ANNUAL REPORT

2010

FROM SMALL BEGINNINGS
TO SOUTH AFRICA'S
FAVOURITE FAMILY
RESTAURANT GROUP

OUR PROMISE

Food is our passion. Welcoming you, our pleasure. And our greatest reward is presenting our delicious meals. Whether it's a Spur Burger, Panarottis Pizza or John Dory's Catch of the Day, our food is prepared 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.

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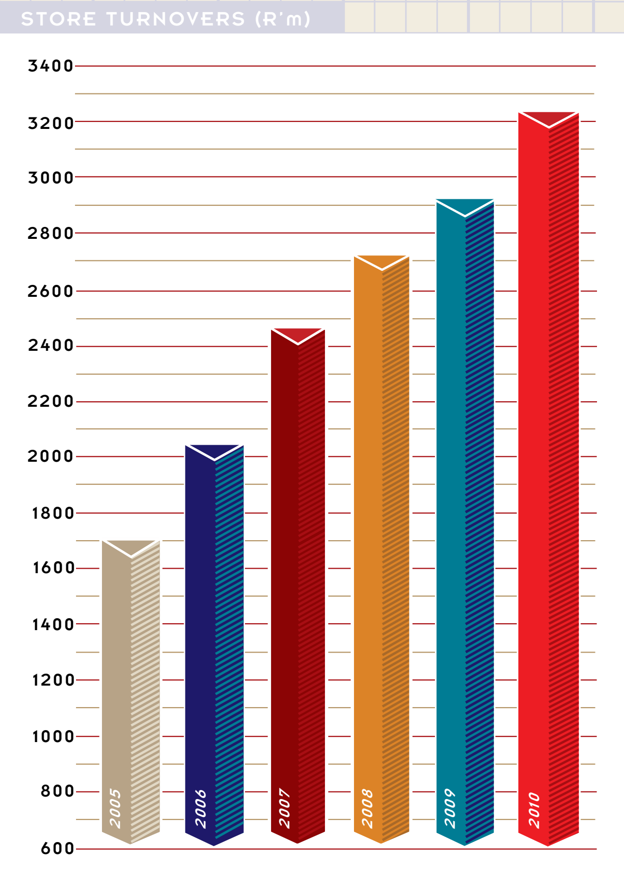
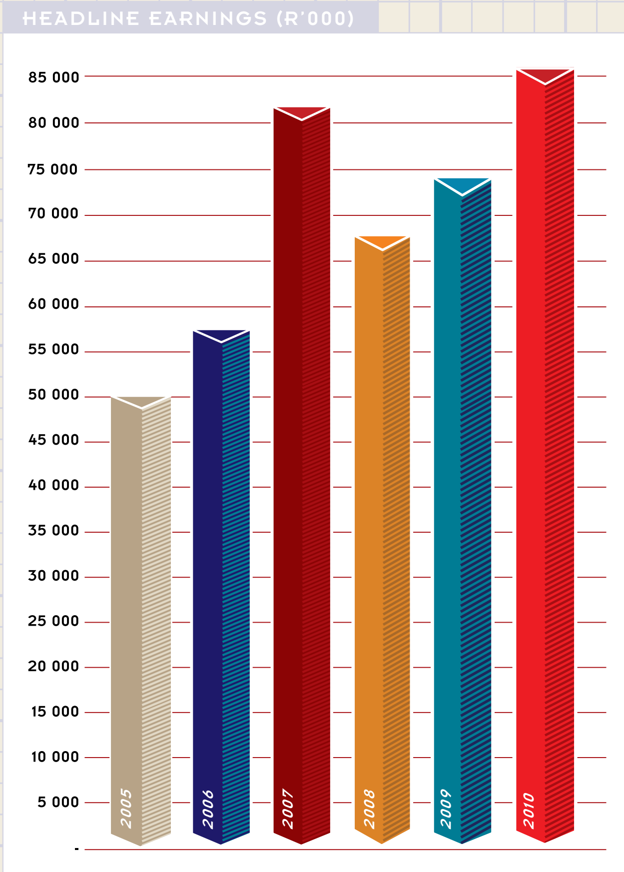
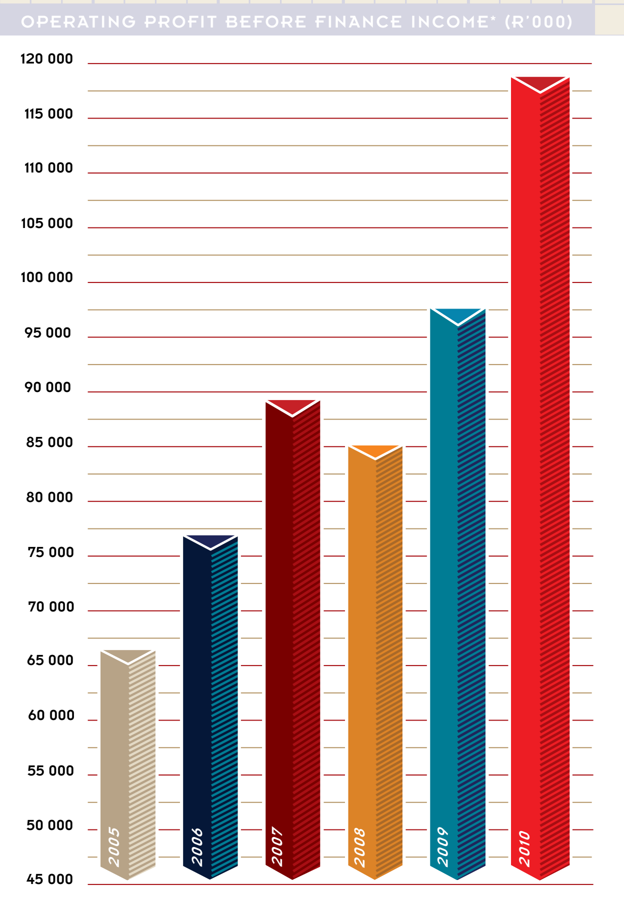
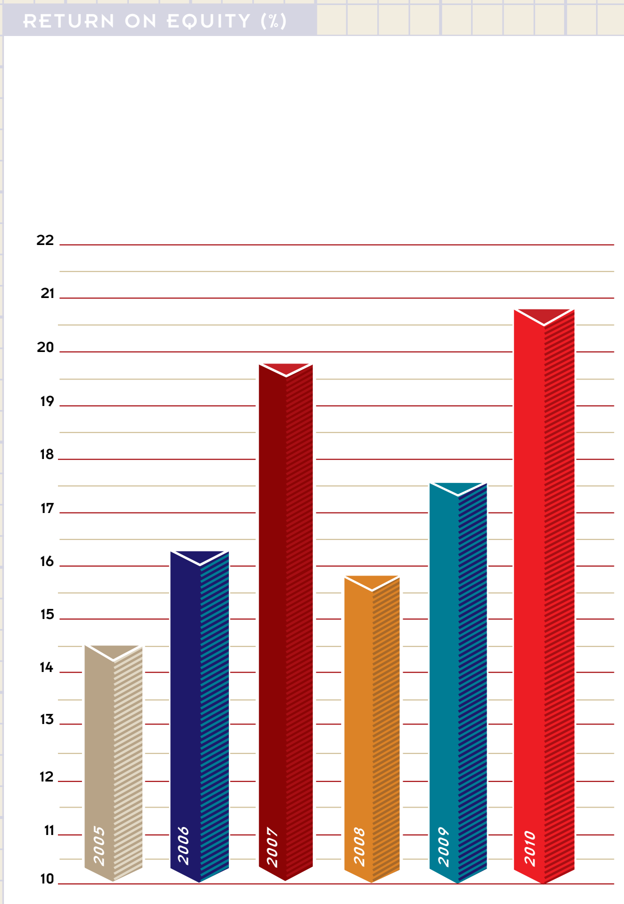
FINANCIAL HIGHLIGHTS

	2010	2009	% Change
Profit before tax (R'000)	**122 929**	102 415	20.0%
As a percentage of revenue	**35.3%**	31.3%	
Profit for the year (R'000)	**78 367**	63 841	22.8%
As a percentage of revenue	**22.5%**	19.5%	
Return on total assets	**15.9%**	14.0%	
Return on equity	**20.9%**	17.6%	
Cash and cash equivalents (R'000)	**81 032**	81 034	
STATISTICS PER SHARE			
Headline earnings (cents)	**96.82**	84.69	14.3%
Distribution (cents)	**60.00**	55.00	9.1%
Distribution cover (times)	**1.6**	1.5	
Market price - 30 June (cents)	**1220**	840	45.2%
Price range (cents)			
- high	**1325**	995	
- low	**850**	560	
Headline earnings yield	**7.9%**	10.1%	
Distribution yield	**4.9%**	6.6%	









* Includes (loss)/income from equity-accounted investees.

CORPORATE PROFILE

OVERVIEW

Spur Corporation is a multi-brand restaurant franchisor listed in the travel and leisure sector of the JSE Limited. Through its three restaurant brands - Spur Steak Ranches, Panarottis Pizza Pasta and John Dory's Fish & Grill - the group provides customers with a relaxed dining experience in a distinctly family-oriented environment, along with a compelling quality and value-for-money offering.

FROM SMALL BEGINNINGS

The group's heritage goes back 43 years to when Spur founder and current executive chairman, Allen Ambor, opened the Golden Spur in Newlands, Cape Town, in 1967. Over the past four decades the group has grown into one of the most recognised brands in the country and today Spur is proudly known as 'the official restaurant of the South African family'.

In December 1990 a second restaurant brand, Panarottis Pizza Pasta, was started. Applying the same principles that made Spur Steak Ranches a household name, Panarottis soon capitalised on the growing popularity of pizza and pasta. The Spur group was first listed on the JSE in 1986, at which stage it operated 43 franchised Spur Steak Ranch outlets. A major restructuring of the group was undertaken in 1999, which resulted in the formation and listing of Spur Corporation as we know it today.

November 2004 saw Spur Corporation purchase a 60% shareholding in John Dory's Fish & Grill, a KwaZulu-Natal based franchise comprising seven outlets. Founded eight years earlier as a predominantly seafood restaurant with trademark nautical décor, John Dory's has a distinctly Mediterranean culture and charisma. A further 5% interest was purchased in October 2006, with the group now owning 65% of the business.

RESTAURANT EXPANSION

The group has seen sustained growth in its restaurant base in recent years and passed the 300 restaurant mark in early 2006. By 30 June 2010 this had increased to 359. There are 245 Spur Steak Ranches, 50 Panarottis Pizza Pasta restaurants and 26 John Dory's Fish & Grill outlets in South Africa. Internationally, the group has 32 Spur Steak Ranches and six Panarottis Pizza Pasta restaurants in Africa, Australia, Mauritius, the United Arab Emirates ("UAE") and the United Kingdom ("UK").

The rapid growth in the middle income market in South Africa - the primary target group of Spur - has led to opportunities for restaurants in new areas as population demographics have shifted.

New shopping malls and entertainment centres also create scope for expansion, while store relocations and refurbishments provide an opportunity to increase customer volumes. Spur is constantly re-inventing and innovating to exceed customer expectations.

VISION AND MISSION

Passionate people growing great brands,

Bringing people together over great food to create outstanding memories.

FRANCHISING BUSINESS MODEL

The group's success can largely be attributed to the franchising business model which has been consistently applied from the outset. Spur Corporation does not own and manage its restaurants in South Africa: it allows independent, entrepreneurial franchisees to run their own restaurant businesses and in return receives a franchise fee based on the turnover of each restaurant.

Spur Corporation provides extensive support to franchisees, including assistance with business plans and cash flow forecasts, site selection, lease negotiations and operational guidance with the opening of outlets.

An experienced operations team provides ongoing support to franchisees. This team is responsible for upholding the high quality of the brand and its products, as well as ensuring the franchisee builds and maintains a successful business.

In recent years the group has outsourced the national distribution of restaurant supplies from its manufacturing facilities to an independent distributor. This was done to ensure the consistent quality of all products in restaurants and to maintain the cold chain, while enhancing operating standards and improving efficiencies for the group and franchisees alike.

	Spur Steak Ranches	Panarottis Pizza Pasta	John Dory's Fish & Grill	Total
South Africa				
Eastern Cape	25	5	3	33
Gauteng	126	27	8	161
KwaZulu-Natal	40	7	11	58
Western Cape	54	11	4	69
TOTAL SOUTH AFRICA	245	50	26	321
International				
Africa, Mauritius and UAE	18	2	-	20
Australia	4	4	-	8
United Kingdom	10	-	-	10
TOTAL INTERNATIONAL	32	6	-	38
TOTAL RESTAURANTS	**277**	**56**	**26**	**359**

CHAIRMAN'S REPORT

Allen Ambor EXECUTIVE CHAIRMAN

INTRODUCTION

Spur Corporation again showed its resilience in overcoming challenging trading conditions in the restaurant economy locally and internationally to post a competitive financial and operational performance.

