

# DECEMBER 2010 MARKS OUR 50<sup>th</sup> ANNIVERSARY



# SPANJAARD



Spanjaard Limited (Incorporated in the Republic of South Africa)  
Registration number 1960/004593/06 Share code: SPA ISIN: ZAE000006938

## CONDENSED GROUP AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000
Revenue	92 106	98 278
Turnover	90 922	97 216
Cost of sales	(59 080)	(61 159)
Gross profit	31 842	36 057
Operating expenses	(26 677)	(26 144)
Depreciation and amortisation	(1 730)	(1 797)
Profit from operations	3 435	8 116
Finance (cost)/income – net	(91)	447
Profit before tax	3 344	8 563
Income tax expense	(1 001)	(3 095)
Profit	2 343	5 468
<b>Other comprehensive income</b>		
Movement in foreign currency translation reserve	(4)	1
Tax effect	1	-
Total comprehensive income for the year	2 340	5 469
<b>Earnings per ordinary share</b>		
– basic and diluted (cents)	28,8	68,0
<b>Dividend declared per ordinary share (cents)</b>		
– interim	-	15,0
– final	-	70,0

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000
<b>Assets</b>		
<b>Non-current assets</b>	22 848	19 049
Property, plant and equipment	22 406	18 607
Goodwill	437	437
Intangibles	5	5
<b>Current assets</b>	38 764	45 098
<b>Total assets</b>	61 612	64 147
<b>Equity and liabilities</b>		
<b>Equity attributable to the owners of the company</b>	34 182	31 842
Ordinary shares and premium	6 871	6 871
Reserves	27 311	24 971
Retained earnings	18 617	15 561
Foreign currency translation reserve	98	101
Revaluation reserve	8 596	9 309
<b>Non-current liabilities</b>	6 236	5 176
Borrowings	2 865	1 968
Deferred tax liabilities	3 371	3 208
<b>Current liabilities</b>	21 194	27 129
Interest bearing	867	402
Non-interest bearing	20 327	26 727
<b>Total equity and liabilities</b>	61 612	64 147
Number of ordinary shares in issue ('000)	8 143	8 143
Net asset value per share (cents)	419,8	391,7

### CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000
Cash flows from operating activities	1 459	155
Cash flows from investing activities	(8 428)	(1 975)
Cash flows from financing activities	1 260	979
Net (decrease)/increase in cash and cash equivalents	(5 709)	(841)
Cash and cash equivalents at beginning of year	11 570	12 411
Cash and cash equivalents at end of year	5 861	11 570

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000
Ordinary shares	407	407
Share premium	6 464	6 464
Foreign currency translation reserve	98	101
Total comprehensive income	2 340	5 469
Movement in reserves	3	(1)
Revaluation reserve	8 596	9 309
Realisation of revaluation reserve	715	715
Ordinary dividend	-	(6 921)
Retained earnings at beginning of year	15 561	16 301
Total shareholders' equity	34 182	31 842

### SUPPLEMENTARY INFORMATION

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000
Capital expenditure	5 634	2 460

### OPERATING SEGMENTS

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000
<b>Segment revenue</b>		
Special lubricants and allied chemicals	72 138	81 133
External customers	10 548	12 383
Local customers	61 590	68 750
Metal powders	19 604	21 994
External customers	8 703	9 669
Local customers	10 901	12 325
Other	7 409	10 269
External customers	7 409	10 269
Reconciling items	(8 229)	(16 180)
External customers	(2 315)	(5 483)
Local customers	(5 914)	(10 697)
	90 922	97 216
<b>Segment result</b>		
Special lubricants and allied chemicals	2 708	5 952
Metal powders	749	1 680
Other	20	951
Reconciling items	(42)	(447)
	3 435	8 116
<b>Segment assets</b>		
Special lubricants and allied chemicals	41 635	50 513
Metal powders	15 378	9 552
Other	11 315	13 649
Reconciling items	(6 496)	(9 567)
	61 832	64 147
<b>Segment liabilities</b>		
Special lubricants and allied chemicals	19 858	18 357
Metal powders	9 565	4 261
Other	4 629	5 552
Reconciling items	(6 402)	4 135
	27 650	32 305

### RECONCILIATION OF HEADLINE EARNINGS

	Year ended 28 February 2010 R'000	Year ended 28 February 2009 R'000
Profit attributable to shareholders	2 343	5 468
(Profit) on disposal of property, plant and equipment	(74)	(8)
Income tax effect on disposal	21	-
Headline earnings	2 290	5 460
Weighted average number of ordinary shares in issue ('000)	8 143	8 143
Headline earnings per ordinary share – basic and diluted (cents)	28,1	67,1

### BASIS OF PREPARATION

The audited condensed consolidated results have been prepared in accordance with the Framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards and containing information required by the IAS 34 *Interim Financial Reporting* and in the manner required by the Companies Act.

The condensed financial statements should be read in conjunction with the 2010 financial statements.

IAS 1 *Presentation of Financial Statements* and IFRS 8 *Operating Segments* have been applied effective 1 March 2009.

### COMMENTARY

#### POINTS OF INTEREST

- Net asset value has increased from 391,7 cents to 419,8 cents per share
- Group turnover is down by 7%
- Net profit is down from 6% to 3%

#### GENERAL REVIEW

In the final analysis the performance in the second half of the financial year was better than expected. Performance for the full year was down due to weaker market conditions in some of the local and international markets.

The increase in administrative expenses from 27% to 30% was due to expenditure incurred bringing the additional facilities in terms of manufacturing capacity and warehousing to a state of readiness. The new factory will lead to an increase in production capacity and has so far led to an investment of R6 million in new plant and equipment.

#### SEGMENTAL ANALYSIS

The special lubricants and allied chemicals division contributed 79% to total turnover of the Group, fairly consistent with the 2009 financial year.

Metal powder sales ended down 11% from the 2009 financial year, but a slight improvement of gross margin led to the division contributing consistently to the overall result of the Group.

#### AUDIT OPINION

Mazars (formerly Mazars Moores Rowland) have audited the annual financial statements (and Group annual financial statements) for the year ended 28 February 2010 and their unqualified audit report, together with their audit report on these financial statements, is available for inspection at the company's registered office.

By order of the Board

#### ML Bond

Company Secretary  
26 May 2010

Directors: RJW Spanjaard (Executive Chairman), E Hepgen (Financial Director)  
GF Cort, BL Montgomery, CHT Palmer, Dr DP van der Nest \*Non-executive

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