

**CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Six months to 31 August 2017 R'000	Six months to 31 August 2016 R'000
Revenue	56 181	60 703
Cost of sales	(36 149)	(36 267)
Gross profit	20 032	24 436
Other income	485	191
Operating expenses	(23 570)	(23 360)
Operating (loss)/profit	(3 053)	1 267
Finance costs	(432)	(462)
(Loss)/profit before tax	(3 485)	805
Taxation	684	(311)
(Loss)/profit for the period	(2 801)	494
Other comprehensive income		
Movement in foreign currency translation reserve	24	87
Total comprehensive (loss)/income for the period	(2 777)	581
(Loss)/profit per ordinary share		
- basic and diluted (cents)	(34,39)	6,07
Headline (loss)/profit per ordinary share		
- basic and diluted (cents)	(35,48)	6,07

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

	As at 31 August 2017 R'000	As at 28 February 2017 R'000
Assets		
Non-current assets	32 550	33 157
Property, plant and equipment	30 753	31 098
Goodwill	437	437
Intangibles	1 360	1 622
Current assets	37 094	35 595
Inventories	18 926	17 051
Trade receivables and other receivables	17 854	16 419
Amount due by ultimate holding company	5	95
Current income tax receivable	-	207
Cash and cash equivalents	309	1 823
Total assets	69 644	68 752
Equity and liabilities		
Total shareholders' equity	42 660	45 485
Ordinary shares and premium	6 871	6 871
Reserves	35 789	38 614
Liabilities		
Non-current liabilities	5 111	5 478
Borrowings	714	386
Deferred tax liabilities	4 397	5 092
Current liabilities	21 873	17 789
Trade and other payables	13 001	11 831
Borrowings	525	1 130
Shareholders for dividends	8	8
Bank overdraft	8 339	4 820
Total equity and liabilities	69 644	68 752
Net asset value per share	523,9	558,6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 31 August 2017 R'000	Six months to 31 August 2016 R'000
Cash flows from operating activities	(4 137)	3 482
Cash flows from investing activities	(697)	(502)
Cash flows from financing activities	(188)	(4 365)
Net decrease in cash and cash equivalents	(5 022)	(1 385)
Cash and cash equivalents at beginning of period	(2 997)	(2 909)
Effect of exchange rate movement on cash balances	(11)	(26)
Cash and cash equivalents at end of period	(8 030)	(4 320)

**CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

	Six months to 31 August 2017 R'000	Six months to 31 August 2016 R'000
Ordinary shares	407	407
Share premium	6 464	6 464
Share-based payment compensation reserve	1 906	1 906
Foreign currency translation reserve	(7)	44
Opening balance	17	131
Movement for the period	(24)	(87)
Revaluation reserve	8 193	6 315
Opening balance	8 536	6 457
Movement for the period	(343)	(142)
Retained earnings	25 697	28 136
Opening balance	28 155	27 500
Total (loss)/profit for the period	(2 801)	494
Movement in reserves	343	142
Total shareholders' equity	42 660	43 272

SUPPLEMENTARY INFORMATION

	Six months to 31 August 2017 R'000	Six months to 31 August 2016 R'000
Capital expenditure	967	331

DIVIDENDS

Dividend declared per ordinary share (cents)		
- interim	-	-

OPERATING SEGMENTS

	Six months to 31 August 2017 R'000	Six months to 31 August 2016 R'000
Segment revenue		
Special lubricants and allied chemicals	56 567	61 388
External customers	9 356	14 635
Local customers	47 211	46 753
Anti-friction powders	964	1 016
External customers	435	757
Local customers	529	259
Other	1 200	1 200
External customers	1 200	1 200
Reconciling items	(2 550)	(2 901)
External customers	(1 308)	(1 651)
Local customers	(1 242)	(1 250)
	56 181	60 703

	Six months to 31 August 2017 R'000	Six months to 31 August 2016 R'000
Segment result		
Special lubricants and allied chemicals	(3 125)	1 487
Anti-friction powders	(370)	(248)
Other	563	388
Reconciling items	(121)	(360)
	(3 053)	1 267

	As at 31 August 2017 R'000	As at 28 February 2017 R'000
Segment assets		
Special lubricants and allied chemicals	57 806	56 475
Anti-friction powders	11 136	11 256
Other	19 945	19 965
Reconciling items	(19 243)	(18 944)
	69 644	68 752