The local economy has started to emerge out of recession during the year under review. While lower interest rates, higher real wage increases in several sectors, declining food price inflation and stabilising fuel prices have been positive for consumers, household debt levels are high and consumers remain under financial pressure.

In this continued tight trading environment we have capitalised on the strength of our brands and the loyalty of our customers through value added marketing campaigns. We are pleased to report that turnover from our restaurants exceeded R3 billion for the first time this year.

Our marketing department, which is 22 strong, has an extremely important role in interacting with each and every one of our restaurants, not only on a local advertising-needs basis, but also regarding the myriad of enquiries and interactions involved in communicating on television and radio and other national promotions. Together with our advertising agencies, DraftFCB Cape Town (Spur), JWT Cape Town (Panarottis) and ninety9cents (John Dory's), we have had an extremely successful year in growing the business and we look forward to further stimulating and constructive work from all concerned.

South Africa's successful hosting of the 2010 FIFA World Cup created awareness and considerable goodwill on the world stage. This boosted our trading. A combination of the euphoria surrounding the event and longer school holidays translated into increased foot traffic into our restaurants and revenue for the four-week period increased by 24.8% over the corresponding period in 2009.

Headline earnings for the financial year increased by 14.2% to R85.1 million (2009: R74.5 million), with diluted headline earnings per share up 13.8% to 94.6 cents (2009: 83.1 cents). The board declared a final dividend of 28.0 cents per share, bringing the total dividend for the year to 60.0 cents, an increase of 9.1% on the previous year. This is in line with our policy of returning 75% of headline earnings (inclusive of secondary tax on companies) to shareholders in dividends.

The group's trading and financial performance is covered in detail in the Managing Director's Report which follows on page 16.

RESTAURANT EXPANSION

Continued expansion locally and internationally resulted in the group's restaurant base growing to 359 across the three franchise brands, comprising 277 Spur Steak Ranches, 56 Panarottis and 26 John Dory's outlets. Despite the ongoing pressure on consumer spending over the past year, we opened nine Spur, three Panarottis and five John Dory's restaurants in South Africa, and five Spur outlets internationally.

Our ongoing programme of driving growth by refurbishing restaurants and relocating outlets to improved trading sites has continued, with 27 restaurants being revamped during the period and seven being relocated. This reinvestment in our restaurants generally results in a strong growth in revenue.

In last year's annual report we discussed our plans to introduce a smaller format Spur restaurant model to increase our presence in rural South Africa. This model makes it feasible to operate in smaller towns which have growth potential and where we have not traded until now. The start-up costs are lower than the standard format Spur outlet owing to the smaller trading area and simplified menu offering. The first outlets were opened in Nylstroom and Groblersdal and are delivering rewarding returns.

INTERNATIONAL OPERATIONS

Our international restaurant base has continued to grow in the face of adverse trading conditions, and at year-end the division comprised 38 restaurants.

The first outlet in the Middle East was opened in Dubai in the United Arab Emirates in January 2010. The economic and financial hardship facing this region has been well documented and we are encouraged by customer response to our brand.

Our businesses in the rest of Africa delivered healthy trading results. A new restaurant was opened in Maseru, Lesotho and a pilot Spur Express outlet was opened in Gaborone, Botswana. The Spur Express concept is being tested for possible roll out in selected sites in the rest of Africa.

In Australia we saw an overall improvement in performance in a tough trading environment. We opened a Spur in Mandurah near Perth in Western Australia, which we are pleased to report is trading very well and the franchisee is considering further expansion.

Regrettably we closed our under-performing outlet in Erina Fair and also sold the Campbelltown outlet during the year which now operates as a franchise restaurant.

In the United Kingdom, a restaurant was opened in Aberdeen in Scotland. The continuing recessionary trading environment led to an R8 million impairment on the assets of our restaurant in Derby in the East Midlands, a region that was particularly hard hit by the financial downturn. Early in the new financial year we opened a Spur restaurant in Gateshead near Newcastle-upon-Tyne in England.

Our international aspirations have faced several setbacks along the way. The performance in these offshore markets in recent years has been impacted by the global downturn and we have also had to contend with the vagaries of the exchange rate.

TRANSFORMATION

The board has constituted a transformation committee which has been mandated to identify opportunities to achieve level 7 compliance with the Department of Trade and Industry's codes of good practice for broad-based black economic empowerment by 30 June 2011, and to make recommendations to the board in this regard.

The group will be investing in skills development through the establishment of the College of Excellence in early 2011. This training academy will focus on the upliftment of skills and help to address the shortage of managerial talent in our industry.

Black ownership of our restaurants is showing a steady increase and currently 10% of Spur and Panarottis franchisees are black.

SUSTAINABILITY

As a responsible business we believe we have a fundamental duty to improve our social and environmental impact and make a positive difference in South Africa through the way we do business. Our responsibility also includes reporting our progress with integrity to all our stakeholders. The group has established a green committee which has been tasked with developing, managing and facilitating the implementation of sustainability policies and strategies across the business (refer to page 32).

BOARD OF DIRECTORS

Late in the financial year we strengthened our board with the appointment of Mntungwa Morojele as an independent non-executive director. Mntungwa is a chartered accountant by profession and has extensive experience across a diverse range of business sectors which will enable him to bring varied input and ideas to our board. His appointment also adds further diversity to the board and now 40% of our non-executive directors are black.

PROSPECTS

Positive developments in the local economy should ensure that the economy continues its slow recovery. We expect consumer spending to remain fairly muted in the year ahead. In this environment we need to ensure our brands continue to offer an attractive and affordable proposition and that we remain competitive by re-engineering our menus to meet consumer demand.

Increasing utility and property related costs will place continued pressure on franchisee profitability. This will need to be offset by improving procurement and distribution efficiencies, launching innovative marketing campaigns and enhancing operating standards and training.

The group plans to open 21 franchised restaurants across the three brands in South Africa in the new financial year. The small format Spur model will form part of the expansion programme and we expect this concept to show substantial and relatively rapid growth. In Africa, Spur restaurants are scheduled to open in Lusaka (Zambia) and Lilongwe (Malawi) while further opportunities are being evaluated on the continent.

Customer loyalty is a key driver of our continued success and is foremost in the minds and actions of everyone associated with our brands, from head office through to franchisees and to their staff. The Spur Secret Tribe loyalty programme aimed at our younger patrons has proved highly successful over many years. We started to extend our loyalty offering to reward adult customers with the launch of the Spur Family loyalty card at the beginning of the 2011 financial year.

There have also been extensive developments on the legislative, regulatory and governance front. In the year ahead we will be adopting the King III governance code which is applicable to all JSE-listed companies for financial periods commencing on or after 1 March 2010. In preparation for the implementation of King III we are evaluating our current governance practices and will report to shareholders next year in terms of the 'apply or explain' philosophy on which the new code is based.

King III also introduces the concept of integrated sustainability reporting and we will be expanding our reporting across the pillars of social, economic and environmental sustainability.

The Consumer Protection Act, which is effective from April 2011, formalises the rights of consumers and the responsibilities of providers of goods and services. We welcome balanced legislation which safeguards the rights of consumers and creates a culture of consumer protection and responsibility, and aim to be compliant with the regulations when they are implemented.

APPRECIATION

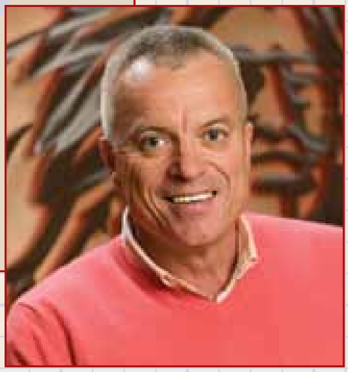
In closing I would like to thank the executive management team led by Pierre van Tonder and all our employees for their commitment, tenacity and loyalty to our company in these challenging times. I also thank my fellow directors for sharing their considerable business experience and for their participation in the group's affairs.

I also extend my appreciation to our shareholders and the broader investment community for their active following of the group, and welcome those shareholders who have invested in Spur Corporation for the first time during the year. Our customers have continued to make us their first choice eating out experience and we thank them for supporting us in increasing numbers over the past year.

Allen Ambor EXECUTIVE CHAIRMAN

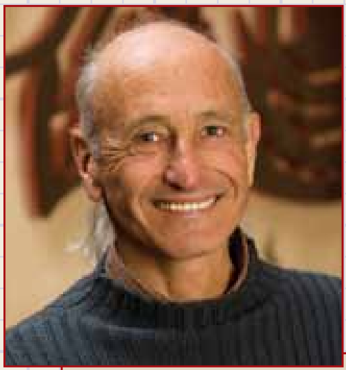
SPUR CORPORATION

DIRECTORS



Pierre van Tonder (Age 51) ~ 28 Years Service
MANAGING DIRECTOR

Pierre joined the group in 1982 as a junior store manager. He was appointed as an area manager in 1985 working in the then Transvaal. In 1987 he was promoted to regional manager responsible for managing operations in the then Transvaal, Natal and Orange Free State regions. In 1990 Pierre was appointed a director of P.S.S Investments (Pty) Ltd, the subsidiary company controlling the Transvaal, Natal and Orange Free State regions, and appointed a director of Spur Steak Ranches Limited and Spur Holdings in 1992. In 1996, Pierre was appointed managing director of the group.



Allen Ambor (Age 69) ~ 43 Years Service
EXECUTIVE CHAIRMAN

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.

Mark Farrelly (Age 46) ~ 20 Years Service
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.

Ronel van Dijk (Age 38) ~ 7 Years Service
FINANCIAL DIRECTOR

Ronel 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, and she was appointed to the board in September 2006.

Kevin Robertson (Age 44) ~ 23 Years Service
EXECUTIVE DIRECTOR

Kevin joined Spur in 1987 as a waiter at Yellowstone Spur, Carletonville. He progressed through the ranks and was appointed as managing director of Panarottis Pizza Pasta franchise in 1999. He was appointed to the board at the same time. Kevin is currently responsible for the group's operations in the United Kingdom and took over responsibility of managing Spur South Africa Inland operations from Raymond Suter who resigned during the year.

Phillip Joffe (Age 60) ~ 34 Years Service
EXECUTIVE DIRECTOR

Phillip studied at the University of Cape Town and obtained 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.

Keith Madders (Age 62) ~ 15 Years Service
NON-EXECUTIVE DIRECTOR MBE (DEPUTY CHAIRMAN)

Keith was born in Zimbabwe, studied at UCT 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.

Keith Getz (Age 54) ~ 19 Years Service
NON-EXECUTIVE DIRECTOR

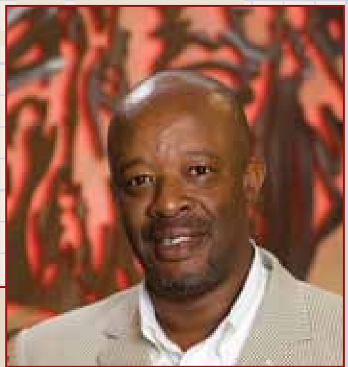
Keith is a practising attorney (BProc LLM) since 1980 and a senior partner of Bernadt Vukic Potash & Getz, a firm of attorneys whose areas of expertise include takeovers and mergers, private equity, stock exchange regulations, franchise and corporate law, both locally and internationally. He sits on the board of the Mr Price Group Ltd and a number of private companies. Keith was appointed to the board in 1991. In addition to being a member of the company's board, Keith is also a director of certain of the group's international subsidiaries.

Dean Hyde (Age 43) ~ 16 Years Service
NON-EXECUTIVE DIRECTOR

Dean started his career with the group as financial manager, a role that he fulfilled for five years, where after he fulfilled the role of financial director for five years. He resigned in 2004 and was subsequently appointed a non-executive director. Dean currently provides certain ad hoc consulting services to the group from time to time. Dean completed his B.Com (Legal) at Wits in 1988. He also attended the York University (Canada) from 1989 to 1991 and successfully passed the Canadian Chartered Accountants' Board Examination. He completed his articles with Grant Thornton International in 1992. After leaving Spur in 2004, Dean was appointed CFO at Xanita Ltd and CFO at African Spirit (Pty) Ltd. He is currently CFO at Lombard Insurance Ltd, based in Johannesburg.

Muzi Kuzwayo (Age 42) ~ 2 Years Service
INDEPENDENT NON-EXECUTIVE DIRECTOR

Muzi is a Visiting Professor at the UCT Graduate School of Business. He is also a businessman and the former CEO of TBWA/Hunt/Lascaris. He was previously a director of King James Advertising and has worked for various advertising agencies. Muzi was appointed to the board during 2009.



Mntungwa Morojele (Age 51) ~ 3 Months Service
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mntungwa qualified as a CA(Lesotho) in 1993, after completing his articles at KPMG in Lesotho. He joined Gray Security Services Ltd as financial manager for its Inland division, before being promoted to group marketing manager in 1995 and appointed to Gray's board in 1997. After establishing and managing Briske Performance Solutions in 2000, he joined Tourvest's Retail Travel division in 2004 and was appointed managing director of Lesedi Travel, a Tourvest corporate travel management subsidiary. In 2009, Mntungwa established Motebong Tourism Investment Holdings (Pty) Ltd, a tourism investment company focused on tourism in Lesotho. In addition to being a CA, Mntungwa has a Higher National Diploma in Business Studies (Farnborough College of Technology, UK), Bachelors degree in Business Administration (University of Charleston, USA), Masters degree in Accountancy (Georgetown University, USA), and MBA (UCT). Mntungwa sits on the board of the UCS Group Ltd, and is the chairman of its audit committee. Mntungwa was appointed to the board in June 2010.

