OUR PROMISE

Food is our passion. Welcoming you our pleasure. And our greatest reward is presenting delicious meals. Whether it's a Spur burger, Panarottis pizza or John Dory's catch of the day, our food is made to please and fulfil. Big on quantity, big on aroma and especially big on taste. When you meet at your home from home you are treated as family. We never hold back on our portions, our laughter, or our welcome. Nothing satisfies us more than pleasing you, our customer. This is our simple philosophy. We, the people of Spur.

PROUDLY SOUTH AFRICAN

2005

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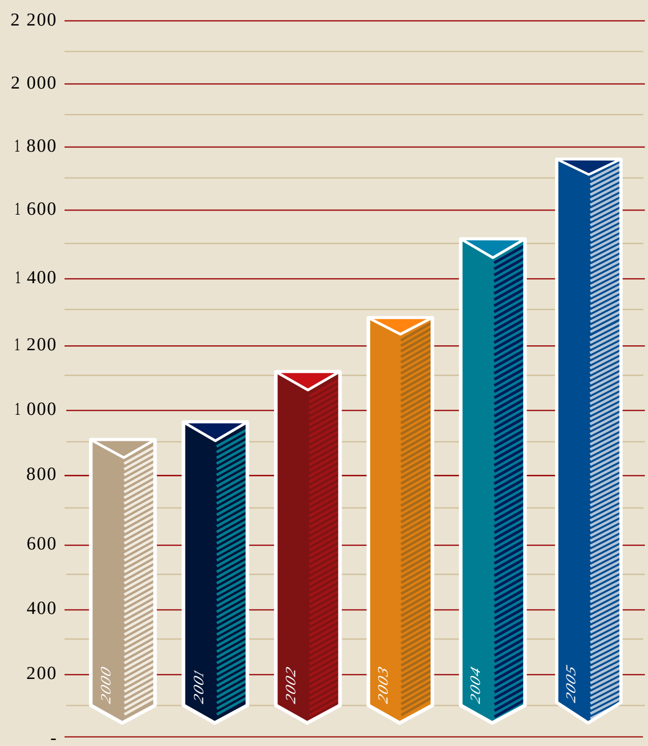
Spur CORPORATION

CONTENTS

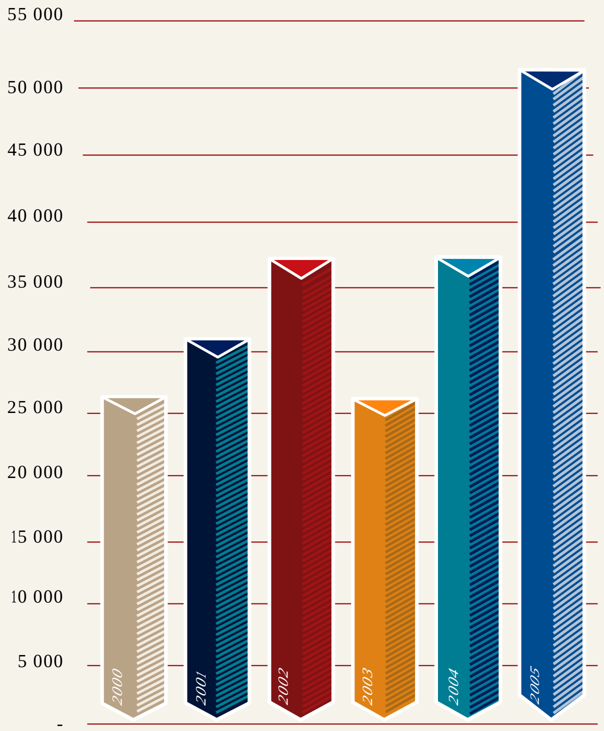
FINANCIAL HIGHLIGHTS

	2005	2004	% Change
Net profit before tax (R'000)	73 354	54 979	33
As a percentage of revenue	37%	30%	
Net profit after tax (R'000)	52 006	37 178	40
As a percentage of revenue	26%	21%	
Return on total assets	29.7%	24.1%	
Return on equity	38.9%	29.7%	
Cash and cash equivalents (R'000)	39 703	74 050	(46)
STATISTICS PER SHARE			
Headline earnings (cents)	56.27	39.72	42
Distributions (cents)	40.00	30.00	33
Distribution cover (times)	1.4	1.3	
Market price - 30 June (cents)	650	500	27
Price range (cents)			
- high	650	515	
- low	431	330	
Headline earnings yield (%)	8.9	7.9	
Distribution yield (%)	6.3	6.0	

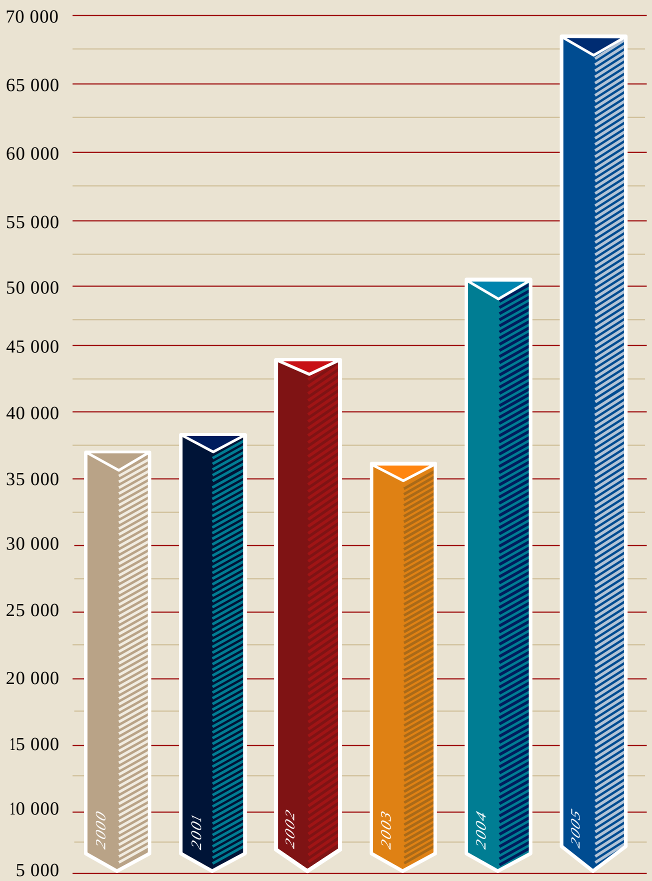
STORE TURNOVERS (R'm)



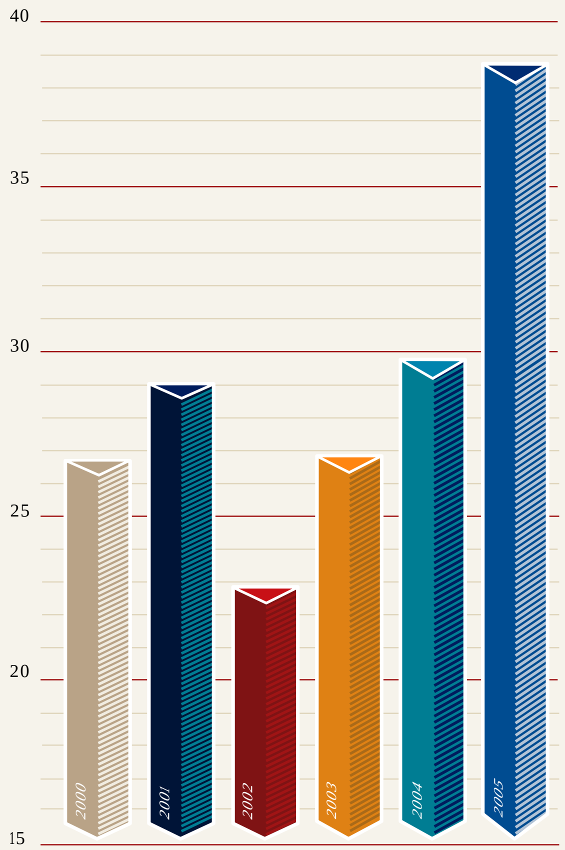
HEADLINE EARNINGS (R'000)



OPERATING PROFIT* (R'000)



RETURN ON EQUITY (%)



* Includes (loss)/income from associate companies.

CORPORATE PROFILE

HISTORY

The roots of the Spur Group stretch back to late 1967, with the establishment of the Golden Spur Steak Ranch in Newlands, Cape Town. The group has grown over the past 37 years to the point where it currently trades with 200 Spur Steak Ranches, 48 Panarottis Pizza Pasta restaurants and seven John Dory's Fish & Grill outlets within South Africa. Offshore, the group has to date successfully established 24 Spur and eight Panarottis outlets.

In December 1990 the first Panarottis Pizza Pasta restaurant was opened in Tygervalley, Cape Town. Within a decade, over 40 further outlets were opened, and the Panarottis brand is now as instantly recognisable as its "big brother" – Spur Steak Ranches.

The Spur Group first listed on the JSE Stock Exchange in 1986, at which stage it had 43 franchised Spur Steak Ranch outlets. In 1999 a major restructuring was undertaken. Spur Corporation was born from this restructure, and is forging ahead in taking Spur Steak Ranches and its associated brands to new heights.

In November 2004, the Spur Group purchased a 60% shareholding in John Dory's Fish & Grill, a KwaZulu-Natal based franchise comprising seven outlets. The founders, who still hold 40%, have been retained in order to ensure that the Mediterranean culture, rhythm, flair and charisma of the John Dory's brand are maintained.

VISION AND MISSION

Our vision is to be the best family sit-down restaurant in the markets in which we trade.

Our mission is to be dedicated at all times to our customers and staff – to provide a "taste for life" for our customers and be a "great place to work" for our staff.

OPERATIONS

Spur assists franchisees in a number of areas both before and after opening. Initial support includes compiling a business plan and cash flow forecast, assistance in choosing a site and negotiating a lease, as well as operational guidance with the opening and initial running of the store.

The well-trained, motivated and experienced operations team provides ongoing backup, support and assistance to franchisees. The team is responsible for upholding the high quality of the brand and its products, as well as assisting the franchisee in all aspects of building and maintaining a successful business. Support is also provided by way of the evaluation and training of staff, integrated information systems, and the Spur marketing plan.

Regular store visits ensure that our high operational standards, external health and safety regulations and our customers' demands for quality and service are met and maintained.

MARKETING

To ensure that the way is paved for the Spur, Panarottis and John Dory's brands to increase their market penetration, our dedicated marketing team spends day and night creating new, innovative marketing ideas. These include smaller projects such as table talkers for communicating value-added promotions and the design of fliers for local store promotions, to projects on a grander scale, for example the "Take Me There" brand advertisement.

PROCUREMENT AND MANUFACTURING

This division includes our Johannesburg and Cape Town central kitchens and is responsible for wet and dry goods supplies, testing of products, retail sauces and various other procurement opportunities that have the potential to enhance profitability.

INFORMATION TECHNOLOGY

Maintaining effective communication between the various Spur offices, our franchisees and customers, requires the commitment of a dedicated team. This team works tirelessly to maintain our various communication and information-housing tools, such as our website, extranet (between Head Office and franchisees), intranet (internal), databases and e-mail.

HUMAN RESOURCES AND CUSTOMER RELATIONSHIP MANAGEMENT

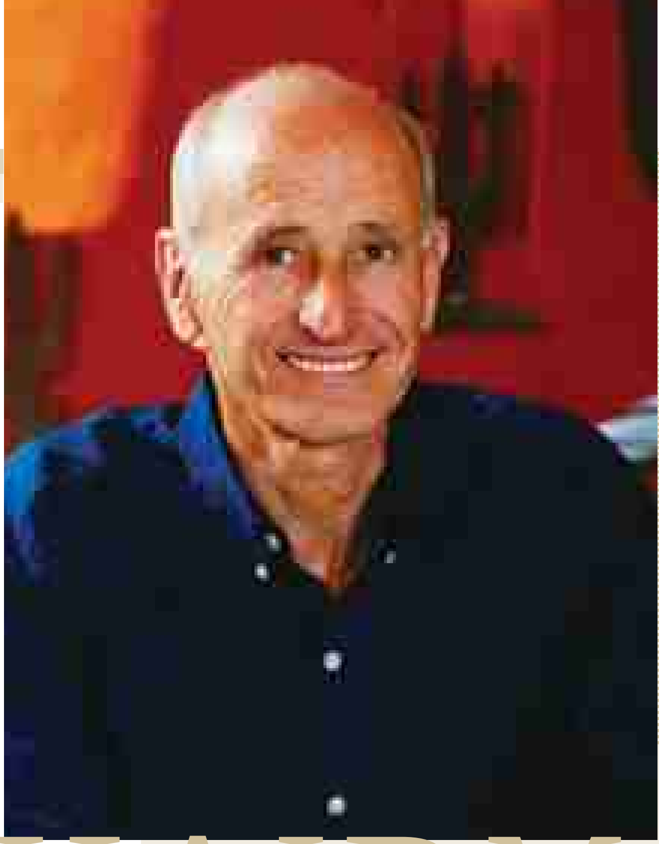
Second only to our trademark, our people are our most valued and important asset. Our small but efficient team is committed to the well being of our staff and the happiness of our customers. They also ensure that we (and our franchisees) are aware of, and comply with, all labour-related legislation.

FINANCE AND ACCOUNTS SERVICES

Our finance and administration staff ensure that accurate financial records of our operations are maintained, thereby facilitating meaningful financial reporting. Besides the normal accounting work, they pursue many cost-saving and control-enhancing initiatives. They assist the Board of Directors in their quest for adequate risk management by maintaining a healthy internal control structure.

TRAINING

In order to deliver quality products and service to our customers, training and preparation are of critical importance. For this reason we have a dedicated team of trainers, who make it their business to ensure that our franchisees and their staff, as well as Head Office staff, are given the necessary skills to perform to the best of their abilities.



Allen Ambor
Executive Chairman

2005

CHAIRMAN'S REPORT

INTRODUCTION

It is pleasing to once again report to our shareholders on another year of strong growth in which Spur Corporation entrenched its position as South Africa's leading family sit-down restaurant group.

An encouraging feature of the past year was that our sound performance spanned all areas of the business. Our trading brands exceeded their budgets, we expanded our customer base, increased market share, grew our store base both locally and internationally, enhanced brand awareness and acquired a 60% share in an exciting new franchise business, John Dory's Fish & Grill.

POSITIVE TRADING ENVIRONMENT

Continuing low inflation, coupled with interest rates that are at their lowest levels in more than two decades, translated into increased customer spending and renewed consumer confidence.

Structural changes in the country's socio-economic landscape have led to the emergence of a burgeoning middle class consumer market. This is one of the many positive features to have emerged since the dawning of the new democracy in South Africa. We believe the growth of this market is sustainable, auguring well for our business in the long-term.

The group has capitalised on the increased spending power of this rapidly growing middle class. Our value-based quality family offerings across Spur, Panarottis and John Dory's have found increasing support from this sector of the consumer market. This has enabled us to gain market share, particularly in Gauteng.

FINANCIAL PERFORMANCE

While the turnover growth of 11% to R200.6 million (2004: R181.0 million) may appear somewhat subdued in a booming retail environment, this figure reflects the decrease in our wholesale and distribution sales following the systematic outsourcing of the national distribution of the group's central kitchen products during the year.

The buoyant market conditions described above, together with foreign exchange gains, boosted our financial performance and resulted in a 37% increase in headline earnings to R51.1 million (2004: R37.2 million).

Headline earnings per share rose 42% to 56.3 cents (2004: 39.7 cents), while diluted headline earnings per share grew by 41% to 56.1 cents (2004: 39.7 cents).

