

SPUR CORPORATION

MEDIA RELEASE

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STRONG INTERNATIONAL GROWTH AS LOCAL BUSINESS SLOWS

Cape Town – Spur Corporation, the listed family sit-down restaurant group, increased revenue by 31.5% to R144.9 million in the six month period ended December 2007. The growth was largely driven by the opening of international company-owned restaurants, particularly the two Spur outlets in London which commenced trading in June 2007.

The group's earnings were impacted by a slowdown in restaurant turnover in the local operations, high food price inflation and rising input costs of raw materials. Headline earnings increased by 5.4% to R36.3 million, with diluted headline earnings per share growing 2.9% to 39.56 cents per share.

Group managing director, Pierre van Tonder, said consumer spending had been affected by multiple interest rate increases, high fuel prices, rising food costs and the introduction of the new credit legislation in 2007.

Restaurant turnover in South Africa increased 7%, with turnover of existing restaurants, which excludes new outlets opened during the period, growing by 6%.

"The trading environment was adversely affected by ongoing high food price inflation. Input costs of raw materials, such as oil and tomato products, resulted in pressure on margins in the group's sauce manufacturing division."

"Management took the strategic decision not to pass these cost increases on to franchisees in order to ensure both good value for our customers and the sustainability of franchisee profitability. We are confident that this strategy will have a positive effect on the group's franchisee fee income and profitability in the medium to long term," he said.

The group continued with the measured expansion of its restaurant footprint locally and internationally. Following the opening of eight new outlets during the period, the group increased its total restaurant base to 341.

Van Tonder said the group's experienced management team has adopted strategies to ensure continued growth in the current economic climate.

“We are focusing on creating efficiencies through cost control in the procurement process, as well as leveraging the group’s buying power to ensure the success of our franchisees. We are also trying to minimise cost increases to our customers and franchisees through product innovation, menu engineering and broader local and international product sourcing.”

“At the same time we are continuing with our aggressive marketing campaigns to enhance customer loyalty and drive restaurant foot traffic, as well as improving the family experience in store.”

He said the group was also busy with the ongoing installation of generators to negate the impact of irregular power supplies and electricity load shedding.

The group plans to open 12 restaurants in South Africa in the second half of the year and three internationally in Northern Ireland (Belfast), Australia (Erina Fair) and Zambia (Lusaka). Further opportunities are being investigated in the United Kingdom and Ireland, as well as in Nigeria (Lagos) and Ghana (Accra), while continuing to explore potential in the Middle East.

Van Tonder said the trading environment is expected to remain tough but “the brand loyalty built up over many years, together with our positioning as an affordable and accessible family sit-down restaurant group will ensure continued revenue and profit growth.”

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Issued on behalf of Spur Corporation by Tier 1 Investor Relations

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