KEY MANAGEMENT

Blaine Freer - DEVELOPMENT (AGE 45)
Blaine started his career as a waiter while in high school. He moved into management and became a partner in various Spur restaurants. He joined Head Office in 1998, after ten years as a Spur franchisee. He is responsible for the development of new restaurants and the relocation and revamping of existing outlets.

Coleen Eva - GAUTENG MANUFACTURING FACILITY (AGE 59)
Coleen 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 manufacturing facility in Gauteng.

Duncan Werner - PROCUREMENT AND DEVELOPMENT (AGE 50)
Duncan started out in the packaging business. He began his career at Spur as a waiter 26 years ago, and joined Head Office in 1988. Duncan is in charge of national procurement, Western Cape development and menu engineering. He also oversees the manufacturing facilities and Spur Décor.

Louw Liebenberg - CHIEF OPERATING OFFICER - PANAROTTIS (AGE 35)
Louw joined Spur in October 2008, to take over the reigns from Kevin Robertson in managing the operations and future growth of the Panarottis Pizza Pasta franchise business in South Africa. He has an MBA from the University of Cape Town and a Masters degree from the University of Stellenbosch.

Peter Wright - HUMAN RESOURCES (AGE 59)

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 head of Human Resources.

Phillip Matthee – CHIEF FINANCIAL OFFICER (AGE 32)

Phillip joined Spur in January 2007 as new business development manager. He qualified as a CA(SA) in December 2002 after completing his articles at a Big Four audit firm. He worked for a further two years in the audit profession and then as group accountant for a large retail chain before joining Spur. In September 2008 Phillip was appointed group chief financial officer.

Sacha du Plessis - COMMERCIAL MARKETING MANAGER (AGE 32)

Sacha joined Spur in January 2007. He has a Honours degree in Business Management from the University of Stellenbosch. Sacha's role is the management of Group Marketing in order to build a strong brand portfolio based on market strategies that explore consumer insights to deliver profitable turnover growth in the Spur, Panarottis and John Dory's brands.

Stamatis Kapsimalis ("Kapsi") - MANAGING DIRECTOR JOHN DORY'S (AGE 43)

Kapsi tried his hand at a number of ventures before finding his niche in the fish and grill business, when he founded John Dory's Fish & Grill. The first restaurant opened its doors in 1996 in Musgrave Road, Durban. Kapsi grew John Dory's Fish & Grill into a successful brand, comprising seven outlets in KwaZulu-Natal, before selling 60% of the business to Spur Corporation.

MANAGING DIRECTOR'S REPORT

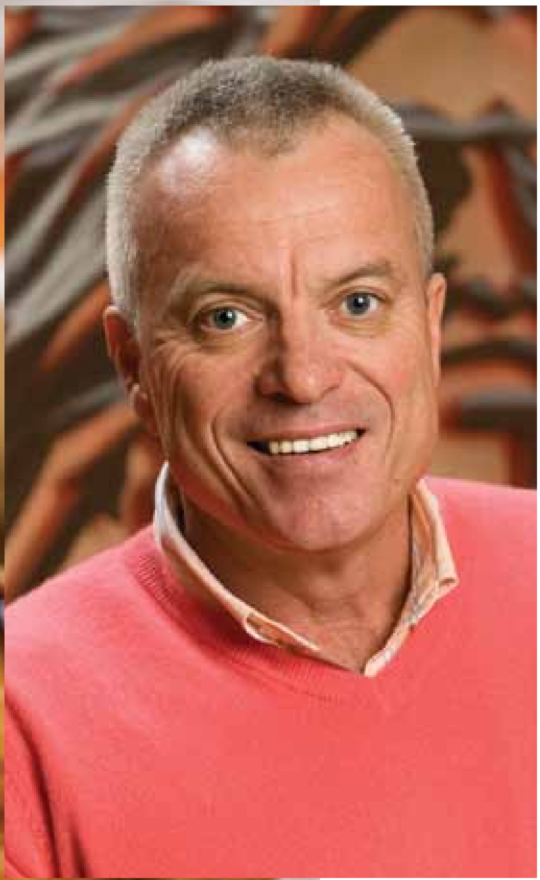
HIGHLIGHTS

Spur South Africa enjoyed a successful year with restaurant turnover increasing by 9.5% to R2.5 billion.

Panarottis restaurant turnover in South Africa grew 7.8% to R223.2 million.

John Dory's delivered excellent trading results with restaurant turnover increasing by 23.4% to R176.6 million.

Continued prudent expansion in the UK, Australia and Africa with the first outlet opening in the UAE.



Pierre van Tonder MANAGING DIRECTOR

OVERVIEW

The past financial year has seen a slow recovery in the worldwide economy. South Africa hosted a successful FIFA 2010 World Cup tournament, which did impact positively on trade in the months of June and July 2010, but continued pressure on our customers' disposable income remained a challenge during the year. The Spur group has, however, again showed its resilience and performed well during the year under review.

Revenue grew by 6.5% from R326.8 million to R348.0 million. Franchise income in Spur grew by 9.9% to R124.4 million; Panarottis by 6.1% to R10.8 million and John Dory's by 30.3% to R8.8 million. International revenue (franchise fee income and restaurant turnover) declined by 4.4% to R92.5 million, impacted by a tough International retail market and a strong Rand.

Operating profit before finance income increased by 21.4% to R118.5 million. Excluding one-off or abnormal items such as foreign exchange fluctuations, foreign restaurant impairments and the share-based payment expense (relating to the group's management incentive scheme) in the current and prior periods, comparable operating profit before finance income grew by 15.5%.

SPUR STEAK RANCHES

Notwithstanding a year of suppressed trading conditions in the retail market the Spur Steak Ranch brand in South Africa enjoyed another successful year, with restaurant turnover increasing by 9.5% to R2.5 billion.

Food prices remained relatively constant during the year, despite fears that the FIFA 2010 World Cup would prove to be an inflationary force. Increases in electricity tariffs, rentals and rates remain areas of operational focus. These factors necessitated a menu price increase of 7.3% for the year.

Continuous menu engineering and ongoing reinforcement of standards through regular training are key elements of the brand's strategy going forward.

Spur opened nine restaurants locally, completed 18 major revamps and relocated six outlets from redundant to higher volume locations in the same geographic and demographic areas. A highlight of the year included the launch of a smaller-format Spur model for outlying areas, which is discussed in the Chairman's report. Fourteen new restaurants are planned for the 2011 financial year, with a further 21 revamps and seven relocations.

PANAROTTIS PIZZA PASTA

Panarottis restaurant turnover in South Africa for the year grew by 7.8% to R223.2 million.

Food inflation and increases in overhead costs necessitated a menu price increase of 7.9% for the year.

During the year under review we opened our first Panarottis Express outlet, a smaller, take-away style outlet, which we intend to test for further roll-out. Operationally, we have improved the quality of our offering, staying true to our “authentic Italian” ideology. A number of successful promotions were introduced, including “Family Sunday”, where kids eat free on Sundays, “Chow more Tuesdays”, where patrons can order a large pizza for the price of a regular pizza, and the Thursday “All you can eat” promotion.

Four new restaurants have been confirmed for the 2011 financial year.

JOHN DORY’S FISH & GRILL

John Dory’s again delivered excellent trading results, with restaurant turnover increasing by 23.4% to R176.6 million.

Five new restaurants were opened during the year under review, two were revamped and one was relocated. Menu price increases were limited to 4.2% for the year.

With the assistance of an experienced chef the menu was streamlined, with greater focus on consistency of our offering throughout our outlets.

There are plans to open three new outlets in the year ahead, with several potential sites also being investigated countrywide.

SPUR INTERNATIONAL

Our international division now comprises 32 Spur Steak Ranches and six Panarottis Pizza Pasta outlets.

New Spur restaurants were opened in Aberdeen (United Kingdom), Maseru (Lesotho), Mandurah (Western Australia) and in Dubai (United Arab Emirates). The first Spur Express outlet was opened in Gaborone (Botswana) and turnovers are encouraging.

Africa delivered healthy trading results and we are looking forward to opening Spur Steak Ranches in Lusaka, Zambia, and in Lilongwe, Malawi.

Our first outlet in the Middle East opened in Dubai in January 2010. Although our performance and expansion opportunities have been impacted by the difficult economic climate in the region, we have seen positive interest in our brand as a result of this showcase outlet.

In Australia we saw an overall improvement in performance in a tough trading environment. We closed Seven Eagles Spur in Erina Fair prior to year-end and we sold Mustang Spur, Campbelltown (which now operates as a franchise) during the year. Silver Spur in Penrith was refurbished and our Panarottis outlet in Mingara will soon relocate to the Westfield shopping centre in Tuggerah. Subsequent to year-end we increased our shareholding in Silver Spur to 100% and our interest in the Panarottis outlet in Penrith to 50%. Our first franchised outlet in Western Australia, Golden Cloud Spur in Mandurah, opened in December 2009 and is trading well.

The continuing recessionary trading environment in the United Kingdom necessitated an impairment of the assets of Yellowstone Spur in Derby in the East Midlands of the United Kingdom, a region that was particularly hard hit. The impact of this impairment on profit is R8.0 million. Despite adverse weather conditions over season, one of the best summers in the region for a number of years and the FIFA 2010 World Cup, all contributing to a reduction in foot count, we maintained reasonable trading results. Golden Gate Spur in the Metro Centre in Gateshead, Newcastle-upon-Tyne, opened in late August 2010.

MANUFACTURING AND DISTRIBUTION

Improved communication and cooperation between the procurement team, the operations teams and franchisees has increased franchisee participation in the group-managed centralised procurement process. This has furthered the group’s procurement strategy of ensuring an efficient, stable supply of consistent quality product to customers, whilst at the same time limiting the financial risk related to key raw material prices to the franchisee body.

Margins in the manufacturing division improved due to production efficiencies, the reformulation of certain products and more stable food prices. Sales of our retail sauces in South African supermarkets continues to grow brand awareness with several new products launched during the year.

To meet our customers’ and business partners’ demands for the highest food safety standards and transparency, our procurement team continues to increase the frequency and extent of supplier audits.

MARKETING

During the year our brand equity remained strong, with both Spur and Panarottis performing well in the Sunday Times "Generation Next" research findings. Our brand strategy remains focused on creating South Africa's "Most Liked Home Grown Brand Icon".

Value Added Campaigns continued to deliver positive results in terms of growing turnover and building brand equity and this strategy will be continued in the year ahead. Our Spur "Monday Night Burger" promotion has delivered excellent results and has been instrumental in ensuring a return to positive foot count growth for the brand.

We are planning to launch a new Spur Family Card loyalty programme as well as a gift card programme in the new financial year which are expected to further entrench customer loyalty and benefit restaurant turnovers.

Panarottis' strategy is to entrench our brand positioning as the accessible fun Italian restaurant for everyone, with "Authentic Italian with a dash of South African" continuing to be the strap line that positions our advertising.

Supplier-partnered promotions have benefitted John Dory's restaurant turnovers significantly and we will continue this initiative in the year ahead. The John's Club loyalty programme was introduced during the year and membership numbers are increasing as a result of promotions and direct communication with club members through our monthly newsletter.

During the year, new websites for Spur and Panarottis were launched and we have enjoyed a marked increase in digital activity, including direct website access and Facebook involvement.

INFORMATION TECHNOLOGY

We continue to invest in improving our store management, franchise agreement and operations reporting systems, in order to assist with the managing of operational standards. The development of our data warehouse is progressing and we have started delivering meaningful statistics to our franchisees, operations teams and marketing department to assist them in their decision making.

THANKS

I wish to thank the heads of our three restaurant brands, Mark Farrelly (Spur), Louw Liebenberg (Panarottis) and Stamatis Kapsimalis (John Dory's) as well as Kevin Robertson and Ronel van Dijk (Spur International) and their teams for their dedication and commitment throughout the past year. I also wish to thank our franchisees, customers and suppliers for their loyalty and look forward to their continued support in the year ahead.