Distributions to shareholders increased 33% to 40 cents per share for the year (2004: 30 cents per share).

STRATEGY AND TRADING PERFORMANCE

Our store growth continued solidly as we opened 20 new stores in South Africa and three internationally, bringing the total number of stores to 287. Following the opening of new Spur stores in Wandsworth in the United Kingdom and Maputo, Mozambique, and a new Panarottis outlet in Parramatta, Australia, the group now has 32 stores outside our borders.

The group acquired a 60% stake in KwaZulu-Natal based franchise business, John Dory's Fish & Grill, for R5.5 million in November 2004. The founders of the business have retained a 40% interest and we look forward to a mutually rewarding relationship with our new partners.

John Dory's has been successfully integrated into the Spur Corporation franchise system and store owners will now benefit from the group's operations, marketing, development, information technology, human resources and finance and administration infrastructures. Following our investment, John Dory's has embarked on a national store roll-out and plans are afoot to add ten new stores in the forthcoming year.

We plan to continue our aggressive store expansion across Spur, Panarottis and John Dory's in South Africa, while growing our international operations on a sustained basis as we enter some new and unchartered markets. Our expansion strategy is covered in the Review of Operations on pages 11 to 14.

We regularly encounter the question as to whether the Spur brand and its store base have reached saturation point in the local market. Our response is an unequivocal "no".

Along with the growth in the size of our market and potential customer base, new opportunities arise as the population demographics of the country shift. An outlying area, where a store may not have been viable in the past, could grow to support the opening of a Spur. This is particularly relevant in peri-urban areas. The opening of shopping malls and entertainment destinations always create scope for new outlets, while store relocations and refurbishments also provide an opportunity to increase customer volumes. We are constantly reinventing ourselves, innovating and adapting to changing customer needs and expectations.

We see continued scope for strong growth well into the future.

CORPORATE GOVERNANCE

The board is committed to meeting the highest standards of corporate governance and we continually review our governance processes to ensure that the interests of the group and our shareholders are not compromised. Our group complies in all material respects with the principles and spirit of the King ll Report.

Our governance practices and policies are outlined in the Corporate Governance Report on pages 15 and 16.

Spur Corporation has always been mindful of its role in the upliftment of disadvantaged communities. We commit extensive resources each year to developing the youth of our country who have been denied opportunities. We also firmly believe in investing in the development and advancement of our own staff, who are the future leaders of the group. Further details are presented in our Corporate Social Vision Report which appears on pages 17 and 18.

BLACK ECONOMIC EMPOWERMENT

Black economic empowerment (BEE) is one of the group's priorities and we are committed to developing a strategy that will ensure sustainable transformation across all areas of our business, particularly at a shareholder, franchisee and staff level.

We have made encouraging progress in identifying potential black shareholders and are committed to introducing black equity partners into the group.

While we have seen a steady growth in black franchisees in both Spur and Panarottis, our challenge is to accelerate the pace at which our store ownership becomes more reflective of the demographic profile of our customer base.

BOARD AND MANAGEMENT

The restaurant franchise business is highly service-oriented and our ultimate success depends on the intellectual capital of all our staff, led by our senior management team. In the fiercely competitive business environment in which we compete for the loyalty and talent of high calibre staff, Spur Corporation has been able to retain a stable management team where the average length of service of our five member executive board is 24 (jointly 122) years. This ensures consistency and continuity in the business, while providing a source of comfort to our shareholders.

In order to remain competitive and retain our key staff, we needed to incentivise our management team appropriately. Accordingly, a new management share scheme was introduced in December 2004, which aligns management rewards with long-term value creation for shareholders. Currently all our executive directors and senior management have been allocated shares under this scheme, the benefits of which can only be realised from 2009 onwards.

During the year, executive director Dean Hyde stepped down as financial director and was appointed as a non-executive director. He has been retained as a consultant to the group and advises on financial and capital management, including the group's BEE strategy.

Ronel van Dijk was promoted to chief financial officer and appointed company secretary to replace Dean.

Non-executive director, Billy Rule, resigned from the board and we thank him for his contribution to the group over the past five years.

PROSPECTS

The buoyant trading conditions of the past year are expected to continue as the inflation and interest rate environment is predicted to remain steady into the new year.

Consumer spending is showing little sign of slowing down and trading for the first quarter of the new financial year has been in line with management's forecasts.

Against the background of this positive economic environment, the board is confident of delivering continued solid growth to shareholders in the year ahead.

THANKS

The stellar performance of the past year reflects the hard work and commitment of the quality team we have assembled at Spur Corporation. I would like to thank our managing director, Pierre van Tonder, for his energetic leadership of the group. Thanks are also due to my fellow directors for their guidance and insight.

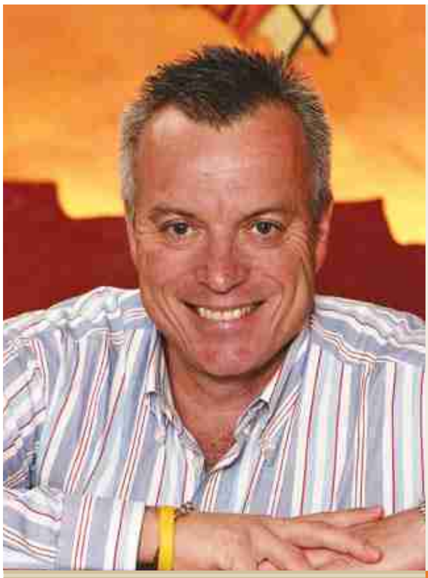
A vote of thanks is also extended to our shareholders for the belief they have shown by investing in our business, as well as our suppliers, franchisees, business associates and advisers.

At the heart of our business are our customers who make it all possible. Thank you for your ongoing support.

Allen Ambor Executive Chairman

SPUR CORPORATION

DIRECTORS

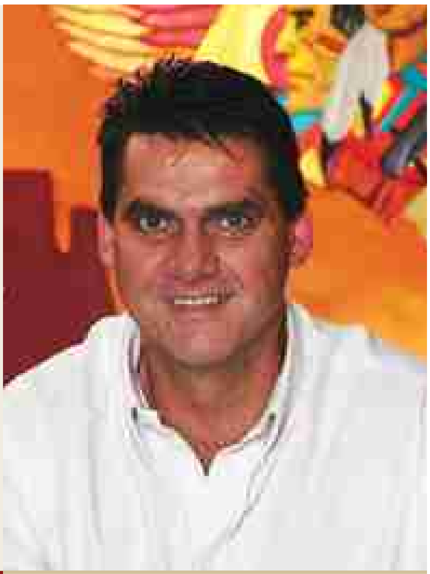


Pierre van Tonder (Age 46)
MANAGING DIRECTOR

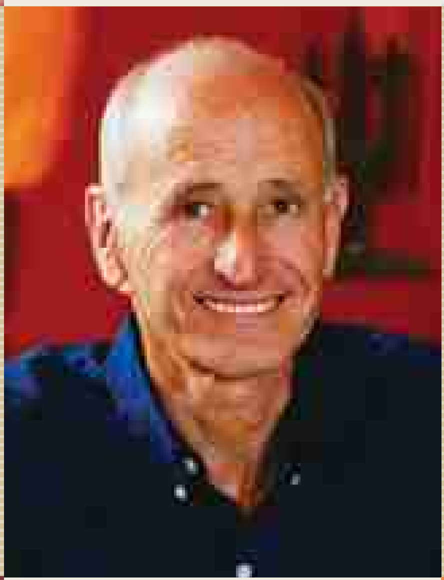
Pierre joined the Spur Group in 1982. His 23-year career with the Spur Group started when he was appointed as a manager of Seven Spur in Sea Point. Pierre was appointed as an Area Manager for Spur Steak Ranches in 1985. The next seven years saw Pierre making fast progress up the management ladder. In 1996 he was appointed Managing Director.

Mark Farrelly (Age 42)
DEPUTY MANAGING DIRECTOR

Mark joined Spur Head Office in 1990 as an Area Manager. In 1993 he was transferred to Johannesburg. Mark was promoted to Regional Operations Manager in 1995 and appointed to the Board in 1999. He is also a director of the Franchise Association of South Africa.



Allen Ambor (Age 64)
EXECUTIVE CHAIRMAN



Allen matriculated in 1961 from Highlands North High in Johannesburg. After a short period overseas and working for two years, Allen decided to further his education and attained a BA degree at the University of Witwatersrand. Shortly thereafter he made the decision to start his own business. The doors of the first Spur Steak Ranch officially opened in Newlands, Cape Town, in 1967.

Kevin Robertson (Age 39)
EXECUTIVE DIRECTOR

Kevin joined Spur in 1987 as a waiter at Yellowstone Spur, Carletonville. By 1991 he had become an area manager at the Spur regional office in Johannesburg. Two years later, he was promoted to Regional Manager, KwaZulu-Natal. Kevin is Managing Director of the Panarottis Pizza Pasta franchise, and was appointed to the Board in 1999.

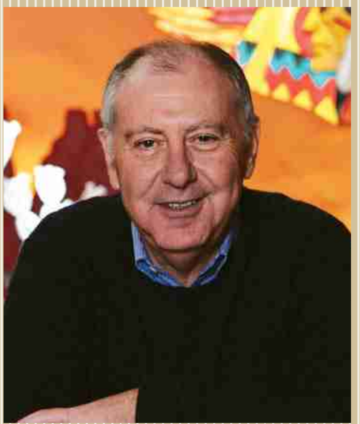
Phillip Joffe (Age 55)
EXECUTIVE DIRECTOR

Phillip matriculated from Sea Point Boys High in 1967 and continued his studies at the University of Cape Town, obtaining his CA (SA) in 1973. Phillip joined the Spur Group in 1976 and has served as a member of the Board since 1986, where he continues his position as an Executive Director.

DIRECTORS

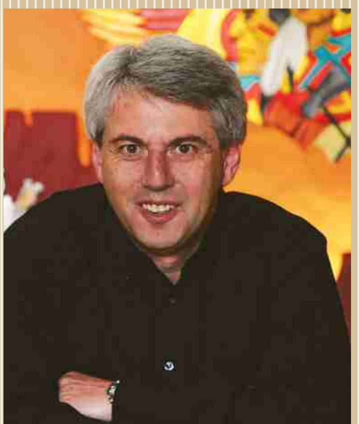
Keith Madders (Age 57)
NON-EXECUTIVE DIRECTOR British

Keith was born in Zimbabwe, studied at the University of Cape Town and trained as an investment analyst before launching himself into the music industry. In 1976 Keith went to live in London, where he lectured and established various businesses as well as a number of successful charitable organisations working to relieve poverty in Southern Africa. Keith was awarded an MBE in the Queen's 2002 Honours List for services to the Zimbabwe Trust.



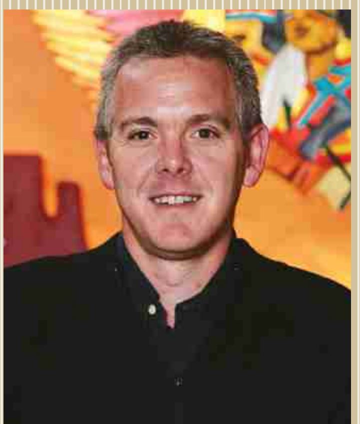
John Rabb (Age 62)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Having attained a BSc (agriculture) from Natal University, John spent three years in London with Marks & Spencer and then returned to South Africa to join the Wooltru Group where he has served for 35 years. He is currently Managing Director of Wooltru Limited.



Keith Getz (Age 49)
NON-EXECUTIVE DIRECTOR

Keith is a partner at Bernadt Vukic Potash and Getz attorneys, practising principally in the fields of corporate and commercial law. He is also a director of a number of companies.



Dean Hyde (Age 38)
NON-EXECUTIVE DIRECTOR

Dean matriculated from Pretoria Boys High in 1984. He studied at the University of Witwatersrand for a B.Com, which he completed in 1988. He then studied at York University, Toronto, obtaining a CA Canada in 1991. He completed his Articles with Grant Thornton International in 1993. He joined the Spur Group in 1994 as Financial Manager. In 1999 he was appointed Financial Director. In late 2004 Dean resigned as Financial Director and was appointed as a non-executive director. He also provides consulting services to the group.

MANAGEMENT

Amil Lahoud - GROUP MARKETING

Amil is 35 years old and joined Spur three years ago. He matriculated in 1988 and completed a National Diploma in Marketing, cum laude, in 1995. Amil's responsibilities include co-ordination of marketing planning, communication strategies and management of the group marketing department.

Britt Fuller - NATIONAL TRAINING

Britt matriculated in 1986 from Lowveld High School, Nelspruit. Britt is 38 years old and has almost 24 years of experience in the restaurant business, starting when she helped out in her mother's restaurant. Britt joined Spur almost 11 years ago and is currently responsible for national training, including the creation of video-based training material.

Coleen Eva - GAUTENG CENTRAL KITCHEN

Coleen matriculated at Potchefstroom Girls' High in 1969. She completed a one year Diploma in bookkeeping and business economics at Modern Methods Business School in Johannesburg. She joined Spur in 1981 and is responsible for running the central kitchen in Gauteng. She is 54 years old.

Duncan Werner - PROCUREMENT AND DEVELOPMENT

Duncan matriculated in 1978 from Lowveld High School, Nelspruit. After completing two years national service, he entered the packaging business. Duncan started his career at Spur, as a waiter, no less than 22 years ago. He joined Head Office in 1988. Duncan is 45 years old and is in charge of national procurement, Western Cape development and menu engineering. He also oversees the central kitchens and Spur Décor.

Heather Needham - WESTERN CAPE CENTRAL KITCHEN

Heather joined Spur in 1984 as a manager at Navaho Spur, Brackenfell. In 1988, she joined Spur Head Office as the manager of Central Kitchens, Cape Town. Heather has a B.Com degree from UNISA. She is responsible for the running of the central kitchen in Montague Gardens, Cape Town. Heather is 42 years old.

Ian McMahon - GROUP INFORMATION TECHNOLOGY

At the age of 37, Ian has spent almost two decades with Spur, starting as a teenaged waiter in the mid-1980's. He has moved progressively through the ranks to the position of Head of Group IT. Ian looks after the group's technology needs and produces cutting-edge training videos for the group.

James Johnson– JOHN DORY'S

James completed his schooling in 1990 in the United Kingdom. After completing a three year Chef course at the City & Guild in the UK, he arrived in South Africa in 1994. James is the co-founder of John Dory's Fish & Grill and has supported Kapsi throughout the growth of the brand. James is responsible for National Development for John Dory's . James is 32 years old.

Johan Erasmus - JOHN DORY'S

Johan matriculated from the Afrikaanse Hoër Seuns' Skool Pretoria in 1972 and after completing his national service, he enrolled at the W.C.A.T.E. - Hotel School. In 1987 Johan acquired his first Spur franchise and joined Spur in June 1996 as an Area Manager. In 1998 he was promoted to Regional Operations Manager. In 2004, Johan was appointed as National Operations Director of John Dory's. Johan is 51 years old.

Ludwig Sistenich – INTERNATIONAL DEVELOPMENT

Ludwig matriculated in 1981 from Clapham High School in Pretoria and then studied at the Capital College in Pretoria. In June 1988, at the age of 25, he joined Spur Steak Ranches. Prior to that he was employed as a manager at the Arkansas Spur in Nelspruit. Ludwig is 43 years old and is in charge of International Development.

