

CONSOLIDATED INCOME STATEMENT

	Six months to 31 August		Twelve months to 29 February
	2008 R'000	2007 R'000	2008 R'000
Revenue	46 782	41 089	84 457
Cost of sales	31 027	28 453	56 419
Gross profit	15 755	12 636	28 038
Operating expenses	11 565	10 689	21 373
Depreciation and amortisation	836	567	1 536
Profit from operations	3 354	1 380	5 129
Finance (cost)/income – net	227	483	(125)
Profit before tax	3 581	1 863	5 004
Income tax expense	1 230	538	1 656
Net profit	2 351	1 325	3 348
Number of ordinary shares in issue ('000)	8 143	6 514	8 143
Earnings per ordinary share			
– basic and diluted (cents)	28,9	20,3	45,2
Dividend declared per ordinary share (cents)			
– interim	15,0	–	–
– final	–	–	15,0*
* 5,0 cents of this 15,0 cents relates to the final dividend declaration of the 2007 financial year but was paid during the 2008 financial year			
Net asset value per share (cents)	421,6	498,9	408,9

CONSOLIDATED BALANCE SHEET

	Six months to 31 August		Twelve months to 29 February
	2008 R'000	2007 R'000	2008 R'000
Assets			
<i>Non-current assets</i>	20 227	20 524	18 052
Property, plant and equipment	19 279	19 913	18 052
Goodwill	437	–	–
Deferred tax assets	511	611	–
<i>Current assets</i>	43 013	32 040	34 614
Total assets	63 240	52 564	52 666
Equity and liabilities			
<i>Shareholders' equity</i>	34 328	32 495	35 293
Ordinary shares and premium	6 871	6 679	6 871
Reserves	27 457	25 816	26 422
Retained earnings	17 431	15 092	16 300
Foreign currency translation reserve	4	202	100
Revaluation reserve	10 022	10 522	10 022
<i>Non-current liabilities</i>	5 019	5 762	4 649
Borrowings	788	977	1 026
Deferred tax liabilities	4 231	4 785	3 623
<i>Current liabilities</i>	23 893	14 307	14 724
Interest bearing	1 688	457	202
Non-interest bearing	22 205	13 850	14 522
Total equity and liabilities	63 240	52 564	52 666

CONSOLIDATED CASH FLOW STATEMENT

	Six months to 31 August		Twelve months to 29 February
	2008 R'000	2007 R'000	2008 R'000
Cash flows from operating activities	(160)	(3 446)	7 037
Cash flows from investing activities	(2 021)	(914)	(1 289)
Cash flows from financing activities	1 095	5 186	4 963
Net increase/(decrease) in cash and cash equivalents	(1 086)	826	10 711
Cash and cash equivalents at beginning of year	12 411	1 700	1 700
Cash and cash equivalents at end of period	11 325	2 526	12 411

SEGMENTAL INFORMATION

	Six months to 31 August		Twelve months to 29 February
	2008 R'000	2007 R'000	2008 R'000
<i>Segment sales</i>			
Lubricants	33 227	28 809	60 009
Metal powders	12 309	10 476	22 640
Other	1 246	1 804	1 808
	46 782	41 089	84 457
<i>Segment result</i>			
Lubricants	671	826	2 442
Metal powders	1 457	45	2 636
Other	1 226	509	51
	3 354	1 380	51 291

SUPPLEMENTARY INFORMATION

	Six months to 31 August		Twelve months to 29 February
	2008 R'000	2007 R'000	2008 R'000
Capital expenditure	2 065	–	1 396

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months to 31 August		Twelve months to 29 February
	2008 R'000	2007 R'000	2008 R'000
Ordinary shares	407	407	407
Share premium	6 464	6 272	6 464
Reserves	27 457	25 816	26 423
Retained earnings at the beginning of year	16 301	14 052	14 052
Foreign currency translation reserve	4	202	100
Net profit for the year	2 351	1 325	3 348
Revaluation reserve	10 022	10 522	10 022
Ordinary dividend	(1 221)	(285)	(1 099)
Total shareholders' equity	34 328	32 495	35 294

RECONCILIATION OF HEADLINE EARNINGS

	Six months to 31 August		Twelve months to 29 February
	2008 R'000	2007 R'000	2008 R'000
Net profit attributable to shareholders	2 351	1 325	3 348
Profit/(loss) on disposal of property, plant and equipment	–	–	(50)
Headline earnings	2 351	1 325	3 298
Weighted average number of ordinary shares in issue ('000)	8 143	6 514	7 410
Headline earnings per ordinary share – basic and diluted (cents)	28,9	20,3	44,5

COMMENTARY

Highlights

- Group revenue up by 14% from R41,1 million to R46,8 million for the six month period.
- Gross profit margins up from 31% to 34% of turnover.
- Net profit margins up from 3% to 5% of turnover.
- Headline earnings have increased by 77% (headline earnings per share increased from 20,3 to 28,9 cents per share (42,4%) based on an increase in the weighted number of shares in issue from 6,514 million to 8,143 million shares)

Chairman's statement

The results show the continued efforts by the company to remain focused on improved operating efficiency, product profitability and improved working capital management, borne out by the fact that Group turnover is up 14% whilst headline earnings are up 77% over the same period.

Our management team remain positive in their outlook despite the current unstable economic environment.

The company is optimistic regarding organic growth from the signing of new contracts and the continued acquisition possibilities.

Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with the South African Companies Act, 1973. The condensed consolidated interim financial statements are prepared on the historical cost basis, with the exception of certain financial instruments which are measured at fair value. The results of the interim period are not necessarily indicative of the results for the entire year, and these unaudited financial statements should be read in conjunction with the audited financial statements for the year ended 29 February 2008.

The preparation of condensed consolidated interim financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting periods. Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future, actual results may differ from those estimates.

Acquisition of Spanjaard EU BV

On 1 March 2008 Spanjaard EU BV ("BV"), a company incorporated in The Netherlands, was acquired as a wholly owned subsidiary of Spanjaard Limited.

The purchase price resulted in goodwill to the value of R437 000 being recognised.

Management is of the opinion that the carrying amounts approximated the fair value of the assets and liabilities of BV purchased at acquisition. There were no contingent liabilities at that date.

The profit from operations recognised in this subsidiary during the period, amounting to R382 378, has been included under lubricants in the segmental analysis.

Segmental analysis

Consolidated revenue is up by 14% to R46,8 million for the six month period. The metal powders division has performed substantially better than the comparable period last year. This is mainly due to an increase in profitable trading activities and a focus on contracts with higher gross margin value. Results of division "other" are attributed to performance of various other trading activities. The decrease in EBIT from the lubricants sector is mainly due to an increase in provisions.

Dividend

Notice is hereby given that the Board of Directors has declared dividend No. 16 (first ever interim dividend) of 15 cents per ordinary share. The last day to trade cum dividend is Friday, 17 October 2008, payable to all shareholders of Spanjaard Limited recorded in the books of the company at the close of business on Friday, 24 October 2008. Shares will commence trading ex dividend from Monday, 20 October 2008. The dividend is payable on Monday, 27 October 2008. Share certificates may not be dematerialised or rematerialised between Monday, 20 October 2008 and Friday, 24 October 2008, both days inclusive.

By order of the Board

ML Bond – Company Secretary
29 September 2008

Directors: RJW Spanjaard (Executive Chairman), ARJ Spanjaard (Managing Director), MA Barnes*, GF Cort, CA Gordon-Bennett, BL Montgomery*, Dr DP van der Nest*

*Non-executive

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