Pierre van Tonder MANAGING DIRECTOR

CORPORATE

GOVERNANCE

REPORT

OVERVIEW

The board and management continue to subscribe to the values of good corporate governance as set out in the Code of Corporate Practices and Conduct embodied in the King II Report ("King II") and are committed to the application of corporate governance best practices in the conduct of the group's business. There is commitment, going forward, to complying with the provisions of the King Code of Governance for South Africa 2009 ("King III"). Whilst the board is of the opinion that the group complies in all material respects with the principles embodied in King II, it notes the following:

- The chairman, Allen Ambor, is not an independent non-executive director. As the founder of the group, Allen has a holistic understanding of the group's brands. His creativity, entrepreneurial flair and insight into the customer psyche are considered invaluable to the group. On this basis, the board has concluded that it is not inappropriate for Allen, as an executive director, to chair the board.
- A lead independent director has not been appointed. One of the two independent non-executive directors is requested to perform the duties of a lead independent director from time to time if the circumstances dictate that this is necessary.
- The board does not comprise of a majority of non-executive directors and the majority of non-executive directors are not independent as defined. The board is of the opinion that the collective knowledge, expertise and experience of the executive directors, comprising the majority of the board, is in the best interests of all stakeholders. The skills base of the executive directors is complemented by the non-executive directors who provide skills and expertise in non-operational aspects of the group. Of the five non-executive directors, two are independent and, in the opinion of the board, the remaining three are capable of acting independently.
- The audit committee comprises three non-executive directors of which only one is independent. The board is of the opinion that the two non-independent non-executive directors serving on the committee are capable of acting independently. Subsequent to the reporting date, an additional independent non-executive director has been appointed to the committee.
- The board meets formally twice per year, less than the four times recommended by King II and King III. The board is satisfied that two formal meetings per year, together with ad hoc meetings to address critical issues, are sufficient for the board to satisfy its responsibilities and obligations, given the size and nature of the group.

The requirements of King III came into effect on 1 March 2010 and the board is still considering its response to certain of these recommendations. Areas which require further focus will be addressed during the financial year ending 30 June 2011 and will be reported in the integrated annual report for the year then ending.

BOARD OF DIRECTORS

Board role and composition

In terms of the board charter, the directors of Spur Corporation are responsible for the following:

- Developing and adopting strategic plans;
- Approval of financial objectives and targets;
- Monitoring operational performance and management;
- Ensuring effective risk management and internal controls;
- Legislative and regulatory compliance;
- Setting governance policy and practices; and
- Approval of annual financial statements.

Spur Corporation has a unitary board structure comprising of two independent non-executive directors, three non-executive directors who, in the opinion of the board, act independently and six executive directors. Mntungwa Morojele was appointed to the board on 1 June 2010 as an independent non-executive director. Both Muzi Kuzwayo and Mntungwa Morojele are classified as independent in terms of both the King II definition and the Corporate Laws Amendment Act 24 of 2006. Keith Madders renders strategic consulting services on a contractual basis to the group, Dean Hyde provides professional services on an ad hoc basis to the group, while Keith Getz is a partner of the group's principal legal counsel. Notwithstanding the existing relationships between the group and these directors, the board is satisfied that Keith Madders, Dean Hyde and Keith Getz act independently.

Biographical information on the directors is detailed on pages 12 and 13.

The board has delegated authority to the managing director, executive directors and senior management for the implementation of the strategy and the ongoing management of the business. The chairman, Allen Ambor, and the managing director, Pierre van Tonder, have clearly defined and separate roles. This division of responsibilities ensures a balance of authority and power, with no one individual having unrestricted decision-making powers.

Directors retire by rotation at least once every three years and are eligible for re-election by shareholders at the annual general meeting. The executive directors do not have service contracts and are subject to the same service conditions as all employees. Non-executive director Keith Madders has a service contract containing a three month notice period with services being rendered at a market related hourly rate.

The group has no controlling shareholder and there is no shareholder representation on the board.

Board meetings

The board meets formally twice a year and additional meetings are convened at short notice to discuss urgent business. The directors also participate together with management in strategy and planning sessions. Non-executive directors have direct access to management and may meet with management independently of the executive directors. All directors have unrestricted access to the advice and services of the company secretary. They are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board and/or the managing director.

Company secretary

The company secretary assists the chairman in co-ordinating and administering the functioning of the board, the induction of new non-executive directors and ensuring statutory compliance. The appointment and removal of the company secretary is a matter for the board and not executive management.

Board evaluation

The board periodically undertakes a self-evaluation which requires all directors to complete an extensive questionnaire covering the board's role, composition, independence, functioning, leadership and director development. The results of the rating process are circulated to all directors and debated at a board meeting.

Board committees

The directors have delegated specific responsibilities to four sub-committees to assist the board in the discharge of its duties. Each committee has a clearly defined mandate which is reviewed from time to time and the directors confirm that the committees have functioned in accordance with these written terms of reference during the year.

AUDIT COMMITTEE	
Role of committee	**Composition**
• Assess and report on the effectiveness of internal controls (including financial controls); • Assess and report on regulatory and legislative compliance; • Review policies and procedures for detecting fraud; • Review and approve major accounting and financial reporting issues; • Receive and deal with complaints relating to accounting practices and the content or auditing of the group's financial statements; • Act as a liaison between the external auditor and the board; • Review and approve the audit service and any non-audit services provided by the external auditor; • Assess independence of the external auditor and approve the annual nomination for the appointment of the external auditor at the annual general meeting; • Assess performance and approve remuneration of the external auditor; • Review and approve internal and external audit plans and reports; • Consider internal and external audit findings and provide for corrective remedial action to be taken; and • Ensure that management imposes no limitation on the scope of audits.	**Three non-executive directors:** Keith Madders* (chairman) Dean Hyde* Muzi Kuzwayo** **Invitees:** Directors, executive management, external audit partners and staff. Subsequent to the reporting date, Mntungwa Morojele** was appointed to the committee. * Acts independently as required in terms of the Corporate Laws Amendment Act 24 of 2006 ** Independent in terms of the definition of King II
	Meetings: Two during the year under review.

The committee discharges its responsibilities by meeting formally at least twice a year to review the group's interim and annual results and trading statements before publication, to receive and review internal audit reports and reports from the external auditor and to meet with management to review their progress on key issues relating to financial controls. The findings and recommendations of the committee are reported to the board at the following board meeting, which is always held within a week of the committee meeting.

The committee meets informally on an ad hoc basis with internal audit, the external auditor and management to address key issues as the need arises, specifically to consider risk assessment and management, review the audit plans of the external and internal auditors and to review accounting, auditing, financial reporting, corporate governance and compliance matters. The internal audit charter, internal audit plan and internal audit conclusions are similarly reviewed and approved by the committee. In light of King III's recommendations in relation to internal audit, which will be effective for the 2011 financial year, the committee is currently reviewing the group's internal audit scope and function with a view to making further recommendations in this regard to the board.

Management meets with the external auditor on a regular basis to identify audit risks which, if significant, are reported to the audit committee.

Summarised financial information relating to the performance of the group is presented to the chairman of the audit committee and the external auditor by management on a regular basis.

The committee discharges all audit committee responsibilities of all the subsidiaries within the group.

The external and internal auditors have unrestricted access to the committee.

Both the audit committee and the board are satisfied that there is adequate segregation between the external and internal audit functions and that the independence of the internal and external auditors is not in any way impaired or compromised.

In accordance with the JSE Listing requirements, the committee must consider and be satisfied, on an annual basis, of the appropriateness of the expertise and experience of the financial director. In this regard, the audit committee has concluded that Ronel van Dijk, the financial director, possesses the appropriate expertise and experience to meet her responsibilities in that position.

REMUNERATION COMMITTEE

Role of committee	Composition
• Establish a formal and transparent procedure for developing a policy on executive remuneration; • Determine specific remuneration packages and other benefits for executive directors taking into account recommendations by the chairman of the board and managing director; • Consider criteria adopted by the chairman of the board and managing director to measure the performance of executive directors in discharging their functions and responsibilities; • Assess and review remuneration policies, employee share incentive schemes, performance bonuses and service contracts; and • Approve the award of shares/options to executives and employees.	**Four non-executive directors:** Keith Madders (chairman) Keith Getz Dean Hyde Muzi Kuzwayo* Subsequent to the reporting date, Mntungwa Morojele* was appointed to the committee. *Independent in terms of the definition of King II **Meetings:** One during the year under review.

Details of the directors' remuneration are disclosed in note 33 on page 86 of this report.

RISK COMMITTEE

Role of committee	Composition
• Identify major risk areas; • Assess and review the risk management process; • Assess the risk appetite of the group; • Assess business sustainability under normal as well as adverse conditions; • Assess the reliability of the accounting records in the context of significant risk areas; and • Assess and review compliance with applicable laws, regulations and supervisory requirements.	**Three non-executive directors:** Keith Madders (chairman) Dean Hyde Muzi Kuzwayo* **Five executive directors:** Pierre van Tonder Mark Farrelly Ronel van Dijk Kevin Robertson Phillip Joffe **Invitees:** The chairman of the board, internal audit and finance staff. Subsequent to the reporting date, Keith Madders, Dean Hyde, Muzi Kuzwayo and Phillip Joffe resigned from the committee. Key management members Phillip Matthee, Louw Liebenberg and Sacha du Plessis were appointed to the committee. Pierre van Tonder was appointed chairman of the committee. *Independent in terms of the definition of King II **Meetings:** Two during the year under review.

The board recognises the importance of an effective risk management process. The board is responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks. The board is assisted in this regard by the risk committee and the Chief Risk Officer, Pierre van Tonder. Management is responsible for identifying, evaluating and managing risk. The risk management process, which is assessed by the risk committee, involves a system of senior management identifying, evaluating and prioritising strategic and operational risks and implementing appropriate controls or such other responses necessary to mitigate, to the extent reasonably possible, the risks. Risks are continuously identified and mitigated in terms of a process of allocating "risk owners", developing response strategies and monitoring compliance with these strategies.

Insurance is reviewed on an annual basis by senior management, including the financial director and managing director. Ad hoc changes to insurance cover are made during the period between the annual reviews in the event of significant changes in circumstances or acquisitions or disposals of significant assets. The committee reviews the insurance cover with management at the committee meeting following the annual review.

NOMINATIONS COMMITTEE	
Role of committee	**Composition**
• Identify and recommend qualified candidates for executive and non-executive directors; • Assess that the board has an appropriate balance of skills, experience and diversity; • Advise on the composition of the board, ensuring a balance between executive and non-executive directors; • Provide plans for succession particularly for the chairman, managing director and executive directors; and • Make recommendations in respect of directors retiring by rotation, or by contract, to be put forward for re-election.	**Three non-executive directors:** Keith Madders (chairman) Keith Getz Dean Hyde Subsequent to the reporting date, Mntungwa Morojele* was appointed to the committee. *Independent in terms of the definition of King II **Meetings:** One per year.

There is a policy detailing the process and procedures for the appointment of directors to the board, which are formal and transparent. Whilst the appointment of directors is a matter for the board as a whole, recommendations in this regard are made to the board by the nominations committee.

Board attendance

The attendance at board and board sub-committee meetings was as follows:

	Board	Audit	Remuneration	Risk	Nominations
Number of meetings	**2**	**2**	**1**	**2**	**1**
Allen Ambor	2			2	
Pierre van Tonder	2	2		2	
Mark Farrelly	2			2	
Ronel van Dijk	2	2		2	
Kevin Robertson	2			1	
Phillip Joffe	2	2		2	
Keith Madders	2	2	1	2	1
Keith Getz	2		1		1
Dean Hyde	1	1	1	-	1
Muzi Kuzwayo	1	1	-	1	

OPERATIONAL COMMITTEES

The board is also assisted in the discharge of its duties by the following operational committees:

Human resources productivity committee

The role of this 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 progress and compliance with the group's employment equity plans. The committee meets at least once a year and consists of five executive directors and the head of human resources. The committee is chaired by the managing director, Pierre van Tonder.

Operational Exco committee

This committee comprises executive directors, Pierre van Tonder, Ronel van Dijk, Mark Farrelly and Kevin Robertson, and includes heads of all functional areas within the group. The Operational Exco committee meets twice a year to commit to plans to implement the board's strategy, identify and assess risks within the group, identify new business opportunities and review performance against key metrics. The committee is chaired by the managing director, Pierre van Tonder. Significant matters are raised at board meetings or meetings of board sub-committees.

Treasury committee

This committee comprises executive directors, Pierre van Tonder, Ronel van Dijk and Phillip Joffe and finance employees. The committee reviews cash flow projections and monitors short-term investments to manage liquidity within the group, diversify the group's short-term investments amongst various financial institutions and maximise the return on short-term investments.

INTERNAL CONTROL AND EXTERNAL REVIEW

- The directors are satisfied that an adequate system of internal control was in place for the year under review and until the time of the approval of the annual report;
- The external auditor has unrestricted access to the chairman and members of the audit committee. The internal audit function reports directly to the audit committee;
- The risk 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 board is satisfied that an adequate process for identifying, evaluating and managing significant risks was in place for the year under review and until the time of the approval of the annual report; and
- No significant non-audit work was performed by the external auditor during the year.

SHARE DEALINGS

Directors and employees are restricted from trading in the shares of the company during two formalised closed periods ahead of the interim and annual results and when price-sensitive information may be known. The group's insider trading policy requires directors to obtain formal clearance from the chairman prior to dealing in the company's shares. All share dealings are disclosed to the company secretary and this information is released on the Securities Exchange News Services ("SENS") within 48 hours of any trade being completed.