Peter Wright - HUMAN RESOURCES

Peter started as a waiter at Golden Spur in 1975. Over the next five years, Peter gained further experience at the Cape Town Central Kitchen, Midnite Grill and Hard Rock Café. Peter left the group for ten years but rejoined in 1991 and worked on developing Panarottis Pizza Pasta. Peter is 54 years old and is head of Human Resources.

Raymond Suter - REGIONAL OPERATIONS

Raymond matriculated from Pinelands High in 1982. After completing two years national service in the air force, he studied at Cape Technikon for two years. In 1987 Raymond joined Spur as a trainee manager and in 1993 he was promoted to Area Manager. Raymond was appointed as Regional Operations Manager in 2002. He is 40 years old.

Ronel van Dijk - GROUP FINANCE

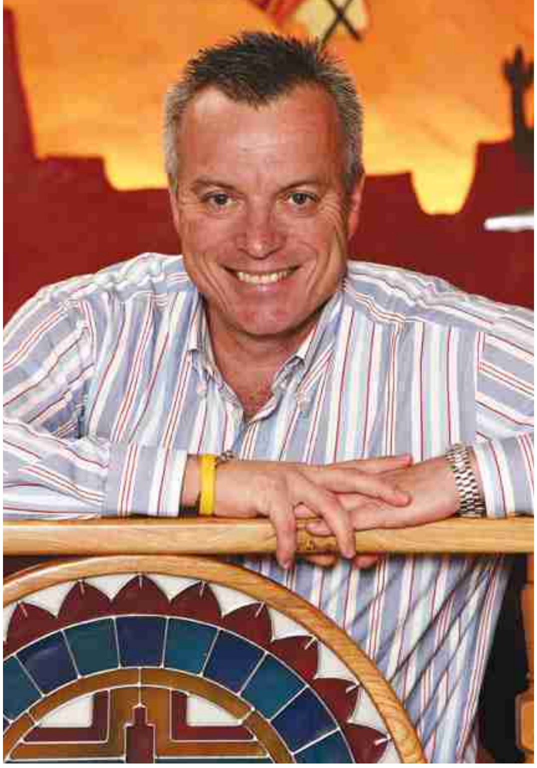
Ronel matriculated in 1990 from Hoërskool Tygerberg, Cape Town. She qualified as a CA(SA) in December 1997. She spent a year working in the London office of Arthur Andersen & Co. after which she returned to Cape Town as audit manager with the firm. She left the firm, then KPMG Inc., and joined Spur Head Office as Group Financial Manager in January 2003. In January 2005, Ronel was appointed as Chief Financial Officer and Company Secretary. Ronel is 33 years old.

Stamatis Kapsimalis ("Kapsi") – MANAGING DIRECTOR JOHN DORY'S

Kapsi matriculated from Maritzburg College in 1984 and is 38 years old. He went on to try his hand in a number of ventures before finding his niche in the fish and grill business, when he founded John Dory's Fish & Grill. The first store opened its doors in 1996 in Musgrave Road, Durban. Kapsi has managed to grow John Dory's Fish & Grill into a successful brand, comprising seven outlets in KwaZulu-Natal.

Steve Ford - NATIONAL PROCUREMENT

Steve matriculated in 1978 from Maritzburg College in Pietermartizburg. In 1990 he opened his first Spur. Steve joined Spur Head Office in March 1994 as an Area Manager. Steve is in charge of quality control and new product development. He also oversees national distribution. Steve is 45 years old.



MANAGING DIRECTOR'S REPORT 2005

Pierre van Tonder
Managing Director

REVIEW OF OPERATIONS

Overview

During the past financial year we again experienced buoyant trading conditions. Although the first six months, which include the Christmas Season, is traditionally our stronger trading period, we are particularly pleased with our performance in the latter half of the year under review.

Spur prides itself on being a South African restaurant chain, that has become an icon for all South Africans. The growth of the country's middle class, with its increased spending power, has been a positive development for our economy, and the group's value-based offering is finding increasing support from this rapidly growing sector of the consumer market.

Turnover for the year advanced by 11% to R200.6 million (2004: R181.0 million). This includes the impact of the decrease in wholesale and distribution sales that resulted from the decision taken during the year to outsource the national distribution of our central kitchen products. The outsourcing of this function will ensure consistency and quality of delivery to our outlets nationally.

It is significant to note that our core franchise royalty income advanced by 19%. As we benchmark our performance on the growth in turnover of our existing stores, it is encouraging that same store turnover was 13% ahead of last year, which is substantially higher than menu inflation of 4.5%.

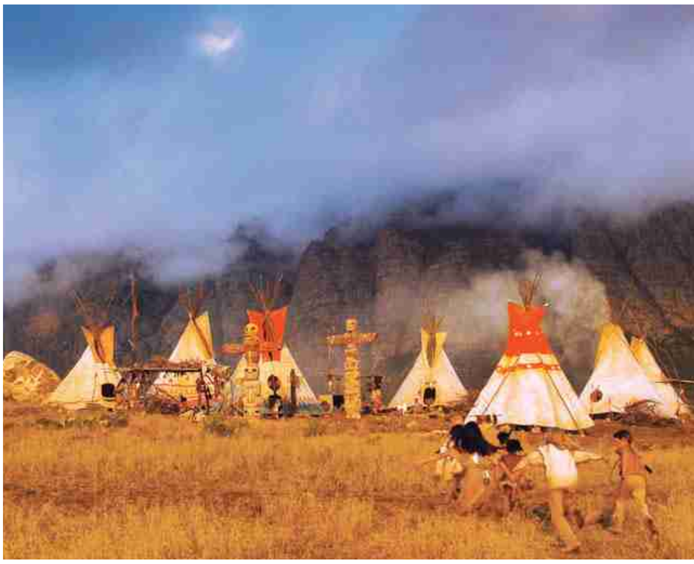
Operating profit, boosted by foreign exchange gains of R2.5 million, increased by 37% to R68.5 million. Headline earnings of R51.1 million (2004: R37.2 million) increased by 37%, while headline earnings per share of 56.3 cents were 42% ahead of 2004 (2004: 39.7 cents).

The group has grown its store base to 287 across its three brands, locally and internationally:

	Spur Steak Ranches	Panarottis Pizza Pasta	John Dory's Fish & Grill	Total
South Africa				
Western Cape	46	10		56
Eastern Cape	19	5		24
KwaZulu-Natal	33	11	7	51
Gauteng	102	22		124
TOTAL SOUTH AFRICA	200	48	7	255
International				
Africa (including Mauritius)	16	5		21
Australia	3	3		6
United Kingdom	5			5
TOTAL INTERNATIONAL	24	8		32
TOTAL STORES	224	56	7	287

Spur Steak Ranches

Spur Steak Ranches South Africa has again enjoyed a successful year. Franchise turnover was up 17.8%, which exceeded our aggressive budgeted targets by 4.8%. During the course of the past financial year, 11 new Spurs were opened, four relocated and 19 revamped, all of which have contributed to turnover growth, increased market share and keeping the brand popular and topical in the eyes of the South African community.



Spur employs 21 operational staff members, who are highly skilled and versatile in all facets of store operations.

Towards the end of 2004, pursuant to carrying out research in the United States, the executives re-engineered the Spur menu. The changes were subtle and in no way diluted traditional core competencies. We are delighted to report that this in itself contributed substantially to the overall growth pattern.

The use of Service Reports and Assessments to continuously monitor our stores has also delivered the desired results in terms of increasing our existing business. In addition, our Balanced Scorecard system is continually being refined and the use thereof is now mandatory throughout the group. We look forward to the system ensuring that the necessary disciplines are in place in order to maximise profitability and turnover in all divisions.

Our global conference, held in September 2005, reinforced the group's vision, strategy and core values and we are well placed to reap the benefits in the new financial year.

The Spur development team has performed well and we have opened new stores in excellent locations. Our ongoing strategy of revamping old stores and, where necessary, relocating to new sites, has again been successful and has contributed substantially to increasing our store turnovers and market share.

Panarottis Pizza Pasta

Panarottis' value offering to customers is being well-maintained. Improvements have been made with respect to menu content. The overall standard of operations at store level is high and we continue to enjoy a good business relationship with our individual franchisees. Plans are in place to upgrade front of house facilities countrywide to create a more "fun" type element within our stores. Kids' activities have been enhanced in all stores to improve our family offering to customers.

During the year, nine new stores were built and two were relocated, bringing the total number of stores in South Africa to 48.

From a marketing perspective, a new agency, TBWA/Fusion, was appointed and exciting new marketing campaigns are soon to be launched. We sincerely believe that this initiative will position Panarottis as the leader in the family sit-down pizza market and increase overall awareness of the brand.

Training facilities have been enhanced and the year ahead will bring new disciplines and additional focus in this area. A high standard of operations management staff is currently employed within Panarottis. In the year ahead, we will focus on continuously developing their skills to add additional value to franchisees at store level.

John Dory's Fish & Grill

With effect from 1 November 2004, Spur purchased a 60% share in the John Dory's Fish & Grill franchise. An in-depth analysis of all departments within the brand was undertaken, and the necessary changes were implemented in order to align the policies and procedures of John Dory's with those of Spur Corporation.

The founders, Kapsi and James were retained in order to ensure that the Mediterranean culture and charisma of the brand are maintained.

Where necessary, Spur Corporation's resources were utilised and systems and procedures were introduced to place the brand in a position where it was ready to be further franchised with effect from 1 February 2005.

Since acquisition, the operational standards in the individual stores have been addressed and are now in line with Spur Corporation policies and procedures. The training of new franchisees and their management and staff has been a key focus and enormous progress has been made. As the brand grows, we plan to establish further training facilities in other regions.

With a focused approach to the John Dory's Fish & Grill marketing strategy, incorporating press, radio, in-store promotions and billboard advertising, we have been able to grow customer patronage and support.

An opportunity exists in terms of procurement. We are currently investigating the restructuring and revitalising of product availability and the standardisation thereof.

Marketing

The Group Marketing resource is centralised at our head office in Cape Town and functions as an integrated unit within the organisation. John Dory's marketing is managed from the John Dory's head office in Durban.

The group continues to focus its attention on National Value Added Campaigns, supported by television and radio advertising. Regional promotions address acquisition, expansion, migration and retention of customers, whilst adding value.

Group Marketing is planning approximately 100 community events, throughout all domestic trading regions, in addition to local store events. The successful Spur Soccer "Masidlale" (meaning "let's play") national soccer/life skills program will be grown to ten events in 2006, reaching 4 000 kids from previously disadvantaged communities. A national family initiative is in development which will benefit various children's feeding schemes. A Spur kids' cycling event will also be hosted in each major region. The FNB Classic Clashes rugby sponsorship, in association with Spur Steak Ranches and Coca Cola, will be sustained in the year ahead.

Rugby, soccer and cricket stadium signage, as well as billboard exposure will be enhanced throughout South Africa. The Spur Customer Service Centre will continue to enjoy focus as a primary communication vehicle.

A new Panarottis cinema and radio campaign featuring 'The Regulars' and a new payoff line 'Big on Family. Big on Pizza.' has been developed in association with TBWA/Fusion. The concept has been carried through to in-store and cinema foyer merchandising, and a dynamic Panarottis public relations launch.

International

Our international stores comprise 24 Spur Steak Ranches and eight Panarottis Pizza Pasta outlets, situated in the United Kingdom, Australia, Africa and Mauritius.

The majority of our international stores are situated in Africa where we continue to seek locations that are well positioned near hotels or similar entertainment centres. We are currently negotiating for the establishment of additional outlets in Zambia, Namibia and Botswana. In the medium term we anticipate opening stores in Angola, Ghana and Lesotho.

Mohawk Spur in Wandsworth, which is in close proximity to Central London, opened during the year and is trading well. Plans are in place to open a new Spur outlet in the O_2 Shopping Centre, in Finchley Road, within the next few months. From a market point of view, the Spur brand has been well accepted in the United Kingdom and we will continue creating a platform for future opportunities.

Our Australian stores continue to trade in line with expectations, and now that a solid foundation for our brands has been laid in this territory, we are confident of steady growth in the future. Three new stores are scheduled to open in the year ahead, namely a Spur and a Panarottis in Campbelltown as well as a Panarottis in Blacktown.

We are particularly pleased with the planned opening of three Spur outlets in China in the coming months. These stores will be located in Shanghai, Fuzhou and Nanking with the possibility of a further two or three stores within the next two years.

We continue to seek strategic alliances with sound master franchisees in order to expand our brands internationally.

Information Technology

During the past year a major IT infrastructure upgrade commenced. This has resulted in a rise in productivity and increased security.

The continued roll-out of the new version of our Point of Sale system, at store level, is yielding great results. New features have been added which incorporate online updates, thereby standardising information countrywide. The reduction in national broadband costs has also presented new opportunities for our franchisees to take advantage of emerging web-based systems. We are keeping a close eye on emerging international technology trends, some of which are currently being tested in-house.

The recent launch of our Spur e-Newsletter has been extremely positive and we are already reaching thousands of customers. All our websites, particularly 'www.spur.co.za', have been revamped and provide an up-to-date source of consumer information. Our monthly website count has increased from an average of 5 000, to over 30 000 hits per month. This confirms the growing trend towards connectivity and constant customer communication.

In-house systems upgrades included our highly complex training monitoring system, which tracks and monitors in-store staff training. This system enables us to pin-point training needs, establish levels of required focus and report to management. The continuous upgrading of our extranet, as well as the implementation of new on-line facilities, has assisted us in communicating with franchisees and identifying areas of weakness.

The use of cutting-edge technology in all areas of our business has placed us in a favourable position to tackle the year ahead.

Procurement

During the past year centralised distribution was initiated, with Vector Logistics being appointed as our national distributor. The entire basket of ambient, chilled and frozen goods can now be delivered to each store from a single distributor in a HACCP-compliant manner. The frequency of deliveries has also increased, thereby enabling stores to reduce stock levels. The distribution process commenced in KwaZulu-Natal in October 2004 and has been extended to include the Eastern and Western Cape, Free State and Northern Cape. The inclusion of Gauteng, subsequent to year end, completed the national roll-out.

The appointment of Vector Logistics has obviated the need for Central Kitchen distribution depots in KwaZulu-Natal and the Eastern Cape and accordingly, these operations have been closed.

After extensive research a new menu was introduced, which was well accepted by consumer and franchisee alike. A new lunch time menu was also introduced, which includes a range of salads as well as certain healthier food options served with a salad, instead of chips or baked potato. Product development is an ongoing process and new menu items will be introduced on an ongoing basis. In a significant move we increased our burger patty weight from 140 grams to 160 grams with no commensurate price increase, thereby offering our customers better value.

It is our group policy to deal with suppliers who are HACCP-compliant. The majority now conform, with the balance being in the process of accreditation. It is expected that our Central Kitchen plants in Johannesburg and Cape Town will also be fully HACCP-compliant in the near future.

A number of successful national food promotions were offered during the year. Spur Group managed to secure large quantities of products at substantial discounts, which enabled promotions to be competitively priced, thereby generating increased foot traffic through stores.

All food products supplied to Spur Group are clearly specified and branded in order to ensure that exacting quality standards are maintained from the manufacturer, through the cold chain delivery process, and ultimately to our customers.

THANKS

I wish to thank Mark Farrelly, Kevin Robertson, Stamatis Kapsimalis and their operational teams for the excellent work done in terms of the continuous interaction with franchisees, as well as ensuring that the highest standards are maintained throughout the group.