	As at 31 August 2017 R'000	As at 28 February 2017 R'000
Segment liabilities		
Special lubricants and allied chemicals	30 115	26 205
Anti-friction powders	2 806	2 543
Other	11 882	12 132
Reconciling items	(17 819)	(17 613)
	26 984	23 267

RECONCILIATION OF HEADLINE EARNINGS

	Six months to 31 August 2017 R'000	Six months to 31 August 2016 R'000
(Loss)/profit attributable to shareholders	(2 801)	494
Profit on disposal of property, plant and equipment	(123)	-
Income tax effect on disposal	36	-
Headline (loss)/earnings	(2 888)	494
Weighted average number of ordinary shares in issue ('000)	8 143	8 143
Headline (loss)/earnings per ordinary share - basic and diluted (cents)	(35,48)	6,07

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 31 August 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and the JSE Listings Requirements.

The condensed consolidated interim financial statements do not include all the disclosures required for a full set of financial statements prepared in accordance with International Accounting Standards (IFRS) as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors and the directors take full responsibility for the preparation thereof. Ian Saunders CA(SA), Financial Director, is responsible for this set of condensed consolidated interim financial statements.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2017. The condensed consolidated interim financial statements have not been reviewed or audited by the Group's auditors.

COMMENTARY

POINTS OF INTEREST

- Group revenue is down by 7,4%
- Operating loss of R3,05 million
- Net asset value decreased from 558,6 to 523,9 cents per share

STATEMENT BY THE ACTING CEO

Lower export sales as well as lower than expected sales in our food division have contributed enormously to a disappointing first half of the financial year. While our two main sales divisions Consumer/Automotive and Industrial/Marine experienced growth in turnover of 12,9% and 10,6% respectively compared to the comparative period in the prior year, our large distributors in the Far East being overstocked as well as structural changes at our largest food distributor negatively impacted our revenue.

The restructuring of our pricing model in March 2017 was successful in that it resulted in volume growth of 18,1% (Consumer/Automotive Division) and 16,1% (Industrial/Marine Division).

We have been proactive in our export division by appointing our own international sales representative in Hong Kong from the beginning of August 2017. We expect to see the fruits of this investment during the next financial year. In our food division, we are diversifying our customer base to minimise the risk of large customers not performing. We are also introducing new products to complement the existing range and grow the market.

We have an improved pipeline of export orders for the second half of the year and our food product sales have normalised after a challenging first quarter. To this end, we are working extremely hard to make sure that we have a substantially better 2nd half of the year and look forward to reporting such in the future.

We are investing in new aerosol equipment which should arrive towards the end of the current financial year. This will assist in production improvements as well as a reduction in down-time and maintenance expenditure. It is vital that we keep investing in equipment to replace our aging infrastructure.

It is with great sadness we report that our founder and CEO, Mr Robert Spanjaard fell critically ill at the start of the 2nd quarter, and regrettably passed away on 25 September 2017. On behalf of the board, we send our sincerest condolences to his family, friends and colleagues that were fortunate enough to share his life with him.

The Company is in the capable hands of the existing management team and we are all looking forward to preserving the founder's legacy while at the same time implementing new ideas and modernising the way in which we do business.

INTERIM DIVIDEND

The Board has resolved that no interim dividend will be declared for the review period (2016: Rnil).

By order of the board


Prof DP van der Nest
Independent Non-executive Chairman


K Welgemoed
Acting CEO


I Saunders
Financial Director

19 October 2017

COMPANY INFORMATION

Directors

Prof DP van der Nest* (Independent Non-executive Chairman), K Welgemoed CA(SA) (Acting Chief Executive Officer), I Saunders CA(SA) (Financial Director), GF Cort, CKT Palmer MSc MBA, TN Stewart, S Hari*, BL Montgomery* *Independent Non-Executive

Registered office

748-750 Fifth Street, Wynberg, Sandton, 2090

Company Secretary

Levit Kirson Business Services Proprietary Limited, 4th Floor, Aloe Grove, Houghton Estate Office Park, 2 Osborn Road, Houghton, 2198

Transfer Secretaries

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

Sponsors

Arbor Capital Sponsors Proprietary Limited, 20 Stirrup Lane, Woodmead Office Park, Corner Woodmead Drive and Van Reenens Avenue, Woodmead, 2191

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