CODE OF ETHICS

Spur Corporation has adopted a code of ethics which requires employees to maintain the highest moral and ethical standards in their relationships with stakeholders. The principles contained in the code are integrity; honesty and good faith; impartiality; transparency and openness; and accountability and responsibility.

The board is satisfied that no material breaches of ethical behaviour occurred during the year and confirms that the group continues to comply with the highest standards of business practices.

CORPORATE

SOCIAL VISION

INTRODUCTION

Spur Corporation has a strong social awareness philosophy and a commitment to improving the quality of life of disadvantaged South Africans.

As a caring corporate citizen, the group assists in the upliftment of communities, primarily through sport. Internally, the focus is on people development and the creation of a stimulating working environment, which supports the group's mission of making Spur "a great place to work".

COMMUNITY SUPPORT

Corporate social investment ("CSI") is an integral component of the group's transformation and empowerment strategy. Through an active programme of community-focused events, disadvantaged children throughout South Africa are given the opportunity to experience the Spur "taste for life".

Funds generated from these events are directed to the feeding and development of disadvantaged school children across the country. The group has partnered with Joint Aid Management, a non-profit organisation that provides meals to more than 500 000 children throughout Africa daily, to manage and distribute the Spur CSI funds.

More than 140 sport and recreational events took place in 2010, with the focus on the following sponsorships:

- Spur Soccer Masidlale (meaning "let's play") is a national series of one-day learning clinics using soccer as a vehicle to integrate children from all walks of life. Now in its sixth year, Masidlale teaches life skills and encourages self-confidence among children between the ages of 8 and 12. Coaches are trained to conduct monthly follow-up sessions with schools attending the Masidlale programme. The Spur Masidlale "seven a side" soccer league, a ten week mini tournament for 200 learners, held in Gauteng was implemented successfully;

- Spur has continued to support the development of the National Schools Mountain Biking League, which will incorporate 24 new events in the year ahead, focusing on children aged 12 to 18. Mountain biking is currently one of the fastest growing sports in the country and many cyclists are turning to mountain biking for recreation, and this aligns with the overall Spur Adventure theme;

- Spur Adventure provides an adrenaline-fuelled day for the whole family and participants engage in biking, kloofing, hiking and other outdoor adventure activities. 12 family events are held in all major centres;

- Spur is committed to rugby development and the transformation of the sport at schools level. Spur Steak Ranches has partnered with First National Bank ("FNB") to present FNB Classic Clashes which creates awareness through television coverage of the 48 major schoolboy rugby derbies in the country. Spur also sponsors several disadvantaged rugby playing schools nationally as well as a Junior Rugby Development day in the Western Cape; and

- The Spur annual charity golf tour, comprising four regional events, raised over R300 000 for the development of underprivileged potential junior players and the feeding of underprivileged children within school feeding schemes.

In addition to the above events, Spur is committed to assisting The Teddy Bear Clinic and Reach for a Dream:

- The Teddy Bear Clinic is a non-profit organisation that provides assistance, support and protection to children who have been abused and/or sexually molested. Spur is assisting The Teddy Bear Clinic with resources such as design and printing of booklets, annual report, etc. as well as providing sponsorships in the form of meals for staff and kids Christmas and Easter parties.

- Reach for a Dream is a non-profit organisation that fulfils the dreams of children between the ages of 3 and 18 who have been diagnosed as having a life-threatening illness. Spur has assisted the organisation by making the dreams come true for dreamers who wish to visit Spur for a meal and some fun and Spur will continue to assist with these requests in the year ahead.

Spur continues to respond to numerous requests for donations from various schools, orphanages, churches and charities by donating meal vouchers and providing cash donations.

EMPLOYEES

Spur Corporation subscribes to the view that, second only to its trademarks, people are its most valued and important asset. The group aims to attract, develop and retain highly energised individuals and an increasing focus is being placed on creating a more strategic human capital management environment.

Policies comply with the requirements of all employee-related legislation, including the Basic Conditions of Employment, the Labour Relations, Employment Equity, and Skills Development Acts.

Employment equity

All human resources policies aim to eliminate discrimination in the workplace and the group is committed to removing barriers to enable previously disadvantaged employees to reach their true potential. These policies are aligned with the Employment Equity Act and programmes are in place to ensure equal opportunities for all employees. Employment equity policies and targets have been developed in consultation with the group's human resources productivity committee. The employee composition at 30 June 2010 in South Africa was as follows:

Occupational levels	Male	Female	Total	Black	White
Top management	5	1	**6**	-	6
Senior management	19	2	**21**	1	20
Professionally qualified and experienced specialists and mid-management	11	8	**19**	6	13
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	36	45	**81**	24	57
Semi-skilled and discretionary decision-making	15	28	**43**	33	10
Unskilled and defined decision-making	9	4	**13**	13	-
Total permanent	**95**	**88**	**183**	**77**	**106**
Non-permanent	1	1	**2**	-	2
Total	**96**	**89**	**185**	**77**	**108**

Training

Customer service excellence is core to our business and an in-house training unit ensures that franchisees and their staff, together with head office employees, acquire the skills to perform in line with the group's high standards.

A wide range of training courses are offered to franchisees at the training centres in Cape Town and Johannesburg. During the past year 7 624 (2009: 5 841) delegates attended internal and external training workshops.

Classroom training is supplemented with practical training at a number of accredited training restaurants in Gauteng, KwaZulu-Natal and the Western Cape for new franchisees and management. This training ensures that management are capable of operating all areas of a franchise business. During the year 160 (2009: 133) people were trained in these facilities.

Skills development

Financial assistance is provided to employees to develop skills by attending external courses and to undertake part-time studies at universities and other tertiary institutions. Several employees are currently registered for degrees, diplomas and courses through a number of independent institutions. Employees are also encouraged to attend external seminars and training courses to enhance further the skills required for the execution of their daily duties. Financial assistance is also provided to employees to fund their dependents' primary and secondary education requirements.

HIV/AIDS management

The group is committed to addressing HIV/AIDS in a supportive and non-discriminatory manner. An AIDS awareness campaign has been conducted for the past eight years and includes in-store educational workshops, the distribution of videos and access to free condoms. These initiatives are aimed at educating franchisees and their staff and to equip them with the relevant knowledge to limit the risk of infection.

Incentive schemes

All employees currently participate in an incentive bonus scheme which is based on group and individual performance.

A share incentive scheme was introduced in December 2004 to allow management to participate in the growth of Spur Corporation and to assist the group in retaining directors and management of the highest calibre. A maximum of 10% of the company's issued share capital was made available for the scheme. This scheme concluded during December 2009. Further details on this scheme are disclosed in note 19 to the group financial statements on page 79. The group is considering several options in respect of both short-term and long-term incentive schemes. With regards a short-term incentive scheme, the board will table a proposal for consideration by shareholders at the annual general meeting on 10 December 2010 (refer notice of annual general meeting on page 110).

SUSTAINABILITY

The sustainability vision for the Spur group is to become a conscious and compassionate business that not only believes in, but implements sustainable development both through social and environmental initiatives, making a positive difference through the way the group does business.

The Spur board and management are committed to sustainability practices to ensure the long-term success of the group. It is recognised that these practices are becoming a business imperative and no longer a "nice to have". To this end, management has constituted a Sustainability committee, whose mandate it is to establish "Green policies" and to assist management in developing a sustainability strategy for the group.

The sustainability strategy of the group is to encompass the so-called "triple bottom line": economic, environmental and social responsibilities.

During the year under review, the Operational Exco committee identified key performance indicators related to the group's sustainability strategy and began the process of measuring the current indicators as well as setting targets for these indicators for the medium-term.

Economic

Strategies that are critical to the sustained growth of the company include the identification and expansion into new markets, capitalising on all feasible opportunities within the local market, increasing the utilisation of existing manufacturing facility production capability, increasing customer frequency and spend and ensuring the continued financial feasibility of the various brands' franchise financial models. These strategies are being addressed at all levels of management.

Environmental

A baseline audit has been completed to determine the group's carbon footprint in terms of its franchisees, regional offices, sauce and décor manufacturing facilities and outsourced distribution fleet. Strategies to deal with waste management, sustainable energy, water management and biodiversity are in the process of being developed.

Social

As detailed under the headings of Employees and Community Support above, the group has already implemented strategies to uplift communities and employees. Consideration is being given to expanding these strategies in future with particular focus on skills development within and external to the group and giving back to communities.

5 YEAR REVIEW

	footnote	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Statement of comprehensive income						
Revenue		**348 024**	326 774	295 838	215 411	182 692
Operating profit before finance income	1	**118 549**	96 196	85 242	89 241	77 188
Net finance income		**4 380**	6 219	4 852	3 754	4 007
Profit before income tax		**122 929**	102 415	90 094	92 995	81 195
Headline earnings	2	**85 067**	74 476	67 395	80 685	57 971
Statement of financial position						
Property, plant and equipment		**75 184**	84 429	98 890	82 982	37 612
Cash and cash equivalents		**84 628**	83 887	66 865	45 134	45 689
Bank overdraft		**3 596**	2 853	2 262	916	4 801
Statement of cash flows						
Net cash flow from operating activities		**12 580**	35 673	34 343	48 442	18 035
Share statistics						
Weighted average number of shares (000's)	2	**87 865**	87 942	88 156	88 156	88 156
Earnings per share (cents)	2	**88.27**	71.94	67.23	92.80	65.78
Headline earnings per share (cents)	2	**96.82**	84.69	76.45	91.53	65.76
Cash flow earnings per share (cents)	3	**102.31**	102.02	105.51	94.68	71.90
Operating cash flow per share (cents)	4	**14.32**	40.56	38.96	54.95	20.46
Net asset value per share (cents)	5	**458.99**	494.30	495.83	457.87	411.36
Distribution per share (cents)	6	**60.00**	55.00	55.00	55.00	47.00
Distribution cover (times)	7	**1.6**	1.5	1.4	1.7	1.4

	footnote	2010	2009	2008	2007	2006
Stock exchange performance						
Number of shares in issue (000's)		**97 633**	97 633	97 633	97 633	97 633
Number of shares traded (000's)		**20 930**	28 271	24 712	22 417	21 155
Value of shares traded (R'000)		**230 533**	195 639	222 263	221 793	172 545
Percentage of issued shares traded (%)		**21.44**	28.96	25.31	22.96	21.67
Market price per share (cents)						
- close		**1220**	840	620	1180	830
- high		**1325**	995	1210	1250	930
- low		**850**	560	620	820	625
Headline earnings yield (%)	8	**7.94**	10.08	12.33	7.76	7.92
Distribution yield (%)	9	**4.92**	6.55	8.87	4.66	5.66
Price earnings ratio		**12.60**	9.92	8.11	12.89	12.62
Market capitalisation (R'000)		**1 191 123**	820 117	605 325	1 152 069	810 354
Business performance						
Operating profit margin (%)	10	**35.77**	33.26	32.14	40.86	42.85
Return on equity (%)	11	**20.91**	17.58	15.89	19.95	16.21
Return on total assets (%)	12	**15.89**	13.98	12.47	16.24	13.37
Liquidity ratio	13	**2.36**	2.86	2.07	1.72	2.38

Footnotes

1 Includes share of loss of equity-accounted investees (net of income tax).
2 Refer to note 9 of the annual financial statements on page 70.
3 Operating profit before working capital changes plus net interest received/(paid) less tax paid divided by the weighted average number of shares in issue.
4 Net cash flow 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 (net of treasury shares).
6 Interim and final distribution for the year to which it relates.
7 Headline earnings per share divided by distribution per share (see footnote 6).
8 Headline earnings per share divided by the closing share price.
9 Distribution per share divided by the closing share price.
10 Operating profit (see footnote 1) adjusted for headline earnings adjustments and foreign exchange gain/loss divided by revenue.
11 Profit for the year adjusted for headline earnings adjustments and foreign exchange gain/loss divided by capital and reserves.
12 Profit for the year adjusted for headline earnings adjustments and foreign exchange gain/loss divided by assets.
13 Current assets divided by current liabilities.

FINANCIAL
STATEMENTS

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 annual financial statements of the group and the company are prepared in accordance with International Financial Reporting Standards ("IFRS"), the interpretations adopted by the International Accounting Standards Board ("IASB") and the requirements of the South African Companies Act.

The directors believe that the group and the company will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the group's and the company's annual financial statements.

The external auditor is responsible for reporting on the financial statements.

The annual financial statements and group annual financial statements of Spur Corporation Limited, set out on pages 40 to 108, were approved by the board of directors on 8 October 2010 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 2010, 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

8 October 2010

INDEPENDENT AUDITOR'S REPORT

To the members of
SPUR CORPORATION LIMITED

We have audited the annual financial statements and group annual financial statements of Spur Corporation Limited, which comprise the statements of financial position at 30 June 2010, and the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 40 to 108.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Spur Corporation Limited at 30 June 2010 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per I Engels
Chartered Accountant (SA), Registered Auditor
Cape Town, 8 October 2010

8th Floor, MSC House, 1 Mediterranean Street
Cape Town 8001

DIRECTORS' REPORT

The directors present their eleventh annual report, which forms part of the audited financial statements of the company and of the group for the year ended 30 June 2010.