Pierre van Tonder MANAGING DIRECTOR

CORPORATE
GOVERNANCE
REPORT

The directors endorse the code of corporate practice and conduct contained in the second King report on Corporate Governance ("King II"). By supporting King II, the directors realise that high standards of corporate governance are necessary for the achievement of the goals of Spur Corporation. The directors acknowledge the importance of conducting the group's affairs with exactness, transparency and in accordance with good corporate practices. The board believes that the group complies in all material respects with King II, as well as the JSE Securities Exchange SA Listings requirements.

BOARD OF DIRECTORS

The board is a unitary body, comprising four non-executive directors and five executive directors. One of the non-executive directors, John Rabb, is considered independent. Keith Madders and Dean Hyde both provide consulting services to the group while Keith Getz provides legal services, they are therefore not classified as independent. Keith Madders' strategic consulting takes place on an ad hoc basis, whilst Dean Hyde provides professional services to the group on a contractual basis.

The non-executive directors bring with them diversity of experience, insight and independent judgement on issues of strategy, performance, resources and standards of conduct. Non-executive directors, with the exception of Dean Hyde, have no service contracts with the company. Directors retire by rotation at least once every three years, but can make themselves available for re-election by shareholders. In terms of the Articles of Association, Keith Madders, Allen Ambor, Phillip Joffe and Pierre van Tonder retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Billy Rule resigned in February 2005. Dean Hyde retired as financial director with effect from 1 January 2005. He continues serving on the board as a non-executive director. Ronel van Dijk was appointed as chief financial officer and company secretary in January 2005.

The board of directors delegates the day-to-day management of the business to the chief executive, Pierre van Tonder, assisted by the executive directors and senior management. As the executive board, they are responsible for ensuring that board decisions and strategies are implemented. The chairman, Allen Ambor and the chief executive, Pierre van Tonder, have clearly defined and separate roles.

The board is responsible for setting the direction of the company through the establishment of strategies, key policies and the approval of financial objectives and targets. There is a clear division of responsibilities at board level, ensuring a balance of power and authority, such that no one individual has unfettered powers of decision making. It is the group's philosophy to manage and control its business on a decentralised basis. The implementation of strategies and policies is monitored through a structured approach to reporting by senior management and the executive directors. The board further assumes responsibility for managing relationships with various stakeholders, and in particular our shareholders. The board has no controlling shareholder or group of shareholders and there is no shareholder representation on the board.

Formal directors' meetings take place at least twice a year. Directors are provided with comprehensive board packs, detailing the group's activities and results for the period as well as any pertinent issues to be considered and discussed at the meetings. The board papers and other relevant documentation are circulated to the directors well in advance, allowing them sufficient time to consider the issues on the agenda and to enable them to make informed decisions at board meetings. All the non-executive directors have access to management and to such information as is needed to carry out their duties and responsibilities comprehensively and effectively. They are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board and the chief executive. No directors availed themselves of this right during the year.

The executive directors and senior management meet with the non-executive directors on a regular and informal basis throughout the year. Details of the background and responsibilities of each of the directors and senior management can be found on pages 8, 9 and 10 of this report.

All directors have unrestricted access to the advice and services of the company secretary, Ronel van Dijk. The appointment and removal of the company secretary is a matter for the board and not executive management. The responsibilities of the company secretary include assistance to the chairman in co-ordinating and administering the operation of the board, the induction of new non-executive directors and ensuring the group complies with all statutory requirements.

Various committees have been established to assist the board in the discharge of its duties. Each committee has a predetermined charter and is accountable to the board. Details of each committee are provided below.

AUDIT COMMITTEE

The audit committee meets twice a year and comprises Keith Madders (Chairman), Dean Hyde and John Rabb, all three non-executive directors. Members of executive management are invited to attend the meetings. The external auditors present their report to the committee at each meeting and have unrestricted access to the chairman and other members of the committee.

The primary roles of the audit committee are to:
- assess the effectiveness of internal controls;
- ensure compliance with applicable legislation and the requirements of regulatory authorities;
- review and approve decisions taken on major accounting issues, accounting policies, reporting and disclosure;
- review and approve internal and external audit plans, reports and fees;
- consider internal and external audit findings; and
- ensure that management imposes no limitation on the scope of audits.

The audit committee has fulfilled its responsibilities under its charter for the year under review. The committee met twice during the reporting period and all members were present at both meetings. The audit committee has reviewed the financial results with management and agrees that the financial statements fairly present the results of operations for the year ended 30 June 2005 and the financial position as at that date in terms of Generally Accepted Accounting Practice and the South African Companies Act.

REMUNERATION COMMITTEE

The remuneration committee consists of the four non-executive directors, namely, Keith Madders, Keith Getz, Dean Hyde and John Rabb.

The committee establishes a formal and transparent procedure for developing a policy on executive remuneration, and fixing the remuneration packages of individual directors, within agreed terms of reference. The committee assesses and reviews remuneration policies, employee share incentive schemes, performance bonuses and service contracts.

The chief executive attends meetings at the invitation of the committee, but is not entitled to vote on any issues and does not participate in discussions regarding his own remuneration. The committee meets once a year.

Details of the directors' remuneration are disclosed in note 22 on page 45 of the annual report.

HUMAN RESOURCES PRODUCTIVITY COMMITTEE

The purpose of the human resources productivity committee is to develop and implement a competitive human resources strategy that will ensure that the company is able to attract, retain and develop the best possible talent to support superior business performance. The committee monitors and reports to the board of directors on the group's Employment Equity plan and compliance therewith. The committee consists of the executive board (with the exception of Allen Ambor) and Peter Wright and meets at least once a year.

NEW BUSINESS DEVELOPMENT COMMITTEE

The new business development committee provides a forum for debate and discussion on new business opportunities as well as the development of relevant recommendations to the board. The committee consists of the executive board, Ludwig Sistenich, Johan Erasmus, Duncan Werner, Ronel van Dijk and Ian McMahon and meets at least once a year.

RISK MANAGEMENT COMMITTEE

The risk management committee consists of Keith Madders (Chairman), Pierre van Tonder, Mark Farrelly, Dean Hyde, Keith Getz, John Rabb, Phillip Joffe and Ronel van Dijk. A formal meeting takes place at least once a year, whilst informal meetings of members of the committee take place on a regular basis throughout the year. The internal audit function is represented at the formal risk management committee meetings.

The purpose of the committee is to assist the board in discharging its responsibilities regarding risk management. The committee, together with the audit committee, oversees the internal audit function.

The committee is tasked with developing and formalising the risk management process, including to:
- identify major risk areas;
- review the risk management process;
- assess the risk appetite of the group;
- assess business sustainability under normal as well as adverse conditions;
- consider the reliability of the accounting records;
- review compliance with applicable laws, regulations and supervisory requirements; and
- review the basis and adequacy of insurance cover.

The risk management committee, together with the internal audit function, provides assurance to the board of directors that information presented to them is accurate, complete and reliable. The internal audit function reports directly to the audit committee.

NOMINATIONS COMMITTEE

The nominations committee is charged with the responsibility of nominating suitable candidates to the board. The committee also advises on the composition of the board, the balance between executive and non-executive directors and succession planning, particularly in relation to the chief executive and senior management.

The committee consists of Keith Madders, Keith Getz, Dean Hyde and John Rabb.

CODE OF ETHICS

Spur has adopted a code of ethics, whereby all employees are required to maintain high ethical standards in ensuring that the group conducts its business both internally and externally in a proper and professional manner.

The principles to which each individual subscribes in accepting the code are:
- integrity;
- honesty and good faith;
- impartiality;
- transparency and openness; and
- accountability and responsibility.

The code of ethics ensures that all directors and employees of the group conduct themselves with the highest moral and ethical standards to ensure honesty and integrity in all their dealings with colleagues, shareholders, customers, suppliers and the broader community.

CORPORATE
SOCIAL VISION

EMPLOYMENT EQUITY

The group continues to place high importance on all aspects of the Employment Equity Act and is committed to achieving demographic representation in its workforce. Programs are in place to ensure there are equal opportunities for all employees. The Employment Equity policies and targets have been developed in close consultation with Spur's Human Resources Productivity Committee and are tailored to respond appropriately to the group's business and markets.

Of the total Spur workforce, 69% are designated individuals.

MALE

Occupational levels	African	Indian	Coloured	White	Total
Top management				5	5
Senior management			2	13	15
Professionally qualified and experienced specialists and middle-management	3	1	3	32	39
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3		4	3	10
Semi-skilled and discretionary decision making	3				3
Unskilled and defined decision making	10		4		14
Total permanent	19	1	13	53	86
Non-permanent			1		1
Total	19	1	14	53	87

FEMALE

Occupational levels	African	Indian	Coloured	White	Total
Top management				1	1
Senior management			1	11	12
Professionally qualified and experienced specialists and middle-management			2	7	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	1	15	31	51
Semi-skilled and discretionary decision making	3				3
Unskilled and defined decision making	10				10
Total permanent	17	1	18	50	86
Non-permanent					
Total	17	1	18	50	86

HUMAN RESOURCES

Our human resources department provides flexible, adaptable processes, specifically designed to manage the needs of our staff and customers in each department and region.

Human resources provide a decentralised, supportive and consultative service to all department heads. Allowance is made for a certain amount of individual flair, creativity and innovation in assisting people to become proud and efficient individuals.

We are committed to removing barriers for previously disadvantaged employees and giving them access to better positions through training.

TRAINING

During the past year 1 627 delegates attended various training courses provided and facilitated by Spur Corporation training personnel. This is more than double the number of attendees in the previous year. A wide range of training courses is offered to franchisees and their staff at our training centres in Cape Town, Johannesburg and Pietermaritzburg. These courses encompass all aspects of our business. Examples of courses offered are:

- Management Procedures
- Basic Training for New Owners/Management
- Workplace Skills Workshop
- Fire and Safety Training
- Back to Basics
- Labour Workshop

Our training video project continued during the year with a further six videos being distributed. Franchisee staff members receive enormous benefits from this method of in-house training, resulting in improved levels of service, hygiene and general operations.

SKILLS DEVELOPMENT

Financial assistance is provided and employees are encouraged to develop skills by attending courses and part-time studies at universities, technikons or private colleges. Several of our employees are currently working on various degrees, diplomas and courses through a number of independent institutions.

Employees are encouraged to attend outside seminars and training courses to further develop the skills required in the day-to-day execution of their duties.

The group operates its own in-house training facilities, which conduct training and skills development courses for franchisees. Group employees also benefit by attending some of the courses provided.

INCENTIVE SCHEME

In terms of the share incentive scheme that commenced in 1999, management became entitled to a portion of the shares on 30 June 2004. The final tranche of shares will become available to eligible employees on 30 June 2006.

A new management share incentive scheme was introduced in December 2004. The purpose of the scheme was to provide management with an opportunity to participate in the growth of Spur, and assist the group in retaining directors and management of the highest calibre. A maximum of 9 763 283 Spur Corporation shares, representing 10% of the company's current issued share capital, have been made available for the scheme from the existing share capital of the company. Two-thirds of the shares will vest in December 2009, with participants being entitled to the balance in December 2010.

A direct incentive bonus scheme for all employees other than directors, based on group and individual performance, is currently in operation.

CORPORATE SOCIAL INVESTMENT

Spur is passionately committed to programs and initiatives that support the upliftment of the community at large.

The executive board approves the annual corporate social investment budget and appropriate projects recommended by our marketing department and Human Resources Productivity Committee, who share the responsibility for implementation of the approved projects. The board gives preference to charities, organisations and events that support previously disadvantaged communities, focusing on children and family.

During the year under review, we participated in the following projects and social initiatives:

- We again contributed financially to Tikkun, an organisation that focuses on the upliftment of disadvantaged people in South Africa. Tikkun's programs are vehicles for reaching out to the surrounding populations, identifying needs and assisting in ways that can help make a lasting difference in the lives of individuals and the well-being of communities.

- We continued our AIDS Awareness Campaign which we embarked on in 2003. Our work during the current year included the distribution of videos and free condoms, as well as in-store AIDS workshops. The aim of these initiatives is to educate franchisees and their staff and to equip them with the necessary knowledge to curb the spread of HIV/AIDS.

- The group has continued its sponsorship of the popular Blisters for Bread fundraising walk, to raise money for feeding primary school children in the Western Cape, an event organised by the Peninsula School Feeding Association.

- Spur Soccer "Masidlale" is a national series of one-day, fun-filled, learning, interactive events for children from all walks of life. It uses soccer as a vehicle to engage children aged 10 to 13 and teach them basic lifeskills, self-confidence and at the same time, soccer skills in a fun environment.

- We made various general monthly donations to organisations such as the SPCA, the Society for the Blind, Boys' Town and SOS Children's Village.

GROUP CASH VALUE ADDED STATEMENT

for the year ended 30 June

	2005 R'000	2004 R'000
Cash derived from revenue	195 316	176 577
Paid to suppliers for materials and services	100 390	73 259
Cash value added	94 926	103 318
Interest received	4 823	5 137
Total wealth created	99 749	108 455
Distributed as follows:		
Employees	33 842	26 673
Providers of capital		
- Distributions to shareholders	35 179	25 821
- Shares repurchased	28 881	882
	64 060	26 703
Monetary exchanges with government		
- Taxation on profit	13 892	12 421
- PAYE	10 086	6 858
- VAT	12 314	10 472
- RSC levies	278	239
	36 570	29 990
(Utilised)/retained to develop future growth	(34 723)	25 089
Total wealth distributed	99 749	108 455

Cash value added is a measurement of the wealth that the group has created in its operations, by adding value to the cost of its raw materials and services purchased. The statement above shows how that wealth was created, and also how it was shared between employees and the providers of funds to the group. The statement takes into account the amounts retained and reinvested in the group for the replacement of assets and the development of future operations.

GROUP SEGMENT REPORT

at 30 June

BUSINESS SEGMENT DATA

	2005 R'000	%	2004 R'000	%
REVENUE				
Wholesale and distribution	107 449	53.6	101 354	56.0
Franchise - Spur	83 501	41.6	72 705	40.1
Franchise - Panarottis	8 054	4.0	6 985	3.9
Franchise - John Dory's	1 628	0.8	-	0.0
Group revenue	200 632	100.0	181 044	100.0
TOTAL ASSETS (excluding taxation)				
Wholesale and distribution	41 335	25.7	31 645	18.7
Franchise	100 429	62.3	125 854	74.5
Other	19 361	12.0	11 425	6.8
Group assets	161 125	100.0	168 924	100.0
PROFIT BEFORE TAXATION				
Wholesale and distribution	22 246	31.8	18 364	31.2
Franchise - Spur	42 981	61.5	36 675	62.2
Franchise - Panarottis	4 375	6.3	3 897	6.6
Franchise - John Dory's	296	0.4	-	0.0
Group profit before taxation*	69 898	100.0	58 936	100.0
TOTAL LIABILITIES (excluding taxation)				
Wholesale and distribution	3 576	13.3	5 245	22.4
Franchise	11 536	43.0	5 170	22.1
Other	11 720	43.7	12 996	55.5
Group liabilities	26 832	100.0	23 411	100.0

* Excludes headline earnings adjustments and foreign exchange gain/loss.

