATE AND ADMINISTRATION

DIRECTORS: MJ Hankinson* (Chairman), GO O'Connor (Chief Executive Officer), MW Godfrey, WA Hook, MP Madi*, M Mashologu*, HK Mehta*, P Mnganga*, R Venter, CF Wells*
** Non-executive*

Company Secretary
Ms MJ Hogan was appointed as Group Company Secretary on 9 June 2016.
Mr KJ O'Brien remained with SPAR as the Group Risk and Sustainability Executive.

THE SPAR GROUP LTD ("SPAR" or "the company" or "the group")

Registration number: 1967/001572/06

ISIN: ZAE000058517

JSE share code: SPP

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2000

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4000

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Sandton
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