NATURE OF THE BUSINESS

Spur Corporation Limited, which is domiciled and incorprated in the Republic of South Africa and listed on the JSE Limited, the recognised securities exchange in South Africa, is an investment holding company. Through its subsidiaries, primarily Spur Group (Pty) Ltd, John Dory's Franchise (Pty) Ltd, Steak Ranches International BV, Spur Corporation UK Ltd and Spur Corporation Australia Pty Ltd, the group carries on the business of franchisor in the family sit down restaurant market. Through subsidiaries, Spur Advertising (Pty) Ltd, Panarottis Advertising (Pty) Ltd, John Dory's Advertising (Pty) Ltd, Spur Advertising UK Ltd, Spur Advertising Australia Pty Ltd and Panarottis Advertising Australia Pty Ltd, the group provides marketing and promotional services to franchisees. A subsidiary of the company, Spur Group Properties (Pty) Ltd owns certain properties which are owner-occupied from a group perspective. The company also has indirect interests in various companies in the United Kingdom and Australia which own and operate retail Spur and Panarottis restaurants in those territories.

FINANCIAL REVIEW

The group's statement of comprehensive income is presented on page 46 and reflects the group's financial results.

Despite continued suppressed trading conditions in the retail market, Spur Corporation enjoyed a successful year and produced a positive set of trading results.

Restaurant turnover in our South African Spur Steak Ranch outlets increased by 9.5%, bringing total restaurant turnover to a new high of R2.5 billion. The Panarottis brand grew restaurant turnover by 7.8% and John Dory's delivered an excellent growth of 23.4% over the prior year. These results were achieved because of stringent monitoring of standards, innovative marketing and re-positioning of our menus to factor in an average menu increase of 7% across all local brands. This considered increase was based on sales mix calculations, food prices, an assessment of competition and market tolerance. Food prices remained relatively constant during the period, despite fears that the FIFA 2010 World Cup would prove to be an inflationary force. Increases in electricity tariffs, rentals and rates remain areas of operational focus.

Revenue grew by 6.5% from R326.8 million to R348.0 million. Franchise income in Spur grew by 9.9% to R124.4 million; Panarottis by 6.1% to R10.8 million and John Dory's by 30.3% to R8.8 million. International revenue (franchise fee income and restaurant turnover) declined by 4.4% to R92.5 million, impacted by a tough international retail market and a strong Rand.

Operating profit before finance income increased by 21.4% to R118.5 million. Excluding one-off or abnormal items such as foreign exchange fluctuations, foreign restaurant impairments and the share-based payment expense (relating to the group's management incentive scheme) in the current and prior periods, comparable operating profit before finance income grew by 15.5%. Headline earnings increased by 14.2% to R85.1 million (2009: R74.5 million), with diluted headline earnings per share up 13.8% to 94.6 cents (2009: 83.1 cents).

AUDIT AND RISK COMMITTEES

Pages 23 and 24 of the Corporate Governance section of this report set out the responsibilities of the audit and risk committees and how these responsibilities have been discharged during the year.

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 2010.

During the year, the group's management incentive scheme was settled in cash. Full details of this transaction are included in note 19 to the group financial statements on page 79 of this report. As a consequence, of the 8 274 043 Spur shares previously held by Maxshell 72 Investments (Pty) Ltd ("Maxshell"), a special purpose entity incorporated for the purpose of the scheme and consolidated by the group, 6 688 698 shares were transferred to the Spur Management Share Trust ("the Trust"), also a special purpose entity consolidated by the group, and the balance of 1 583 345 shares were sold to a wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd ("SBB"). The total number of treasury shares held by the group thus remains at 9 767 326 shares although, of these shares, 3 078 628 (2009: 1 493 283) are held by SBB, 6 688 698 (2009: nil) shares are held by the Trust and no shares (2009: 8 274 043) are held by Maxshell. Consequently, the number of shares in issue, net of treasury shares, at 30 June 2010 was 87 865 507, unchanged from 30 June 2009.

The shares held by the Trust and previously by Maxshell are treated as treasury shares as the company consolidates these special purpose entities, although the group has no direct interest in either of these special purpose entities. Further details are disclosed in note 19 on page 79 of this report.

INTEREST IN SUBSIDIARY COMPANIES

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

	Country of incorporation	Issued capital R'000	Loan to subsidiary R'000	% interest in company
Trading				
- Spur International Ltd*	British Virgin Islands	1.4		100
- Spur Group (Pty) Ltd	South Africa	0.1		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	3 265	100
- John Dory's Franchise (Pty) Ltd*	South Africa	0.1		65
- John Dory's Advertising (Pty) Ltd*	South Africa	0.1		100
- Vantini Spur Ltd*	Gibraltar	0.1		100
- Steak Ranches International BV*	The Netherlands	173.3		100
- Spur Corporation Australia Pty Ltd*	Australia	0.6		100
- Spur Advertising Australia Pty Ltd*	Australia	0.6		100
- Panarottis Advertising Australia Pty Ltd*	Australia	0.6		100
- Spurcentral Pty Ltd*	Australia	0.6		100
- Panhold Pty Ltd*	Australia	5.0		70
- Panawest Pty Ltd*	Australia	631.0		93
- Caspur Pty Ltd*	Australia	772.0		100
- Spur Corporation UK Ltd*	United Kingdom	3.0		100
- Larkspur One Ltd*	United Kingdom	1.4		90
- Larkspur Two Ltd*	United Kingdom	1.4		100
- Larkspur Three Ltd*	United Kingdom	1.3		80
- Larkspur Four Ltd*	United Kingdom	1.5		100
- Mohawk Spur Ltd*	United Kingdom	15.1		100
- Spur Advertising UK Ltd*	United Kingdom	1.3		100
Dormant		1.4		100
			3 265	

* Indirect

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

	2010 R'000	2009 R'000
Profits	**98 561**	84 471
Losses	**(18 909)**	(19 217)

The group also consolidates Maxshell 72 Investments (Pty) Ltd and The Spur Management Share Trust, in which it does not hold shares, as per the JSE Listing Requirements.

CASH DIVIDEND

A final cash dividend in respect of the 2009 financial year of 28.0 cents per share, was paid to shareholders on 5 October 2009. An interim cash dividend of 32.0 cents per share was paid to shareholders on 23 March 2010.

The directors declared a final cash dividend of 28.0 cents per share on 15 September 2010, to be paid on 11 October 2010 to those shareholders of the company who are recorded in the company's register on 8 October 2010. As this dividend was declared after the reporting date, it will only be accounted for in the 2011 financial year. The declaration of this dividend will result in a Secondary Tax on Companies charge of R2.7 million, which will be accounted for in the 2011 financial year.

SPECIAL RESOLUTION

On 11 December 2009, 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

Details of 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 12, 13 and 117. 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, Phillip Joffe, Pierre van Tonder, Ronel van Dijk and Dean Hyde retire at the forthcoming annual general meeting. These directors, 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.

Mntungwa Morojele was appointed to the board on 1 June 2010 as an independent non-executive director. In terms of the company's Articles of Association, this appointment is to be approved by shareholders at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

No contracts in which the 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' interests in the ordinary shares are as follows:

	2010			2009		
	Direct beneficial	Indirect beneficial	Held by associates	Direct beneficial	Indirect beneficial	Held by associates
Allen Ambor	**3 086 685**	**464 609**	**-**	3 086 685	838 009	-
Pierre van Tonder	**-**	**-**	**-**	-	1 265 000	-
Mark Farrelly	**-**	**-**	**-**	-	960 445	-
Ronel van Dijk	**73 244**	**-**	**-**	73 244	749 139	-
Kevin Robertson	**-**	**-**	**-**	-	773 156	-
Phillip Joffe	**-**	**-**	**-**	-	310 000	-
Keith Madders	**-**	**1 112 022**	**-**	-	1 112 022	-
Dean Hyde	**15 800**	**-**	**-**	15 800	-	-
Keith Getz	**2 491**	**-**	**820**	2 491	-	820
Muzi Kuzwayo	**-**	**-**	**-**	-	-	-
Mntungwa Morojele**	**-**	**-**	**-**			
Total	**3 178 220**	**1 576 631**	**820**	3 178 220	6 007 771	820
% Interest*	**3.4%**	**1.7%**	**0.0%**	3.3%	6.2%	0.0%

There have been no changes in directors' interests in share capital from 30 June 2010 to the date of posting of this annual report.

* These percentages are based on shares in issue less shares repurchased by subsidiary companies (except to the extent that the shares held by these subsidiaries are held in terms of the Spur Management Share Incentive Scheme - see note 19 for more details) i.e. Share Buy-back (Pty) Ltd.
** Appointed during the year.

Share options allocated to non-executive directors in terms of the Spur Management Incentive Scheme (refer note 19):

	2010	2009
	No. of shares	No. of shares
Dean Hyde	**-**	300 000
Keith Getz	**-**	234 111
Keith Madders	**-**	280 934

SHAREHOLDERS' INTEREST IN SHARES

Major shareholders

The following are shareholders (excluding directors) that, directly or indirectly, are beneficially interested in 3% or more of the company's issued share capital at 30 June 2010:

	No. of shares	%*
Allan Gray	16 678 212	17.6
Sanlam	9 765 250	10.3
Spur Management Share Trust **	6 688 698	7.1
Old Mutual	5 602 980	5.9
Investec	4 216 275	4.5
Nedbank Group	3 541 427	3.7
Investment Solutions	2 954 843	3.1

* These percentages are based on shares in issue less shares repurchased by subsidiary companies (except to the extent that the shares held by these subsidiaries are held in terms of the Spur Management Share Incentive Scheme - see note 19 for more details) i.e. Share Buy-back (Pty) Ltd.

** This holding relates to shares held in terms of the Spur Management Share Incentive Scheme, details of which are disclosed in note 19.

Public/non-public shareholders

An analysis of public and non-public shareholders is presented below:

	No. of shareholders	No. of shares	%
Non-public shareholders			
Directors and associates	8	4 760 162	4.9
Spur Management Share Trust	1	6 688 698	6.9
Subsidiary holding treasury shares	1	3 078 628	3.2
Major shareholder - Allan Gray	1	16 678 212	17.1
Public shareholders	1 701	66 427 133	67.9
Total	1 712	97 632 833	100.0

Analysis of shareholding

An analysis of the spread of shareholding is presented below:

	No. of shareholders	%	No. of shares	%
Shareholder spread				
1 - 10 000 shares	1 310	76.5	3 129 948	3.2
10 001 - 25 000 shares	147	8.6	2 396 847	2.5
25 001 - 50 000 shares	75	4.4	2 891 597	3.0
50 001 - 100 000 shares	58	3.4	4 389 207	4.5
100 001 - 500 000 shares	92	5.4	20 742 567	21.2
500 001 - 1 000 000 shares	10	0.5	7 526 502	7.7
1 000 001 shares and over	20	1.2	56 556 165	57.9
	1 712	100.0	97 632 833	100.0

	No. of shareholders	%	No. of shares	%
Distribution of shareholders				
Banks and nominees	189	10.9	4 627 110	4.7
Endowment funds	20	1.2	901 130	0.9
Individuals	1 221	71.2	11 147 845	11.4
Insurance companies	30	1.8	5 305 698	5.4
Investment companies	7	0.4	276 567	0.3
Medical funds	6	0.4	562 751	0.6
Mutual funds	78	4.6	49 002 729	50.2
Own holdings	1	0.1	3 078 628	3.2
Pension and retirement funds	90	5.3	14 138 996	14.5
Spur Management Share Trust	1	0.1	6 688 698	6.9
Other corporate bodies	69	4.0	1 902 681	1.9
	1 712	100.0	97 632 833	100.0

BORROWINGS

In terms of the Articles of Association of the company and its main local operating entity, Spur Group (Pty) Ltd, the borrowing powers of the directors of these companies are unlimited. The group's overall level of formal loan indebtedness increased from R22.9 million to R23.2 million during the year.

GOING CONCERN

These annual financial statements have been prepared on the going concern basis.

The board has performed a review of the group and company's ability to continue trading as a going concern in the foreseeable future and, based on this review, consider that the presentation of the financial statements on this basis is appropriate.

There are no pending or threatened legal or arbitration proceedings which have had or may have a material effect on the financial position of the company or group.

SUBSEQUENT EVENTS

Details of events occurring subsequent to the reporting date but prior to the date of issue of this report are detailed in note 40 to the group financial statements on page 96 of this report.