GEOGRAPHICAL SEGMENT DATA (EXCLUDING CASH)

	South Africa R'000	Other African Countries R'000	International R'000	Total R'000
2005				
Group revenue	195 306	2 550	2 776	200 632
Group assets	99 467	920	19 101	119 488
2004				
Group revenue	173 352	2 962	4 730	181 044
Group assets	73 924	1 334	16 994	92 252

6 YEAR REVIEW

	Footnote	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000	2000 R'000
Income statement							
Revenue		200 632	181 044	156 139	138 024	127 536	126 014
Operating profit	1	68 531	50 201	36 455	44 375	39 562	37 945
Net finance income/(expense)		4 823	4 778	4 688	2 707	1 571	(1 488)
Profit before taxation		73 354	54 979	41 143	47 082	41 133	36 457
Headline earnings	2	51 084	37 223	27 400	36 811	31 432	27 086
Balance sheet							
Property, plant and equipment		26 231	9 086	6 769	7 253	7 268	9 437
Cash and cash equivalents		41 637	76 672	53 417	33 680	18 462	20 077
Bank overdraft		1 934	2 622	3 073	9 148	1 653	-
Cashflow statement							
Net cash flows from operating activities		17 284	26 919	29 025	25 167	10 617	24 744
Share statistics							
Weighted average number of shares (000's)	2	90 783	93 729	94 643	93 822	90 354	83 105
Earnings per share (cents)	2	57.19	39.67	29.23	39.23	34.79	32.60
Headline earnings per share (cents)	2	56.27	39.72	28.95	39.23	34.79	32.60
Cashflow earnings per share (cents)	3	64.32	52.59	51.00	38.52	41.09	43.80
Operating cashflow per share (cents)	4	19.04	28.72	30.67	26.82	11.75	29.78
Net asset value per share (cents)	5	141.60	148.30	136.47	130.55	118.03	101.74
Distribution per share (cents)	6	40.0	30.0	23.50	20.50	17.50	16.50
Distribution cover (times)	6	1.4	1.3	1.2	1.9	2.0	2.0

	Footnote	2005	2004	2003	2002	2001	2000
Stock exchange performance							
Number of shares in issue (000's)		97 633	97 633	97 633	97 633	90 875	90 875
Number of shares traded (000's)		31 476	34 611	19 690	38 915	34 037	19 863
Value of shares traded (R'000)		170 121	155 018	63 000	110 000	77 000	45 000
Percentage of issued shares traded (%)		32.24	35.45	20.17	39.86	37.45	21.86
Market price per share (cents)							
- close		650	500	330	270	220	208
- high		650	515	340	320	250	275
- low		431	330	265	214	180	200
Headline earnings per share yield (%)	7	8.89	7.94	8.77	14.53	15.81	15.97
Distribution yield (%)	8	6.32	6.00	7.12	7.59	7.95	7.93
Price earnings ratio		13.92	12.59	11.40	6.88	6.32	6.38
Market capitalisation (R'000)		618 016	488 165	322 189	263 609	199 925	189 020
Business performance							
Operating profit margin (%)	9	32.47	29.92	29.35	27.33	30.79	28.47
Return on equity (%)	10	38.94	29.68	27.27	23.00	29.33	27.06
Return on assets (%)	11	29.69	24.08	23.13	18.55	22.94	20.03
Liquidity ratio	12	2.22	3.28	3.27	2.17	2.10	1.78

Footnotes:

1 Includes loss/income from associate companies.

2 Refer to note 18 of the annual financial statements on page 44.

3 Operating profit before working capital changes plus net interest received/(paid) less taxation paid divided by the weighted average number of shares in issue.

4 Net cash flows from operating activities divided by the weighted average number of shares in issue.

5 Net asset value divided by the number of shares in issue.

6 Interim and final distribution for the year to which it relates.

7 Headline earnings per share divided by the closing share price.

8 Distribution per share divided by the closing share price.

9 Operating profit before headline earnings adjustments and foreign exchange gain/loss divided by turnover.

10 Profit for the year before headline earnings adjustments and foreign exchange gain/loss divided by capital and reserves.

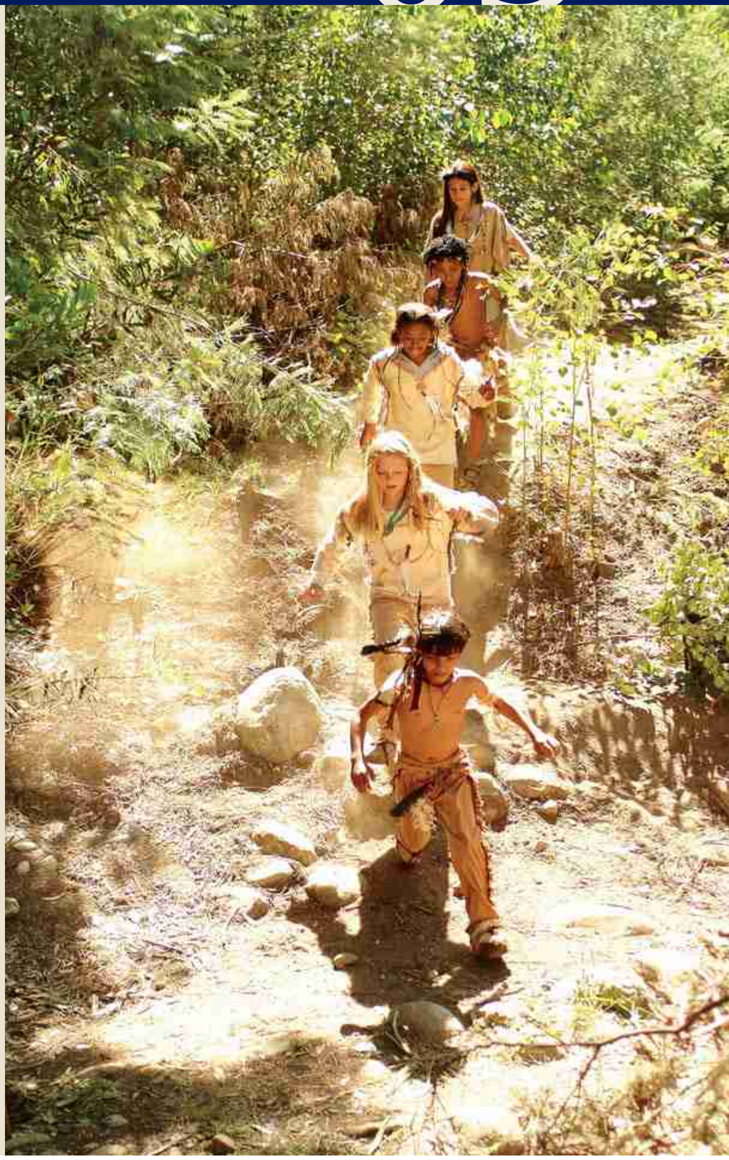
11 Profit for the year before headline earnings adjustments and foreign exchange gain/loss divided by total assets.

12 Current assets divided by current liabilities.

Financial

STATEMENTS

2005



CONTENTS

DIRECTORS' APPROVAL

The directors are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this annual report.

In order for the board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The board has ultimate responsibility for the system of internal control and reviews its operation primarily through the Audit Committee and various other risk-monitoring committees. The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the group's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system, operating within strict deadlines and an appropriate control framework.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa and incorporate disclosure in line with the accounting philosophy of the group. They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The directors believe that the group will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the group annual financial statements.

The external auditors are responsible for reporting on the financial statements.

The annual financial statements and group annual financial statements of Spur Corporation Limited, set out on page 20 and pages 27 to 55, were approved by the Board of Directors on 10 October 2005 and are signed on its behalf by:

Allen Ambor Executive Chairman

Pierre van Tonder Managing Director

Declaration by Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G(d), of the Companies Act, 1973, that for the year ended 30 June 2005, Spur Corporation Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Ronel Van Dijk
Secretary
10 October 2005

REPORT OF THE INDEPENDENT AUDITORS

To the members of
SPUR CORPORATION LIMITED

We have audited the annual financial statements and the group annual financial statements of Spur Corporation Limited set out on page 20 and pages 27 to 55, for the year ended 30 June 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with statements of International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group at 30 June 2005 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

KPMG Inc

KPMG Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Cape Town
10 October 2005

DIRECTORS' REPORT

The directors present their sixth annual report, which forms part of the audited financial statements of the company and of the group for the year ended 30 June 2005.

NATURE OF THE BUSINESS

Spur Corporation Limited is a holding company. Through its subsidiaries, primarily Spur Group (Pty) Ltd and Spur International Limited, the group carries on the business of franchisor in the family sit-down restaurant market. Through subsidiaries, Spur Advertising (Pty) Ltd and Panarottis Advertising (Pty) Ltd, the group provides marketing and promotional services to franchisees.

FINANCIAL REVIEW

Turnover advanced by 11% to R200.6 million (2004: R181.0 million). This includes the impact of the decrease in wholesale and distribution sales that resulted from the decision taken during the year to outsource the national distribution of our central kitchen products.

Operating profit, including income from associate companies, and a foreign exchange gain of R2.5 million, increased by 37% to R68.5 million. Headline earnings of R51.1 million (2004: R37.2 million) increased by 37%, while headline earnings per share of 56.3 cents were 42% ahead of 2004 (2004: 39.7 cents).

SHARE CAPITAL

The number of authorised shares has remained at 201 000 000 ordinary shares of 0.001 cents each, for the year ended 30 June 2005.

The movement in the number of issued shares, net of shares repurchased by wholly-owned subsidiary companies during the year, was as follows:

	Ordinary shares
1 July 2004	93 465 507
Repurchased during the year by wholly-owned subsidiary companies	(5 310 000)
30 June 2005	88 155 507

INTEREST IN SUBSIDIARY COMPANIES

Details of the share capital and the company's interest in the subsidiary companies are as follows:

	Country of Incorporation	Issued capital R'000	Loans to subsidiary companies R'000	Interest %
Trading				
- Spur International Ltd*	British Virgin Islands	0.1	-	100
- Spur Group (Pty) Ltd	South Africa	0.1	160 821	100
- Spur Advertising (Pty) Ltd*	South Africa	0.1	-	100
- Panarottis Advertising (Pty) Ltd*	South Africa	0.1	-	100
- Share Buy-Back (Pty) Ltd	South Africa	0.1	-	100
- Spur Group Properties (Pty) Ltd	South Africa	0.1	3 266	100
- John Dory’s Franchise (Pty) Ltd*	South Africa	0.1	-	60
- John Dory’s Advertising (Pty) Ltd*	South Africa	0.1	-	100
- Vantini Spur Ltd*	Gibraltar	0.1	-	100
- Spur Steak Ranches International BV*	The Netherlands	0.1	-	100
- Spur Steak Ranches Unit Trust*	Australia	0.1	-	100
Dormant		0.8	-	100

* Indirect

The interest of the company in the aggregate profits and losses after tax of subsidiaries is as follows:

	2005 R’000	2004 R’000
Profits	52 196	37 290
Losses	(246)	(169)

DISTRIBUTIONS

A final distribution, in respect of the 2004 financial year, of 16.0 cents per share, by way of a reduction of share premium, was paid to shareholders on 8 October 2004.

An interim distribution of 20.0 cents per share, by way of a reduction of share premium, was paid to shareholders on 11 April 2005.

The directors have approved a final distribution of 20.0 cents per share, by way of a reduction of share premium, to be paid in cash on 10 October 2005.

SPECIAL RESOLUTIONS

On 25 November 2004, at the company’s annual general meeting, a special resolution was passed in terms of which:

- the directors were granted the authority to contract the company, or one of its wholly-owned subsidiaries, to acquire shares in the company issued by it, should the company comply with the relevant statutes and authorities applicable thereto.

Full details of the special resolution passed will be made available to shareholders on request.

MATERIAL CHANGES

Save as disclosed herein, no material changes in the financial or trading position of the company or its subsidiaries have taken place to the date of this report.

DIRECTORS AND SECRETARY

The directors as at the date of this report, together with the name, business and postal address of the company secretary, are set out on pages 8, 9 and 59. The secretary, Ronel van Dijk, has certified that the company has lodged with the Registrar of Companies all such returns as required by a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

In terms of the company’s Articles of Association, Keith Madders, Allen Ambor, Phillip Joffe and Pierre van Tonder retire at the forthcoming annual general meeting. These gentlemen, all being eligible, offer themselves for re-election. Service agreements with the directors of Spur Corporation at the date hereof do not impose any abnormal notice periods on the company.

Shareholders will be asked to confirm these re-appointments at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

No contracts in which directors or officers of the company or group had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries, were entered into during the year.

Shares
Details of directors' beneficial direct and indirect interests in the ordinary shares are as follows:

	2005 No. of shares	%*	2004 No. of shares	%*
Allen Ambor	3 901 294		8 401 294	9.0
Pierre van Tonder	2 040 790		800 000	
Dean Hyde	640 801		640 801	
Mark Farrelly	1 363 031		426 586	
Kevin Robertson	1 090 680		341 524	
Keith Getz	2 491		2 491	
Phillip Joffe	375 000		150 156	
Keith Madders	1 112 022		1 112 022	
John Rabb	60 000		60 000	
Total	10 586 109	12.0	11 934 874	12.8

During the period from year end (30 June 2005) to the date of this annual report, the following directors reduced their interest in Spur Corporation shares:

	No. of shares sold
Pierre Van Tonder	500 000
Dean Hyde	75 000
Phillip Joffe	12 500

Options
Details of share options held by non-executive directors are as follows:

	2005 No. of options	2004 No. of options
Dean Hyde	300 000	-
Keith Getz	234 111	-
Keith Madders	280 934	-

*These percentages are based on shares in issue less shares repurchased by subsidiary companies.

SHAREHOLDERS' INTEREST IN SHARES

Major shareholders

The following are shareholders with the ten highest shareholdings in the issued share capital of the Company at 30 June 2005:

	No. of shares	%*
Maxshell 72 Investments (Pty) Ltd**	8 274 043	8.6
Allan Gray Balanced Fund	4 881 523	5.1
Allan Gray Equity Fund	4 881 311	5.1
Allan Gray Stable Fund	4 873 960	5.1
Nedbank Rainmaker Equity Fund	4 864 663	5.0
Allan Gray Domestic Balanced Portfolio	3 531 651	3.7
Momentum Life Assurers	3 507 596	3.6
Old Mutual Life Assurance Company SA	3 338 270	3.5
Old Mutual High Yield Opportunity Fund	3 155 341	3.3
Allen Ambor	2 399 924	2.5

* These percentages are based on shares in issue less shares repurchased by subsidiary companies, but include shares held by Maxshell 72 Investments (Pty) Ltd.
** This holding relates to shares held in terms of the Spur Management Share Incentive Scheme, details of which are disclosed in note 34 of this Annual Report.

Analysis of shareholding

An analysis of the spread of shareholding is presented below:

Shareholder spread	No. of shareholders	%	No. of shares	%
1 – 10 000 shares	1 108	76.3	3 050 574	3.1
10 001 – 25 000 shares	136	9.4	2 221 379	2.3
25 001 – 50 000 shares	70	4.8	2 584 126	2.6
50 001 – 100 000 shares	47	3.2	3 380 264	3.5
100 001 – 500 000 shares	61	4.2	14 792 750	15.2
500 001 – 1 000 000 shares	9	0.6	5 866 491	6.0
1 000 001 shares and over	22	1.5	65 737 249	67.3
	1 453	100.0	97 632 833	100.0

Distribution of shareholders	No. of shareholders	%	No. of shares	%
Individuals	1 107	76.2	15 449 608	15.8
Investment companies	6	0.4	1 163 320	1.2
Insurance companies	10	0.7	11 299 411	11.6
Mutual funds	52	3.6	41 591 963	42.6
Pension funds	42	2.9	10 216 181	10.5
Banks and nominees	145	10.0	5 120 771	5.2
Other corporate bodies	91	6.2	12 791 579	13.1
	1 453	100.0	97 632 833	100.0

COMPANY INFORMATION

The company's registration number and registered address are presented on page 59. Shareholders and members of the public are advised that the register of the interest of directors, executives, senior management and other shareholders in the shares of the company is available upon request from the Company Secretary.