COMPANY INFORMATION

The company's registration number and registered address are presented on page 117. Shareholders and members of the public are advised that the register of the interests 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

Consolidated Statement of Comprehensive INCOME

for the year ended 30 June

	Note	2010 R'000	2009 R'000
Revenue	3	**348 024**	326 774
Cost of sales		**(72 400)**	(70 796)
Gross profit		**275 624**	255 978
Other operating income	4	**10 327**	9 688
Administration expenses		**(62 524)**	(68 527)
Core operations expenses		**(32 673)**	(30 265)
Distribution expenses		**(4 390)**	(4 082)
Non-trading loss	5	**(7 994)**	(10 044)
Retail operating expenses		**(59 821)**	(55 087)
Operating profit before finance income	5	**118 549**	97 661
Net finance income	6	**4 380**	6 219
Interest income		**5 893**	8 394
Interest expense		**(1 513)**	(2 175)
Share of loss of equity-accounted investees (net of income tax)	7	**-**	(1 465)
Profit before income tax		**122 929**	102 415
Income tax expense	8	**(44 562)**	(38 574)
Profit for the year		**78 367**	63 841
Other comprehensive losses:		**(14 093)**	(18 033)
Foreign currency translation differences for foreign operations		**(21 719)**	(14 831)
Foreign exchange gain/(loss) on net investments in foreign subsidiaries		**10 236**	(4 298)
Tax on foreign exchange gain/(loss) on net investments in foreign subsidiaries		**(2 610)**	1 096
Total comprehensive income for the year		**64 274**	45 808
Profit attributable to:			
Owners of the company		**77 557**	63 264
Non-controlling interest		**810**	577
Profit for the year		**78 367**	63 841
Total comprehensive income attributable to:			
Owners of the company		**63 540**	45 374
Non-controlling interest		**734**	434
Total comprehensive income for the year		**64 274**	45 808
Earnings per share (cents)			
Basic earnings	9	**88.27**	71.94
Diluted earnings	9	**86.25**	70.61

Consolidated Statement of FINANCIAL POSITION at 30 June

	Note	2010 R'000	2009 R'000
ASSETS			
NON-CURRENT ASSETS		**382 609**	398 399
Property, plant and equipment	10	**75 184**	84 429
Intangible assets and goodwill	11	**279 609**	279 970
Interest in equity-accounted investees	7	**9 317**	6 540
Loans receivable	12	**5 216**	8 111
Deferred tax	13	**11 128**	16 618
Leasing rights	14	**2 155**	2 731
CURRENT ASSETS		**148 116**	147 840
Inventories	15	**6 389**	6 066
Tax receivable		**3 600**	3 567
Trade and other receivables	16	**51 348**	45 903
Loans receivable	12	**2 151**	8 417
Cash and cash equivalents	17	**84 628**	83 887
TOTAL ASSETS		**530 725**	546 239
EQUITY & LIABILITIES			
TOTAL EQUITY		**403 295**	434 320
Ordinary share capital	18	**1**	1
Share premium		**6**	6
Shares repurchased by subsidiaries	18	**(29 910)**	(25 349)
Foreign currency translation reserve	18	**(5 129)**	8 888
Share-based payments reserve	19	**-**	20 554
Retained earnings		**434 015**	425 919
Total equity attributable to equity holders of the parent		**398 983**	430 019
Non-controlling interest		**4 312**	4 301
LIABILITIES			
NON-CURRENT LIABILITIES		**64 569**	60 237
Long-term loans payable	20	**7 181**	11 413
Operating lease liability	21	**3 328**	1 352
Deferred tax	13	**54 060**	47 472
CURRENT LIABILITIES		**62 861**	51 682
Bank overdrafts	17	**3 596**	2 853
Tax payable		**4 832**	6 351
Trade and other payables	22	**37 934**	30 639
Loans payable	23	**16 035**	11 441
Shareholders for dividend		**464**	398
TOTAL EQUITY AND LIABILITIES		**530 725**	546 239

Consolidated Statement of Changes in

EQUITY

for the year ended 30 June

	Note	Number of shares (net of treasury shares) 000's	Ordinary share capital R'000	Share premium R'000
Balance at 1 July 2008		**88 156**	**1**	**11 331**
Total comprehensive income for the year				
Profit		**-**	**-**	**-**
Other comprehensive losses		**-**	**-**	**-**
Foreign currency translation differences for foreign operations		-	-	-
Foreign exchange loss on net investments in foreign subsidiaries		-	-	-
Tax on foreign exchange loss on net investments in foreign subsidiaries		-	-	-
Foreign exchange effect on non-controlling interest		-	-	-
Total comprehensive income for the year		**-**	**-**	**-**
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners		**(290)**	**-**	**(11 325)**
Own shares acquired		(290)	-	-
Distributions to equity holders	24	-	-	(11 325)
Tax on treasury shares' capital distributions		-	-	-
Share-based payments transactions net of tax	19	-	-	-
Changes in ownership interests in subsidiaries that do not result in a loss of control				
Acquisition of non-controlling interest in subsidiary	31	-	-	-
Total transactions with owners		**(290)**	**-**	**(11 325)**
Balance at 1 July 2009		**87 866**	**1**	**6**
Total comprehensive income for the year				
Profit		**-**	**-**	**-**
Other comprehensive losses		**-**	**-**	**-**
Foreign currency translation differences for foreign operations		-	-	-
Foreign exchange gain on net investments in foreign subsidiaries		-	-	-
Tax on foreign exchange gain on net investments in foreign subsidiaries		-	-	-
Foreign exchange effect on non-controlling interest		-	-	-
Total comprehensive income for the year		**-**	**-**	**-**
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners		**-**	**-**	**-**
Distributions to equity holders	24	-	-	-
Distributions to participants of incentive scheme net of tax	19	-	-	-
Share-based payments transactions net of tax	19	-	-	-
Transfer of share-based payment reserve to retained earnings	19	-	-	-
Total transactions with owners		**-**	**-**	**-**
Balance at 30 June 2010		**87 866**	**1**	**6**

Shares repurchased by subsidiaries R'000	Foreign currency translation reserve R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interest/(deficit) R'000	Total equity R'000
(24 301)	**26 778**	**19 030**	**399 948**	**432 787**	**4 315**	**437 102**
-	**-**	**-**	**63 264**	**63 264**	**577**	**63 841**
-	**(17 890)**	**-**	**-**	**(17 890)**	**(143)**	**(18 033)**
-	(14 831)	-	-	(14 831)	-	(14 831)
-	(4 298)	-	-	(4 298)	-	(4 298)
-	1 096	-	-	1 096	-	1 096
-	143	-	-	143	(143)	-
-	**(17 890)**	**-**	**63 264**	**45 374**	**434**	**45 808**
(1 048)	**-**	**1 524**	**(37 293)**	**(48 142)**	**(254)**	**(48 396)**
(2 013)	-	-	-	(2 013)	-	(2 013)
1 104	-	-	(37 293)	(47 514)	(254)	(47 768)
(139)	-	-	-	(139)	-	(139)
-	-	1 524	-	1 524	-	1 524
-	-	-	-	-	(194)	(194)
(1 048)	**-**	**1 524**	**(37 293)**	**(48 142)**	**(448)**	**(48 590)**
(25 349)	**8 888**	**20 554**	**425 919**	**430 019**	**4 301**	**434 320**
-	**-**	**-**	**77 557**	**77 557**	**810**	**78 367**
-	**(14 017)**	**-**	**-**	**(14 017)**	**(76)**	**(14 093)**
-	(21 719)	-	-	(21 719)	-	(21 719)
-	10 236	-	-	10 236	-	10 236
-	(2 610)	-	-	(2 610)	-	(2 610)
-	76	-	-	76	(76)	-
-	**(14 017)**	**-**	**77 557**	**63 540**	**734**	**64 274**
(4 561)	**-**	**(20 554)**	**(69 461)**	**(94 576)**	**(723)**	**(95 299)**
-	-	-	(52 719)	(52 719)	(723)	(53 442)
(4 561)	-	-	(38 507)	(43 068)	-	(43 068)
-	-	1 211	-	1 211	-	1 211
-	-	(21 765)	21 765	-	-	-
(4 561)	**-**	**(20 554)**	**(69 461)**	**(94 576)**	**(723)**	**(95 299)**
(29 910)	**(5 129)**	**-**	**434 015**	**398 983**	**4 312**	**403 295**

Consolidated Statement of

CASH FLOWS

for the year ended 30 June

	Note	2010 R'000	2009 R'000
Cash flow from operating activities			
Operating profit before working capital changes	25	**134 474**	118 205
Working capital changes	26	**3 394**	(6 321)
Cash generated from operations		**137 868**	111 884
Interest income received	27	**6 461**	7 978
Interest expense paid		**(1 513)**	(2 175)
Tax paid	28	**(49 528)**	(34 292)
Distributions paid	29	**(80 708)**	(47 722)
Net cash flow from operating activities		**12 580**	35 673
Cash flow from investing activities			
Additions of property, plant and equipment		**(12 919)**	(13 783)
Proceeds from disposal of property, plant and equipment		**547**	546
Acquisition of additional interest in equity-accounted investee	30	**(495)**	-
Acquisition of treasury shares	18	**(3 888)**	(2 013)
Transaction costs relating to management incentive scheme	19	**(421)**	-
Increase in loans to equity-accounted investees and loans receivable		**(2 430)**	(296)
Decrease in loans receivable		**6 032**	-
Net cash flow from investing activities		**(13 574)**	(15 546)
Cash flow from financing activities			
Decrease in interest-bearing loans payable		**(4 112)**	(3 550)
Loan received		**492**	-
Loan received from non-controlling shareholder		**2 325**	-
Landlord contribution received		**2 066**	-
Net cash flow from financing activities		**771**	(3 550)
Net movement in cash and cash equivalents		**(223)**	16 577
Effect of foreign exchange fluctuations		**221**	(146)
Net cash and cash equivalents at beginning of year		**81 034**	64 603
Net cash and cash equivalents at end of year	17	**81 032**	81 034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Smooth & Tasty
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Steak Ranches
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Pepper Sauce
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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Spur Corporation Limited is domiciled in South Africa. The consolidated financial statements of the company for the year ended 30 June 2010 comprise the company, its subsidiaries, controlled special purpose entities and the group's interests in equity accounted investees, together referred to as "the group".

The financial statements were authorised for issue by the directors on 8 October 2010.

The financial statements are presented in South African Rands, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern and historical cost bases, unless otherwise stated.

1.1 STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The consolidated financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board ("IASB"), AC 500 series issued by SAICA and the South African Companies Act (Act no. 61 of 1973), as amended.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses (refer note 41). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The accounting policies set out below have been applied consistently, in all material respects, to all years presented in these consolidated financial statements, except for IAS 1: Presentation of Financial Statements, IFRS 8: Operating segments, IAS 27: Consolidated and separate Financial Statements, IFRS 3: Business Combinations (revised 2008), Amendments to IFRS 7: Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments, IAS 23: Borrowing Costs (revised 2007) and circular 3/2009 relating to Headline earnings. The group has adopted the statement of comprehensive income which replaces the income statement, and the statement of financial position which replaces the balance sheet. The segment report has been substantially revised to comply with IFRS 8, with operating segments now being identified based on financial information regularly reviewed by the Spur Corporation Limited Board (identified as the Chief Operating Decision Maker ("CODM") of the group for IFRS 8 purposes) for performance assessments and resource allocations. The group early adopted the amendment to IFRS 8, which becomes effective for annual periods beginning on or after 1 January 2010, which does not require segment assets to be disclosed if such information is not regularly provided to the CODM. Accordingly, segment assets have not been disclosed. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Whilst the adoption of the above changes has resulted in certain changes to the presentation of the current and prior year financial statements, with corresponding amendments to certain prior year disclosures, these changes have not resulted in any changes to the prior year profit or items in the statement of financial position. The impact of the adoption of the above changes on current year profit is disclosed in note 39.

1.2 BASIS OF CONSOLIDATION

1.2.1 Investment in subsidiaries

The group financial statements include the financial statements of the company and the entities that it controls. Control is achieved where the company has the power directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements of the group from the date that control commences until the date that control ceases.

As the group controls the Spur Management Incentive Share Trust ("share trust") and Maxshell 72 Investments (Proprietary) Limited, these special purpose entities have been consolidated into the group financial statements. The group does not have any direct or indirect shareholdings in these entities. A special purpose entity ("SPE") is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE's risks and rewards, the group concludes that it controls the SPE.

SPEs controlled by the group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management which result in the group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to risks incidental to the SPEs' activities, or retaining the majority of the residual or ownership risks related to the SPEs or their assets.

The company carries its investments in subsidiaries at cost less impairment losses.

1.2.2 Investment in associates
Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost. The consolidated financial statements include the group's share of the total recognised gains and losses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the group from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the investee.

1.2.3 Transactions eliminated on consolidation
Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.2.4 Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rands at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Rands at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in equity in the foreign currency translation reserve ("FCTR").

1.2.5 Net investment in foreign operations
When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, the exchange differences arising from such monetary item are considered to be part of the net investment in foreign operations and are recognised in other comprehensive income and presented in equity in the FCTR. When the investment in foreign operation is disposed of, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

1.2.6 Non-controlling interests
Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' shares of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1.2.7 Business combinations and goodwill
Business combinations after 1 July 2009
Business combinations occurring on or after 1 July 2009 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are recognised as an expense in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39: Financial Instruments: Recognition and Measurement either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of under these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 30 June 2009
In comparison to the above mentioned requirements, the following differences apply:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets; and

Contingent consideration was recognised if, and only if, the group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

1.2.8 Transactions with non-controlling interests
Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39: Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

1.3 FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currencies at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the respective functional currencies using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the respective functional currencies at the foreign exchange rate ruling at the date the fair value was determined. Foreign exchange differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation which are recognised in other comprehensive income and presented in equity in the FCTR.