PIERRE VAN TONDER
Managing Director

GROUP BALANCE SHEET

at 30 June

	Note	2005 R'000	2004 R'000
ASSETS			
Non-current assets		86 380	64 819
Property, plant and equipment	2	26 231	9 086
Intangibles	3	8 465	-
Interest in associate companies	4	6 629	4 120
Loans receivable	5	11 940	11 930
Deferred taxation	6	33 115	39 683
Current assets		77 332	106 084
Inventory	7	5 024	4 213
Trade and other receivables	8	26 664	21 216
Loans receivable		1 420	2 004
Cash and cash equivalents	33	41 637	76 672
Taxation		2 587	1 979
Total assets		163 712	170 903
EQUITY AND LIABILITIES			
Capital and reserves		124 825	138 607
Ordinary share capital	9	1	1
Share premium (net of treasury shares)		119 265	183 294
Accumulated profit/(deficit)	10	5 559	(44 688)
Outside shareholders' interest	11	4 124	-
Current liabilities		34 763	32 296
Trade and other payables	12	19 565	14 322
Loans payable		996	6 223
Shareholders for distribution		213	244
Bank overdraft	33	1 934	2 622
Taxation		12 055	8 885
Total equity and liabilities		163 712	170 903

GROUP INCOME STATEMENT

for the year ended 30 June

	Note	2005 R'000	2004 R'000
Revenue	13	200 632	181 044
Cost of sales		(75 846)	(72 943)
Gross profit		124 786	108 101
Other operating income	14	6 876	6 626
Operating expenses		(63 051)	(64 997)
Profit from operations	15	68 611	49 730
(Loss)/income from associate companies	4	(80)	471
Finance income	16	5 076	5 137
Finance expense	16	(253)	(359)
Profit before taxation		73 354	54 979
Taxation	17	(21 348)	(17 801)
Profit after taxation		52 006	37 178
Earnings attributable to outside shareholders		(84)	-
Earnings attributable to ordinary shareholders		51 922	37 178
Shares			
- In issue (000's)*	9	88 156	93 466
- Weighted average (000's)	18	90 783	93 729
- Earnings per share (cents)		57.19	39.67
- Headline earnings per share (cents)		56.27	39.72
- Diluted earnings per share (cents)		57.04	39.67
- Diluted headline earnings per share (cents)		56.12	39.72
- Distributions per share (cents) (Including proposed October 2005 distribution)		40.00	30.00
- Distribution cover		1.40	1.30

*Shares in issue less shares repurchased by subsidiary companies.

Statement of Changes in

GROUP EQUITY

for the year ended 30 June

	Note	Number of shares (net of treasury shares)	Share capital	Share premium	Shares repurchased by subsidiary companies	Accumulated (deficit)/profit	Total
		000's	R'000	R'000	R'000	R'000	R'000
Balance at 1 July 2003		93 929	1	218 802	(8 753)	(81 866)	128 184
Profit for the year						37 178	37 178
Distributions	19			(25 873)			(25 873)
Shares repurchased		(463)			(882)		(882)
Balance at 30 June 2004		93 466	1	192 929	(9 635)	(44 688)	138 607
Profit for the year						51 922	51 922
Taxation charged directly to equity						(1 675)	(1 675)
Distributions	19			(35 148)			(35 148)
Shares repurchased		(5 310)			(28 881)		(28 881)
Balance at 30 June 2005		88 156	1	157 781	(38 516)	5 559	124 825

GROUP CASHFLOW Statement

for the year ended 30 June

	Note	2005 R'000	2004 R'000
Net cash flows from operating activities			
Operating profit before working capital changes	27	67 461	56 937
Working capital changes	28	(5 929)	3 446
Cash generated by operations		61 532	60 383
Interest received	16	5 076	5 137
Interest paid	16	(253)	(359)
Taxation paid	29	(13 892)	(12 421)
Distributions paid	30	(35 179)	(25 821)
		17 284	26 919
Net cash effects from investing activities			
Purchase of property, plant and equipment		(21 769)	(4 142)
Proceeds from disposal of property, plant and equipment		3 069	-
(Increase)/decrease in interest in associate companies and loans receivable		(50)	2 935
Increase in outside shareholders' interest		124	-
Acquisition of subsidiary	31	(4 500)	-
Proceeds from disposal of company stores	32	-	259
		(23 126)	(948)
Net cash effects from financing activities			
Shares repurchased		(28 881)	(882)
		(28 881)	(882)
Net movement in cash and cash equivalents		(34 723)	25 089
Adjustment for foreign exchange fluctuations		376	(1 383)
Cash and cash equivalents at beginning of year		74 050	50 344
Cash and cash equivalents at end of year	33	39 703	74 050

Notes to the

FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis except for financial instruments which are carried at fair value. The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act. The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

1.1 BASIS OF CONSOLIDATION

1.1.1 Investments in subsidiaries
Subsidiaries are those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

The group financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective dates of acquisition and to the effective dates of disposal. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the group.

1.1.2 Investments in associates
An associate is an enterprise over whose financial and operating policies the group has the ability to exercise significant influence and which is neither a subsidiary nor a joint venture of the group.

The equity method of accounting for associates is adopted in the group financial statements. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective date on which the enterprise became an associate up to the effective date of disposal.

The share of associated retained earnings is generally determined from the associate’s latest audited financial statements but, in some instances, unaudited interim results are used. Dividends received from associates are included in the income from investments.

Where the group’s share of losses of an associate exceeds the carrying amount of the investment in the associate, the associate is carried at nil. Additional losses are only recognised to the extent that the group has incurred obligations or made payments on behalf of the associate.

1.1.3 Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the group financial statements. Unrealised gains arising from transactions with associated entities are eliminated to the extent of the group’s interest in the enterprises. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associates. Unrealised losses on transactions with associates are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses and is depreciated on the straight-line basis over its expected useful life at the following rates:

Furniture and fittings	15 %
Plant, equipment and vehicles	20 %
Computer equipment	33 %
Computer software	50 %
Buildings	5 %

Land is not depreciated.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Surpluses/(deficits) on the disposal of property, plant and equipment are credited/(charged) to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

1.3 INTANGIBLES

All business combinations are accounted for by applying the purchase method. Intangibles represent amounts arising on acquisition of subsidiaries, and are the difference between the cost of the acquisition and the fair value of the identifiable assets and liabilities acquired. Intangibles are stated at cost less any accumulated impairment losses.

1.4 IMPAIRMENT

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing the value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

1.5 INVENTORY

Inventory is stated at the lower of cost, determined on the first-in-first out basis, and net realisable value. Cost of manufactured goods includes direct material costs together with appropriate allocations of labour and overheads. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

1.6 LEASES

1.6.1 Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Finance leases are recognised as assets and liabilities at amounts equal, at the inception of the lease, to the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease when it is practicable to determine; otherwise the group's incremental borrowing rate is used. Initial direct costs incurred are included as part of the cost of the asset. Lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A finance lease gives rise to a depreciation expense for the asset as well as finance expenses for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

1.6.2 Operating leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

1.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

1.8 TAXATION

Current tax comprises tax payable, calculated on the basis of the expected taxable income for the year, using the tax rates substantively enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.9 TREASURY SHARES

Shares in the company, held by group entities, are classified as treasury shares. These shares are treated as a deduction from the weighted average number of shares and the cost price of the shares is deducted from equity in the statement of changes in equity. Capital distributions on treasury shares are eliminated against share premium.

1.10 FOREIGN CURRENCIES

1.10.1 Foreign currency transactions
Foreign currency transactions are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation are credited to or charged against income.

1.10.2 Integrated foreign operations
Where the operations of a foreign company are integral to the operations of the company, the translation principles are applied as if the transactions of the foreign operation had been those of the company, i.e. foreign currency monetary items are translated using the closing rate, and non-monetary items are translated using the historical rate as at the date when the transactions occurred. Income and expenditure are translated at the monthly weighted average rate of exchange for the year. Resulting exchange differences are recognised in the income statement.

1.11 FINANCIAL INSTRUMENTS

1.11.1 Measurement
Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Investments
Investments classified as held-for-trading or available-for-sale financial assets are carried at fair value. Where a market value is readily available, the market value is deemed a reliable measure of the fair value. Where the fair value cannot be reliably determined, the assets are shown at cost less accumulated impairment losses.

Investments that meet the criteria for classification as held-to-maturity financial assets are carried at amortised cost.

Trade and other receivables (including loans)
Trade and other receivables (including loans) originated by the group are stated at cost less provision for doubtful debts or impairment losses as appropriate.

Cash and cash equivalents
Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Financial liabilities designated as held-for-trading are recognised at fair value.

Derivative instruments
Derivative instruments are measured at fair value.

1.11.2 Gains and losses on subsequent measurement
Gains and losses arising from a change in the fair value of financial instruments, that are not part of a hedging relationship, are included in income in the period in which the change arises. Gains and losses on available-for-sale financial assets are recognised directly in equity.

Gains and losses from remeasuring the hedging instruments relating to a cash flow hedge to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of an asset or a liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

1.11.3 Offset
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.12 REVENUE

Revenue comprises franchise related fees and proceeds from the sale of supplies and promotional items. All revenue is stated exclusive of value added taxation and net of transactions with group companies.

Sales are recognised when significant risks and rewards of ownership are transferred to the buyer, costs can be measured reliably and receipt of the future economic benefits is probable.

Franchise fees are recognised on the accrual basis as the services are rendered or the rights used in accordance with the substance of the related franchise agreements.

1.13 INVESTMENT INCOME

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the group. Dividends are recognised when the right to receive payment is established.

1.14 RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense in the period in which they are incurred. Development costs are recognised similarly unless they meet the recognition criteria of an asset.

1.15 EMPLOYEE BENEFITS

1.15.1 Short term employee benefits
The costs of all short term employee benefits are recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current salary rates.

1.15.2 Long term employee benefits
The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows resulting from employees' services provided to the balance sheet date.

In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates, and the group's experience with staff turnover.

Liabilities for employee benefits which are not expected to be settled within 12 months are discounted using the market yields, at the balance sheet date, on high quality bonds with terms which most closely match the terms of maturity of the related liabilities.

1.15.3 Retirement benefits
The group contributes to a defined contribution fund. These contributions are charged against income as incurred.

1.16 PROVISIONS

A provision is recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

1.17 DISTRIBUTIONS TO SHAREHOLDERS

Distributions are recognised when declared.

1.18 SEGMENT REPORTING

The group is a franchisor, wholesaler and distributor of branded goods. On a primary segment basis, the group is organised into two major operating divisions:

- Wholesale and distribution; and
- Franchise

On a secondary segment basis, the geographical location of the group's operations have been identified.
The basis of segment reporting is representative of the internal structure used for management reporting.

Segment profit includes revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the group's balance sheet.

1.19 COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to accord with current classifications. Details of these reclassifications are included in note 20 on page 44.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Movement summary 2005

	Land and buildings R'000	Furniture and fittings R'000	Plant, equipment and vehicles R'000	Computer equipment R'000	Total R'000
COST					
Balance at 1 July 2004	6 222	2 469	3 348	3 904	15 943
Additions	14 027	402	4 964	2 410	21 803
Disposals	(2 340)	(218)	(74)	(51)	(2 683)
Balance at 30 June 2005	17 909	2 653	8 238	6 263	35 063
ACCUMULATED DEPRECIATION					
Balance at 1 July 2004	(816)	(1 145)	(1 890)	(3 006)	(6 857)
Disposals	525	22	49	-	596
Depreciation	(545)	(389)	(883)	(754)	(2 571)
Balance at 30 June 2005	(836)	(1 512)	(2 724)	(3 760)	(8 832)
NET BOOK VALUE					
Balance at 1 July 2004	5 406	1 324	1 458	898	9 086
Additions	14 027	402	4 964	2 410	21 803
Disposals	(1 815)	(196)	(25)	(51)	(2 087)
Depreciation	(545)	(389)	(883)	(754)	(2 571)
Balance at 30 June 2005	17 073	1 141	5 514	2 503	26 231

2.2 Movement summary 2004

	Land and buildings R'000	Furniture and fittings R'000	Plant, equipment and vehicles R'000	Computer equipment R'000	Total R'000
COST					
Balance at 1 July 2003	4 040	2 309	2 882	3 199	12 430
Additions	2 182	160	1 095	705	4 142
Disposals	-	-	(629)	-	(629)
Balance at 30 June 2004	6 222	2 469	3 348	3 904	15 943
ACCUMULATED DEPRECIATION					
Balance at 1 July 2003	(649)	(781)	(1 893)	(2 338)	(5 661)
Disposals	-	-	519	-	519
Depreciation	(167)	(364)	(516)	(668)	(1 715)
Balance at 30 June 2004	(816)	(1 145)	(1 890)	(3 006)	(6 857)
NET BOOK VALUE					
Balance at 1 July 2003	3 391	1 528	989	861	6 769
Additions	2 182	160	1 095	705	4 142
Disposals	-	-	(110)	-	(110)
Depreciation	(167)	(364)	(516)	(668)	(1 715)
Balance at 30 June 2004	5 406	1 324	1 458	898	9 086

2.3 Land and buildings comprise:

	Carrying value 2005 R'000	Cost 2005 R'000	Carrying value 2004 R'000	Cost 2004 R'000
Portion 1 of stand 165, Chamdor Extension, District of Krugersdorp, Gauteng	-	-	1 264	1 590
Erf 20661, stand no.8, District of Milnerton, Cape Town	1 280	1 700	1 351	1 700
Sectional title units 7 & 8, Teakfield Park, Durban	-	-	609	750
Erf 864 Kosmosdal X11JR, Province of Gauteng	15 793	16 209	2 182	2 182
	17 073	17 909	5 406	6 222

3. INTANGIBLES

	2005 R'000	2004 R'000
Trademark acquired	8 465	-
	8 465	-

The trademark (John Dory's) is considered to have an indefinite useful life and is not amortised.

An annual impairment test was conducted using generally accepted valuation techniques, which supported the carrying value of the trademark.

4. INTEREST IN ASSOCIATE COMPANIES

	2005 R'000	2004 R'000
4.1 Carrying amount at beginning of year	458	486
Equity accounted (loss)/earnings of associate companies	(80)	471
Acquisition of associate	742	-
Sale of investment	(8)	(499)
Carrying amount at end of year	1 112	458
Consisting of:		
Unlisted shares at cost	749	15
Group's share of post acquisition reserves	363	443
	1 112	458
Loans to associate companies	5 517	3 662
	6 629	4 120

Loans to associate companies are unsecured, interest free and no fixed dates for repayment have been determined.

4.2 Analysis of interest in associate companies

	Effective holdings %	Cost of shares R'000	Loans in foreign currency '000	Foreign currency	Loans in Rands R'000	Share in post acquisition reserves R'000	Total R'000
Bathspur Holdings (Pty) Ltd (Australia)*	40.0	0.5	-	AUS$	-	-	0.5
Bathspur (Pty) Ltd (Australia)*	13.3	-	109	AUS$	557	-	557
Panhold (Pty) Ltd (Australia)*	40.0	2	166	AUS$	846	-	848
Pan Pen (Pty) Ltd (Australia)*	13.3	-	-		-	425	425
Spur Steak Ranches Unit Trust (Australia)*	50.0	4	926	AUS$	4 719	225	4 948
Kelseys Northwharf (Pty) Ltd	20.0	-	-		-	25	25
San Pablo (Pty) Ltd (Dormant)*	50.0	-	-		-	-	-
Pangara Holdings (Pty) Ltd (Australia)*	70.0	0.5	151	AUS$	770	-	770.5
Pangara (Pty) Ltd (Australia)*	23.3	-	-		-	-	-
Mohawk Spur Limited*	30.0	742	168	GBP	2 033	(312)	2 463
Smokey Mountain Trading 11 (Pty) Ltd	20.0	-	-	-	-	-	-
Impairment provision					(3 408)		(3 408)
		749			5 517	363	6 629

* Indirect

All associate companies operate as restaurants. All the above loans are denominated in the foreign currencies indicated above.

These loans are all uncovered and are converted into South African Rands at the ruling exchange rates as at 30 June 2005, as follows:

- AUS $1: R 5.099
- GBP £1: R12.073

5. LOANS RECEIVABLE

		2005 R'000	2004 R'000
5.1	Trinity Leisure		
	Amount outstanding at end of year	12 073	12 646
	Fair value adjustment	(1 219)	(1 413)
		10 854	11 233
	Current portion included in current assets	(940)	(1 276)
		9 914	9 957

The loan is denominated in Pounds Sterling and has been translated to South African Rands using an exchange rate of £1:R12.073. At end of year the uncovered amount outstanding, before any fair value adjustments, amounted to £1 000 000.

The loan is secured by shares in the borrower's business and is interest free up to 30 June 2008, whereafter it becomes interest bearing at a rate equal to the UK base rate plus 2 percentage points. The loan is repayable in monthly instalments of at least £10 000, payable on the last day of each month until the loan is repaid in full. The first repayment was received on 30 June 2004 with the last payment expected on 30 September 2013.

		2005 R'000	2004 R'000
5.2	Golden Spur Limited (Nairobi)	464	-

The loan is unsecured, bears no interest and no repayment date has been determined.

		2005 R'000	2004 R'000
5.3	Panarottis Advertising Marketing Fund	2 042	2 453
	Current portion included in current assets	(480)	(480)
		1 562	1 973
		11 940	11 930

The loan is unsecured, interest free and is repayable in monthly instalments of R40 000.

6. DEFERRED TAXATION

	2005 R'000	2004 R'000
Balance at 1 July	39 683	45 268
Charged to income statement	(5 250)	(5 585)
Charged to equity	(1 318)	-
Balance at 30 June	33 115	39 683

The deferred tax asset comprises:

	2005 R'000	2004 R'000
Trademark	32 555	39 290
Leave pay	375	443
Other	185	(50)
	33 115	39 683

7. INVENTORY

	2005 R'000	2004 R'000
Raw materials	547	418
Merchandising and packaging	1 813	2 925
Promotional and advertising	1 993	521
Finished goods	671	349
	5 024	4 213

8. TRADE AND OTHER RECEIVABLES

	2005 R'000	2004 R'000
Trade debtors	25 108	19 787
Prepayments	199	767
Staff loans	34	80
Other	1 323	582
	26 664	21 216

9. ORDINARY SHARE CAPITAL

	Number of shares 2005 '000	Number of shares 2004 '000	2005 R'000	2004 R'000
Authorised				
Ordinary shares of 0.001 cents each	201 000	201 000	2	2
Issued				
Ordinary shares of 0.001 cents each	97 633	97 633	1	1
Shares repurchased by subsidiary companies	(9 477)	(4 167)	-	-
	88 156	93 466	1	1

10. ACCUMULATED PROFIT/(DEFICIT)

	2005 R'000	2004 R'000
Accumulated profit/(deficit)		
- Holding company	(387)	(443)
- Subsidiary companies	5 583	(44 688)
- Associate companies	363	443
	5 559	(44 688)

11. OUTSIDE SHAREHOLDERS' INTEREST

	2005 R'000	2004 R'000
Loan from outside shareholders	4 040	-
Current year profit allocation	84	-
	4 124	-

The loan from outside shareholders is unsecured, bears no interest and no repayment date has been determlned.

12. TRADE AND OTHER PAYABLES

	2005 R'000	2004 R'000
Trade creditors	13 085	9 283
Accruals	3 195	1 691
Provision for leave pay	1 293	1 475
Other	1 992	1 873
	19 565	14 322

13. REVENUE

	2005 R'000	2004 R'000
Wholesale and distribution	107 449	101 354
Franchise	93 183	79 690
	200 632	181 044

14. OTHER OPERATING INCOME

	2005 R'000	2004 R'000
Advertising administration fee	6 876	6 626

15. PROFIT FROM OPERATIONS

The following items have been taken into account in determining profit from operations:

	2005 R'000	2004 R'000
Administration fees	142	110
Auditors' remuneration		
- Audit fees	580	276
- Other fees	284	75
Consulting fees	2 147	1 821
Depreciation		
- Buildings	545	167
- Furniture and fittings	389	364
- Plant, equipment and vehicles	883	516
- Computer equipment	754	668
Directors' emoluments (refer to note 22)	7 219	6 491
Fair value adjustment - loan receivable	-	1 413
Foreign exchange (gain)/loss	(2 473)	3 912
Impairment loss (loans to associate companies)	-	1 708
Loss on disposal of associate company	-	499
Operating lease charges	2 226	2 775
Pension expenses - defined contribution plan	3 431	3 162
Profit on disposal of company stores	-	(444)
Profit on sale of property, plant and equipment	(982)	-
Research costs	228	321
Reversal of impairment of taxation receivable	(1 267)	-

16. NET FINANCE INCOME

	2005 R'000	2004 R'000
Finance income	5 076	5 137
Finance expense	(253)	(359)
	4 823	4 778

17. TAXATION

			2005 R'000	2004 R'000
17.1	Normal taxation			
	Current	- current year	15 126	12 198
		- prior year	972	18
	Deferred	- current year	5 103	5 702
		- prior year	147	(117)
			21 348	17 801

		2005 %	2004 %
17.2	Reconciliation of rate of taxation		
	South African normal tax rate	29.0	30.0
	- Taxation losses utilised	(0.1)	(0.6)
	- Permanent differences	0.2	3.0
	Effective rate	29.1	32.4

18. EARNINGS AND HEADLINE EARNINGS PER SHARE

18.1 Earnings per share
The calculation of earnings per share is based on earnings of R51.922 million (2004: R37.178 million) and a weighted average number of 90 783 272 (2004: 93 728 683) ordinary shares in issue.

Reconciliation of the weighted average number of ordinary shares:	2005 000's	2004 000's
Shares in issue at beginning of year	97 633	97 633
Shares repurchased at beginning of year	(4 167)	(3 704)
Buy-back of shares (weighted average for the year)	(2 683)	(200)
	90 783	93 729

Reconciliation of diluted number of shares:	2005 000's	2004 000's
Weighted average number of shares	90 783	93 729
Dilutive effect of share options	245	-
	91 028	93 729

18.2 Headline earnings per share
The calculation of headline earnings per share is based on a weighted average number of 90 783 272 (2004: 93 728 683) ordinary shares in issue during the year. Headline earnings are calculated as follows:

Reconciliation between earnings:	2005 R'000	2004 R'000
Income attributable to ordinary shareholders	51 922	37 178
Profit on disposal of property, plant and equipment	(838)	-
Loss on disposal of associate company	-	499
Profit on disposal of company stores	-	(444)
	51 084	37 233

19. DISTRIBUTIONS

		2005 R'000	2004 R'000
Final	2004 - 16.0 cents (2003: 12.5 cents) per share	15 621	12 204
Interim	2005 - 20.0 cents (2004 : 14.0 cents) per share	19 527	13 669
		35 148	25 873

20. RESTATEMENT OF COMPARATIVES

An amount of R1.979 million has been reallocated from taxation, classified as current liabilities, to taxation classified as current assets in 2004. This reallocation was necessary in order to correctly show the group's taxation asset and liability at balance sheet date.

21. CAPITAL COMMITMENTS

The following capital commitments have been authorised and contracted for:	2005 R'000	2004 R'000
Completion of the upgrade of the Montague Gardens manufacturing facility to comply with HACCP requirements	-	974
Completion of development of new Spur Regional Office and manufacturing facility in Gauteng	-	13 878
	-	14 852
The following capital commitments have been authorised, but not contracted for:		
Purchase of land and development of new Head Office in Century City, Cape Town	16 500	-
Purchase of Regional Office in Durban	4 400	-
	20 900	-
Total capital commitments	20 900	14 852

The company will utilise its cash resources to finance the proposed capital expenditure.

22. DIRECTORS' EMOLUMENTS

The following emoluments were paid by a subsidiary company:

	Fees R'000	Cash remuneration R'000	Travel allowance R'000	Provident fund R'000	Medical aid R'000	Performance bonus R'000	2005 Total cost to company R'000	2004 Total cost to company R'000
Executive								
Allen Ambor	-	1 149	159	172	39	113	1 632	1 479
Pierre van Tonder	-	1 395	159	170	45	112	1 881	1 629
Mark Farrelly	-	819	122	123	44	82	1 190	1 060
Dean Hyde	-	531*	59	53	10	69	722	1 045
Kevin Robertson	-	640	122	96	44	65	967	829
Phillip Joffe	-	349	-	70	44	39	502	449
Total	-	4 883	621	684	226	480	6 894	6 491
Non-executive								
John Rabb	100	-	-	-	-	-	100	-
Keith Getz	100	-	-	-	-	-	100	-
Keith Madders	100	-	-	-	-	-	100	-
Dean Hyde (non-executive from 1 January 2005)	25	-	-	-	-	-	25	-
Billy Rule (resigned 1 February 2005)	-	-	-	-	-	-	-	-
Total	325	-	-	-	-	-	325	-
Total remuneration	325	4 883	621	684	226	480	7 219	6 491

* Includes leave pay paid on resignation of R93 631

The following number of shares and options have been allocated to directors in terms of the management incentive scheme (refer note 34):

	2005 000's
Shares	
Executive	
Allen Ambor	350
Pierre van Tonder	1 241
Mark Farrelly	936
Kevin Robertson	749
Phillip Joffe	300
Total shares allocated	3 576
Options	
Non-executive	
Keith Getz	234
Keith Madders	281
Dean Hyde	300
Total options granted	815
Total shares allocated and options granted	4 391

23. MARKETING FUNDS

In terms of signed franchise agreements, the group receives marketing contributions from franchisees, which are kept and accounted for in marketing funds. These funds are utilised for the procurement of marketing and advertising services for the benefit of the franchisees. During the year, the marketing funds received R56.1 million (2004: R49.3 million) in advertising contributions.

24. OPERATING LEASES

Future minimum lease payments under non-cancellable operating leases are as follows:

	2005 R'000	2004 R'000
Next year	1 286	3 399
Year two through to year five	1 762	3 067
	3 048	6 466

25. RELATED PARTY DISCLOSURES

25.1 Identity of related parties

The subsidiaries of the group are listed on page 28 and the associates on page 40. The directors are listed on pages 8 and 9.

25.2 Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group transacted with each other. These intra-group transactions have been eliminated on consolidation.

25.3 Directors

A number of the group's directors hold positions in other entities, where they may have significant influence over the financial or operating policies of these entities. The following are considered to be such entities:

Director	Entity	Position held in entity
Allen Ambor	The Ambor Family Trust	Trustee
	900 Bulk Property Investments CC	Member
	Yankee Products (Pty) Ltd	Shareholder
Pierre van Tonder	Sea Point Steakhouse (Pty) Ltd*	Shareholder
	Utah Steakhouse (Pty) Ltd*	Shareholder
	Malibu Steakhouse (Pty) Ltd*	Shareholder
Dean Hyde	Sea Point Steakhouse (Pty) Ltd*	Shareholder
	Utah Steakhouse (Pty) Ltd*	Shareholder
	Malibu Steakhouse (Pty) Ltd*	Shareholder
	Jude Way Trading CC	Member
Keith Getz	Bernadt Vukic Potash & Getz	Partner
Phillip Joffe	Claremont Steak Ranch (Pty) Ltd*	Shareholder
	Strand Steak Ranch (Pty) Ltd*	Shareholder
	900 Bulk Property Investments CC	Member

Transactions between the group and these entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

These transactions include:

i) A subsidiary company within the group has entered into property lease transactions with entities controlled by Allen Ambor. These transactions have been conducted on a market-related, arm's length basis. Rental paid to these entities totalled R1 170 861 in 2005 (R1 053 240 in 2004).

ii) A subsidiary company within the group has entered into a property lease transaction with an entity controlled by Allen Ambor and Phillip Joffe. This transaction has been conducted on a market-related, arm's length basis. Rental paid to this entity totalled R473 201 in 2005 (R886 579 in 2004).

iii) Jude Way Trading CC has provided consulting services to the group amounting to R264 895 in 2005 (R0 in 2004).

iv) Bernadt Vukic Potash & Getz serve as the group's principal legal counsel and have provided legal services on various matters in the ordinary course of business to the value of R1 209 716 in 2005 (R934 096 in 2004).

v) A subsidiary company within the group has entered into franchise agreements with entities in which Pierre van Tonder, Dean Hyde and Phillip Joffe have an interest.

*These entities are franchisees.

26. FINANCIAL INSTRUMENTS

26.1 Liquidity risk

The group has sufficient cash resources and credit facilities available to it to ensure that its liquidity requirements are met.

26.2 Credit risk

Credit risk arises from the possibility that franchisees may not be able to settle obligations to the group within the normal terms of trade. A further credit risk arises in respect of loans receivable. To manage this risk, the group periodically assesses the financial viability of the franchisees and loan debtors. The risk of counterparties defaulting is controlled by the application of credit approvals, limits and monitoring procedures. The maximum exposure to credit risk is represented by the carrying values of financial assets on the balance sheet.

26.3 Currency risk

The group incurs currency risk as a result of franchise fees received, purchases, sales and loans in foreign currencies. The currencies in which the group primarily deals are Pounds Sterling, Euros, US Dollars and Australian Dollars. To manage currency risk, the group periodically assesses exposure to foreign currencies and hedges transactions and/or balances where appropriate. Refer notes 4 and 5 for currency exposure relating to loans receivable.

26.4 Interest rate risk

The group generally adopts a policy of ensuring that its exposure to changes in the interest rates is on a floating rate basis.

26.5 Fair value of financial instruments

At the balance sheet date the carrying values of the group's financial instruments on the balance sheet approximate their fair value.

	0 - 1 year R'000	1 - 3 years R'000	> 3 years R'000	Total R'000
Assets				
Cash and cash equivalents	41 637	-	-	41 637
Trade and other receivables	26 664	-	-	26 664
Taxation receivable	2 587	-	-	2 587
Long-term loans receivable	-	4 017	13 440	17 457
Current loans receivable	1 420	-	-	1 420
Total financial assets	72 308	4 017	13 440	89 765
Liabilities				
Bank overdraft	1 934	-	-	1 934
Trade and other payables	19 565	-	-	19 565
Shareholders for distribution	213	-	-	213
Taxation payable	12 055	-	-	12 055
Loans payable	996	-	-	996
Outside shareholders' loan	-	-	4 040	4 040
Total financial liabilities	34 763	-	4 040	38 803
Net financial assets	37 545	4 017	9 400	50 962

27. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	2005 R'000	2004 R'000
Profit before taxation	73 354	54 979
Adjusted for:		
Depreciation	2 571	1 715
Loss/(income) from associate companies	80	(471)
Foreign exchange (gain)/loss	(2 473)	3 912
Loss on disposal of associate company	-	499
Profit on sale of company stores	-	(444)
Impairment loss	-	1 708
Movement in provisions	(182)	(183)
Profit on sale of property, plant and equipment	(982)	-
Outside shareholders' profit	(84)	-
Interest income	(5 076)	(5 137)
Interest expense	253	359
	67 461	56 937

28. WORKING CAPITAL CHANGES

	2005 R'000	2004 R'000
Increase in inventory	(811)	(193)
Increase in trade and other receivables	(5 316)	(4 467)
Increase in trade and other payables	5 425	1 828
Decrease in loans receivable	-	55
(Decrease)/increase in loans payable	(5 227)	6 223
	(5 929)	3 446

29. TAXATION PAID

	2005 R'000	2004 R'000
Taxation paid is reconciled to the amount disclosed in the income statement as follows:		
Amount payable at beginning of year	(6 906)	(7 111)
Amount charged to income statement	(21 348)	(17 801)
Current taxation charged directly to equity	(356)	-
Deferred taxation	5 250	5 585
Amount payable at end of year	9 468	6 906
	(13 892)	(12 421)

30. DISTRIBUTIONS PAID

	2005 R'000	2004 R'000
Distributions paid are reconciled to the amount disclosed as follows:		
Amount unpaid at beginning of year	(244)	(192)
Reduction in share premium	(35 148)	(25 873)
Amount unpaid at end of year	213	244
	(35 179)	(25 821)

31. ACQUISITION OF SUBSIDIARY

During the year the group acquired 60% of John Dory's Fish and Grill, a KwaZulu-Natal based franchise. The purchase was effective from 1 November 2004. The purchase consideration was R5.5 million, with R1 million deferred until a predetermined number of stores have been opened.

The fair values of the assets and liabilities acquired were as follows:

	2005 R'000
Property, plant and equipment	35
Intangibles	8 465
Total assets acquired	8 500
Deferred payment	(1 000)
Outside shareholders' interest	(3 000)
Purchase consideration	4 500
Cash acquired on acquisition	-
Net cash flow on acquisition	(4 500)

32. PROCEEDS FROM DISPOSAL OF COMPANY STORES

	2005 R'000	2004 R'000
Property, plant and equipment	-	110
Accounts receivable	-	34
Accounts payable	-	(329)
Net book value of stores disposed of	-	(185)
Profit from disposal of company stores	-	444
Proceeds on disposal of company stores	-	259

33. CASH AND CASH EQUIVALENTS

	2005 R'000	2004 R'000
Cash and cash equivalents	41 637	76 672
Bank overdraft	(1 934)	(2 622)
	39 703	74 050

34. SHARE INCENTIVE SCHEME

Spur Management Share Incentive Scheme (MIS)
The aggregate number of shares and share options to be utilised for the purposes of the MIS is 9 750 000 shares, which represents less than 10% of the aggregate of the company's issued share capital at December 2004. In terms of a general meeting on 15 December 2004, shareholders approved the utilisation of a maximum of 10% (9 763 283 shares) for purposes of the MIS.

Number of shares	2005 000's	2004 000's
Shares and share options available for allocation	9 750	-
Shares allocated and options granted		
Shares		
Balance at the beginning of the year	-	-
Allocated to participants	8 274	-
Balance at the end of the year	8 274	-
Options		
Balance at the beginning of the year	-	-
Granted to participants	815	-
Balance at the end of the year	815	-
Total shares allocated and options granted	9 089	-

In terms of International Financial Reporting Standard 2 (IFRS2) relating to share-based payments, the group will be obligated, commencing with its financial year ending 30 June 2006, to expense the cost of share options granted to employees through its income statement. Had IFRS2 been applicable in the current financial year, an amount of approximately R1.1 million would have been expensed through the income statement. Had the MIS been in effect for the full financial year, the amount expensed through the income statement would have been approximately R2.1 million.

Refer note 22 for directors' allocations in terms of the MIS.

COMPANY BALANCE SHEET at 30 June

	Note	2005 R'000	2004 R'000
ASSETS			
Non-current assets			
Interest in subsidiary companies	1	164 088	191 683
		164 088	191 683
Current assets			
Taxation		98	95
Cash and cash equivalents		1 425	953
		1 523	1 048
Total assets		165 611	192 731
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	2	1	1
Share premium		157 781	192 929
Accumulated deficit		(387)	(443)
		157 395	192 487
Non-current liabilities			
Loan payable	3	8 000	-
Current liabilities			
Shareholders for distribution		213	244
Trade and other payables		3	-
		216	244
Total equity and liabilities		165 611	192 731

COMPANY INCOME STATEMENT for the year ended 30 June

	2005 R'000	2004 R'000
Finance income	92	92
Operating expenses	(13)	(7)
Profit before taxation	79	85
Taxation	(23)	(28)
Net profit for the year	56	57

STATEMENT OF CHANGES IN COMPANY EQUITY

for the year ended 30 June

	Share capital R'000	Share premium R'000	Accumulated deficit R'000	Total R'000
Balance at 1 July 2003	1	218 802	(500)	218 303
Net profit for the year			57	57
Distributions		(25 873)		(25 873)
Balance at 30 June 2004	1	192 929	(443)	192 487
Net profit for the year			56	56
Distributions		(35 148)		(35 148)
Balance at 30 June 2005	1	157 781	(387)	157 395

Company CASHFLOW STATEMENT

for the year ended 30 June

	Note	2005 R'000	2004 R'000
Net cash flows from operating activities			
Operating expenses		(13)	(7)
Working capital changes	4	3	5
Interest received		92	92
Taxation paid	5	(26)	(56)
Distributions paid	6	(35 179)	(25 821)
		(35 123)	(25 787)
Net cash flows from investing activities			
Decrease in amounts due by subsidiary companies		27 595	25 670
		27 595	25 670
Net cash flows from financing activities			
Increase in loan from subsidiary company		8 000	-
		8 000	-
Net movement in cash and cash equivalents		472	(117)
Cash and cash equivalents at beginning of year		953	1 070
Cash and cash equivalents at end of year		1 425	953

1. INTEREST IN SUBSIDIARY COMPANIES

	2005 R'000	2004 R'000
Shares at cost less provisions and amounts written off	1	1
Loans to subsidiary companies	164 087	191 682
	164 088	191 683

Loans due from subsidiary companies are unsecured, interest free and no fixed dates of repayment have been determined.
Refer directors' report for details of subsidiary companies and loans.

2. SHARE CAPITAL

	2005 R'000	2004 R'000
Authorised		
201 000 000 ordinary shares of 0.001 cents each	2	2
Issued		
97 632 833 ordinary shares of 0.001 cents each	1	1

3. LOAN PAYABLE

	2005 R'000	2004 R'000
Loan from subsidiary company	8 000	-
	8 000	-

This loan from a subsidiary company is unsecured, bears no interest and no repayment date has been determined.

4. WORKING CAPITAL CHANGES

	2005 R'000	2004 R'000
Decrease in trade and other receivables	-	5
Increase in trade and other payables	3	-
	3	5

5. TAXATION PAID

	2005 R'000	2004 R'000
Taxation paid is reconciled to the amount disclosed in the income statement as follows:		
Amount receivable at beginning of year	95	67
Amount charged to income statement	(23)	(28)
Amount receivable at end of year	(98)	(95)
	(26)	(56)

6. DISTRIBUTIONS PAID

	2005 R'000	2004 R'000
Distributions paid are reconciled to the amount disclosed as follows:		
Amount payable at beginning of year	(244)	(192)
Reduction in share premium	(35 148)	(25 873)
Amount payable at end of year	213	244
	(35 179)	(25 821)

7. GUARANTEES

The company has provided guarantees to the value of R12.0 million (2004: R12.5 million) to financial institutions on behalf of its subsidiaries and associates.

Notice of ANNUAL GENERAL MEETING

Spur Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR ISIN: ZAE 000022653
("the company")

"NOTICE IS HEREBY GIVEN that the next annual general meeting of the shareholders of the company will be held at 11:00 on Friday 2 December 2005 at 57 Selkirk Street, Woodstock, Cape Town to conduct the following business:

1. Ordinary Resolution Number 1: The adoption of the Annual Financial Statements
"To receive and adopt the Annual Financial Statements for the financial year ended 30 June 2005, including the Directors' Report and the Report of the Auditors therein."

2. Ordinary Resolution Number 2: The re-appointment of Directors
"To re-elect the following directors who, in terms of the company's articles of association retire at the annual general meeting, but, being eligible, offer themselves for re-election: Keith Madders, Allen Ambor, Phillip Joffe and Pierre van Tonder. Such re-elections are to be voted on individually unless a resolution is agreed to by the meeting (without any vote against it) that a single resolution be used."

3. Ordinary Resolution Number 3: The re-appointment of the auditors
"To reappoint the firm KPMG Inc. as auditors of the company for the ensuing period terminating on the conclusion of the next annual general meeting of the company and to authorise the directors to fix the auditors' remuneration for the past year."

4. Ordinary Resolution Number 4: General authority to make payments to shareholders
"Resolved that the directors, subject to Section 90 of the Companies Act (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited ("JSE") and to any other restrictions set out in the mandate, be and are hereby authorised to make payments to shareholders, subject to the following limitations:

4.1 that this authority shall not extend beyond 15 months from the date of this resolution, or the date of the next annual general meeting, whichever is the earlier date; and

4.2 that any general repayment(s) may not exceed 20% of the company's issued share capital, including reserves, but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuatio by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year."

The purpose of this general authority is to enable the company's directors to return certain excess cash resources to shareholders on a pro rata basis.

5. Special Resolution: The authority to repurchase shares
"Resolved that the company (or one of its wholly owned subsidiaries) may, subject to the Companies Act (Act 61 of 1973), as amended, and the Listings Requirements of the JSE, acquire shares issued by itself or shares in its holding company, as and when deemed appropriate, subject to the following limitations:

5.1 that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty;

5.2 that this authority shall not extend beyond 15 months from the date of this resolution or the date of the next annual general meeting, whichever is the earlier date;

5.3 that an announcement be made giving such details as may be required in terms of the Listing Requirements of the JSE when the company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter;

5.4 at any one time, the company may only appoint one agent to effect any repurchase;

5.5 the repurchase of shares will not take place during a prohibited period and will not affect compliance with the shareholders spread requirements as laid down by the JSE;

5.6 the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued share capital at the time this authority is given only, and

5.7 the repurchase of shares may not be made at a price greater than 10% above the weighted average traded price of the market value of the shares as determined over the five business days immediately preceding the date on which the transaction was effected."

The reason for this special resolution is, and the effect thereof will be to grant, in terms of the provisions of the Act and the Listings Requirements of the JSE, and subject to the terms and conditions embodied in the said special resolution, a general authority to the directors to approve the acquisition by the company of its own shares, or by a subsidiary of the company of the company's shares, which authority shall be used by the directors at their discretion during the course of the period so authorised.

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

In terms of the Listings Requirements of the JSE, the following disclosures are required with reference to the repurchase of the company's shares and the general authority to make payments to shareholders and as set out in Ordinary Resolution Number 4 and the Special Resolution above:

Working capital statement
The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and the maximum general payments to shareholders, for a period of 12 months after the date of this notice of annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay its debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes;
- the working capital resources of the company and the group will be adequate for ordinary business purposes; and
- the company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE, and will not commence any repurchase programme or capital payment until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Litigation statement
Other than disclosed or accounted for in this Annual Report, the directors of the company, whose names are given on pages 8 and 9 of this Annual Report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the group's financial position.

Directors' responsibility statement
The directors, whose names are given on pages 8 and 9 of this Annual Report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and the ordinary resolution to authorise payments to shareholders and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution and the ordinary resolution to authorise payments to shareholders contain all information required.

Material changes
Other than the facts and developments reported on in this Annual Report, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this Annual Report and the posting date thereof.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in accordance with the reference pages in the Annual Report of which this notice forms part:

Directors and management (Refer to pages 8 to 10)
Major shareholders of the company (Refer to page 29)

Directors' interests in the Company's shares (Refer to page 29) Share capital (Refer to pages 27 and 42)

VOTING AND PROXIES

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the annual general meeting in person. Forms of proxy must be completed and received at the company's transfer secretaries, Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: P O Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday 1 December, 2005. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/(ies) should such member wish to so do. Dematerialised shareholders, other than with own name registrations, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in his/her stead.

By order of the board
Ronel van Dijk

Secretary
Cape Town
10 October 2005

FINANCIAL CALENDAR

DISTRIBUTIONS

Interim distribution	20 cents per share
Record date	8 April 2005
Payment date	11 April 2005
Final distribution	20 cents per share
Record date	7 October 2005
Payment date	10 October 2005
Reports 2005 published March 2005	Interim for six months ended 31 December 2004
	Preliminary announcement for year ended June 2005 published September 2005
	Annual for year ended 30 June 2005 published October 2005

ADMINISTRATION

Registered office	1 Waterford Mews Century City Boulevard Century City 7441
Registration number	1998/000828/06
Postal address	P O Box 13034, Woodstock 7915
Telephone	27-21-4668200
Fax	27-21-4614555
E-mail	ronelvandijk@spur.co.za
Internet	http://www.spur.co.za
Transfer secretaries	Computershare Investor Services 2004 (Pty) Ltd 70 Marshall Street Johannesburg 2001 P O Box 1053 Johannesburg 2000 Telephone: 27-11-3705000
Auditors	KPMG Inc.
Attorneys	Bernadt Vukic Potash & Getz
Secretary and registered address	Ronel van Dijk 1 Waterford Mews Century City Boulevard Century City 7441

Spur Corporation Limited Proxy Form

Spur Corporation Limited

(Incorporated in the Republic of South Africa)
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR ISIN: ZAE 000022653
("the Company")

FORM OF PROXY
To be completed by certificated shareholders and dematerialised shareholders with own name registration only.
For use in respect of the annual general meeting to be held at 11:00 on 2 December 2005 at 57 Selkirk Street, Woodstock, Cape Town.

Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Forms of proxy must be completed and delivered/posted to the Company's transfer secretaries, Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: P O Box 61051, Marshalltown, 2107) to be received by no later than 11:00 on Thursday 1 December 2005

I/We ______________________________

of ______________________________

being a member of the Company and holding ______________ ordinary shares, appoint ______________

1. ______________________________ or failing him ______________

2. ______________________________ or failing him ______________

the chairman of the annual general meeting as my/our proxy to attend and speak and, on a poll, vote for me/us on my/our behalf at the annual general meeting of the Company held for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions (see note 3):

	For	Against	Abstain
Special resolution - the authority to repurchase shares			
Ordinary resolution number 1 - the adoption of Annual Financial Statements			
Ordinary resolution number 2 - the re-appointment of Directors			
2.1 Keith Madders			
2.2 Allen Ambor			
2.3 Phillip Joffe			
2.4 Pierre van Tonder			
Ordinary resolution number 3 - the reappointment of the auditors			
Ordinary resolution number 4 - general authority to make payments to shareholders			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable).

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy so appointed need not be a member of the Company.

SIGNED THIS ______________________________ DAY OF ______________ 2005.

SIGNATURE ______________________________

CAPACITY AND AUTHORISATION (see note 6)

Please read the notes on the reverse side of this form of proxy.

Notes

1. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard.
   This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled.
   Any alteration must be signed, not initialled.

3. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his proxy.

5. Where there are joint holders of shares and if more than one of such joint holders is present or represented, then the person whose name appears first in the register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form, unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.

7. The completion and lodging of this form of proxy will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.

8. The chairman of the annual general meeting may reject or, provided that he is satisfied as to the manner in which a member wishes to vote, accept any form of proxy which is completed other than in accordance with these instructions.

9. Proxies will only be valid for the purpose of the annual general meeting if received by the Company's transfer secretaries, Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001
   (Postal Address: P O Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday, 1 December 2005.