1.4 PROPERTY, PLANT AND EQUIPMENT

1.4.1 Recognition and measurement
Items of property, plant and equipment, including owner-occupied buildings, are stated at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

Borrowing costs are capitalised in line with the accounting policy outlined under finance expenses (refer note 1.15.2).

1.4.2 Subsequent costs
The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing a part of such an item when the cost is incurred if it is probable that the economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss in the period they are incurred.

1.4.3 Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold improvements are depreciated over the shorter of the lease term or estimated useful life of the assets. Land is not depreciated.

The current estimated useful lives are as follows:

• buildings	50 years
• plant, equipment and vehicles	3 - 5 years
• fixtures and fitting	5 - 6.67 years
• computer equipment	3 years
• computer software	2 years
• leasehold improvements	lesser of lease terms and 10 years

Depreciation methods, useful lives and residual values are reassessed annually.

1.4.4 Disposal
Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised in profit or loss.

1.5 INTANGIBLE ASSETS (OTHER THAN GOODWILL)

1.5.1 Trademarks and franchise rights
Intangible assets are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. Intangible assets which have finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets which have indefinite useful lives are not amortised but are tested for impairment annually. No value is attached to internally developed and maintained trademarks or brand names. Expenditure incurred to maintain trademarks and brand names is recognised in profit or loss as incurred.

The current estimated useful lives are as follows:

• Franchise rights	25 years

1.5.2 Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, costs can be measured reliably, future economic benefits are probable and the group has sufficient resources to complete development in order to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

1.5.3 Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

1.6 IMPAIRMENT

1.6.1 Non-financial assets
The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its net selling price and value-in-use. In assessing value-in-use, the estimated future cash flows relating to 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. The net selling price is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment reversals are recognised in profit or loss.

1.6.2 Financial assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The recoverable amount of the group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Where the carrying value of the asset exceeds the recoverable amount, the difference is recognised as an impairment loss in profit or loss.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed and any increase in fair value is recognised in other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

1.7 INVENTORIES

Inventories are stated at the lower of cost, determined on the first-in-first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The cost of inventory includes costs incurred in acquiring the inventory and costs incurred in bringing the inventory to its current location and condition.

Cost of manufactured goods includes direct material costs, direct labour costs and an appropriate share of overheads based on normal operating capacity.

1.8 LEASES

1.8.1 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 and is recorded in profit or loss.

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.

1.8.2 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 included in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

1.9 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. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.10 TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset 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.

Additional income taxes that arise from distribution of dividends are recognised as a tax charge in profit or loss at the same time as the liability to pay the related dividends is recognised.

1.11 SHARE CAPITAL

1.11.1 Ordinary share capital

Ordinary share capital represents the par value of ordinary shares issued. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of taxes.

1.11.2 Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued, and is classified as equity.

1.11.3 Repurchase of share capital

When shares of the company are acquired by the group, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity and the number of shares is deducted from the weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation.

1.11.4 Dividends

Dividends and capital distributions are recognised as a liability in the period in which they are declared and approved by shareholders.

1.12 FINANCIAL INSTRUMENTS

1.12.1 Measurement

Non-derivative financial instruments are initially measured at fair value, plus directly attributable transaction costs, except for financial instruments that are classified as being carried at fair value through profit or loss. Subsequent to initial recognition these instruments are classified according to their nature and are measured at amortised cost.

Financial instruments are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The group has non-derivative financial instruments and financial instruments at fair value through profit or loss, of which the subsequent measurement of each financial instrument is explained in more detail below.

Trade and other receivables (including loans)

Trade and other receivables (including loans) are stated at amortised cost less impairment losses as appropriate.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost less impairment losses, based on the relevant exchange rates at the reporting date.

Financial liabilities

Subsequent to initial recognition financial liabilities are stated at amortised cost using the effective interest method. Trade and other payables are stated at amortised cost.

Derivative instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange fluctuations from operational financing. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes. Subsequent to initial recognition, derivatives are measured at fair value.

The gain or loss on remeasurement of derivative instruments is recognised in profit or loss in the period that the change arises.

The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

1.12.2 Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.12.3 Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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.

1.13 REVENUE

Revenue comprises franchise-related fees and proceeds from the sale of supplies and promotional items. All revenue is stated exclusive of value added tax or other sales taxes and net of transactions with group companies.

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

Revenue from the sale of supplies and promotional items is recognised when the 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.

1.14 ADMINISTRATION FEES

Administration fees are stated exclusive of value added tax or other sales taxes and are recognised as services are rendered.

1.15 FINANCE INCOME AND EXPENSE

1.15.1 Finance income

Finance income comprises interest income and dividend income. Interest income 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. Dividend income is recognised when the right to receive payment is established.

1.15.2 Finance expense

Finance expense comprises interest payable on borrowings calculated using the effective interest method.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

1.16 EMPLOYEE BENEFITS

1.16.1 Short-term employee benefits

The costs of all short-term employee benefits are recognised in profit or loss during the period in which the employee renders the related service.

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

1.16.2 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 reporting 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 reporting date, on high-quality bonds with terms which most closely match the terms of maturity of the related liabilities.

1.16.3 Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in profit or loss as incurred.

1.16.4 Share-based payment transactions

The share incentive programme allows group employees to acquire shares of the company. The fair value of shares/options granted is recognised as an employee expense included in profit or loss with a corresponding increase in equity. The fair value is measured at grant date and expensed in profit or loss over the period during which the employees become unconditionally entitled to the shares. The fair value of the options granted is measured using a binomial option model, taking into account the terms and conditions upon which the shares/options were granted. The amount recognised as an expense included in profit or loss (with a corresponding increase in equity) is adjusted to reflect the actual number of shares/options that vest or are expected to vest.

1.17 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 reporting 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. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with the contract.

1.18 SEGMENT REPORTING

Operating segments are identified based on financial information regularly reviewed by the Spur Corporation Limited Board (identified as the Chief Operating Decision Maker ("CODM") of the group for IFRS 8 reporting purposes) for performance assessments and resource allocations. The group early adopted the amendment to IFRS 8, which becomes effective for annual periods beginning on or after 1 January 2010, which does not require segment assets to be disclosed if such information is not regularly provided to the CODM. Accordingly, segment assets have not been disclosed.

The group identified six reportable segments, as listed below, with no individual customer accounting for more than 10% of turnover.

- South Africa Manufacturing and distribution
- South Africa Franchise – Spur
- South Africa Franchise – Panarottis
- South Africa Franchise – John Dory's
- United Kingdom
- Australia

The group's South African business comprises largely the franchise businesses of its three trading brands, Spur Steak Ranches, Panarottis Pizza Pasta and John Dory's Fish & Grill, and its sauce manufacturing and product distribution business. Smaller operating segments include the group's training department, export business, décor manufacturing business and radio station which are each individually not material. The CODM reviews the performance of each of the franchise brands and other business units independently of each other to assess the risks and contribution of each, including the relevant return on investment and where appropriate the possibility and financial feasibility of expanding, ceasing or outsourcing operations.

The group's International business comprises largely its operations in the United Kingdom and Australia. Smaller international operating segments include franchise operations in Africa, the United Arab Emirates and Mauritius. Whilst the businesses in the UK and Australia comprise both a franchise and retail outlet (group-owned restaurant) component, in assessing the performance of these two divisions, the CODM acknowledges that the franchise and retail outlet businesses are intricately linked. In assessing the return on investment in these territories, it is not practicable to allocate contributions between the franchise and retail outlet businesses.

From a statutory reporting perspective, the CODM reviews the profit/loss before tax of each segment. In managing risks, performance and resource allocations, the CODM considers earnings before interest, tax, depreciation and amortisation ("EBITDA") as a more meaningful measure, particularly in light of the group's expansion strategy in international territories and its intention to establish a foot print in those territories, which is anticipated to carry significant depreciation and funding costs. Accordingly, the group has elected to disclose segmental EBITDA in addition to the minimum disclosure required by IFRS 8, as the board and management are of the view that this provides meaningful information to stakeholders.

1.19 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

This condition is regarded as met only when the sale is highly probable and expected to be completed within one year from classification and the asset is available for immediate sale in its present condition.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies. Thereafter assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Disposal groups are classified as discontinued operations where they represent a major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

1.20 GUARANTEES

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

These financial guarantees are classified as insurance contracts as defined in IFRS 4: Insurance contracts. A liability is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the contract and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the expenditure required to settle the contract at the reporting date. Where the effect of discounting is material, the liability is 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.

The group performs liability adequacy tests on financial guarantee contract liabilities to ensure that the carrying amount of the liability is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the group discounts all expected contractual cash flows and compares this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made.

1.21 EARNINGS PER SHARE

The group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the dilutive effects of all share options granted to employees.

2. GROUP SEGMENT REPORT

	SOUTH AFRICA							
R'000	Manufacturing & distribution	Franchise Spur	Franchise Panarottis	Franchise John Dory's	Other segments	Total segments	Un-allocated	Total South Africa
2010								
Total revenues	**94 008**	**124 411**	**10 751**	**8 847**	**21 724**	**259 741**	**-**	**259 741**
Inter-segment revenues	-	-	-	-	4 170	4 170	-	4 170
External revenues	**94 008**	**124 411**	**10 751**	**8 847**	**17 554**	**255 571**	**-**	**255 571**
Profit/(loss) before income tax	**44 714**	**107 339**	**6 560**	**4 567**	**(691)**	**162 489**	**(28 220)**	**134 269**
Exclude:								
Interest income	-	-	-	-	-	-	5 507	5 507
Interest expense	-	-	-	-	-	-	(1 168)	(1 168)
Depreciation and amortisation	(815)	-	-	-	(95)	(910)	(1 994)	(2 904)
EBITDA*	**45 529**	**107 339**	**6 560**	**4 567**	**(596)**	**163 399**	**(30 565)**	**132 834**
Other material disclosable items:								
Impairment of financial instrument	-	-	-	-	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-	-	-	-	-
Profit on disposal of property, plant and equipment	-	-	-	-	-	-	12	12
Foreign exchange gain/(loss)	-	-	-	-	-	-	-	-
EBITDA* before other material disclosable items	**45 529**	**107 339**	**6 560**	**4 567**	**(596)**	**163 399**	**(30 577)**	**132 822**
Capital expenditure	249	-	-	-	-	249	936	1 185
2009								
Total revenues	**82 097**	**113 229**	**10 137**	**6 788**	**21 987**	**234 238**	**-**	**234 238**
Inter-segment revenues	-	-	-	-	4 194	4 194	-	4 194
External revenues	**82 097**	**113 229**	**10 137**	**6 788**	**17 793**	**230 044**	**-**	**230 044**
Profit/(loss) before income tax	**36 141**	**97 525**	**6 592**	**3 058**	**(1 530)**	**141 786**	**(25 838)**	**115 948**
Exclude:								
Interest income	-	-	-	-	-	-	7 661	7 661
Interest expense	-	-	-	-	-	-	(2 000)	(2 000)
Depreciation and amortisation	(1 277)	-	-	-	(220)	(1 497)	(2 281)	(3 778)
EBITDA*	**37 418**	**97 525**	**6 592**	**3 058**	**(1 310)**	**143 283**	**(29 218)**	**114 065**
Other material disclosable items:								
Impairment of property, plant and equipment	-	-	-	-	-	-	-	-
Loss on disposal of property, plant and equipment in associates	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-
Profit on disposal of property, plant and equipment	-	-	-	-	-	-	16	16
Foreign exchange loss	-	-	-	-	-	-	-	-
EBITDA* before other material disclosable items	**37 418**	**97 525**	**6 592**	**3 058**	**(1 310)**	**143 283**	**(29 234)**	**114 049**
Capital expenditure	67	-	-	-	-	67	989	1 056

* EBITDA is earnings (profit/loss) before interest, tax, depreciation and amortisation.

INTERNATIONAL						
United Kingdom	Australia	Other segments	Total segments	Unallocated	Total international	TOTAL GROUP
56 080	**30 013**	**6 360**	**92 453**	**-**	**92 453**	**352 194**
-	-	-	-	-	-	4 170
56 080	**30 013**	**6 360**	**92 453**	**-**	**92 453**	**348 024**
(12 396)	**(1 807)**	**5 287**	**(8 916)**	**(2 424)**	**(11 340)**	**122 929**
132	121	-	253	133	386	5 893
(286)	(59)	-	(345)	-	(345)	(1 513)
(5 981)	(1 320)	-	(7 301)	-	(7 301)	(10 205)
(6 261)	**(549)**	**5 287**	**(1 523)**	**(2 557)**	**(4 080)**	**128 754**
(1 075)	-	-	(1 075)	-	(1 075)	(1 075)
(7 994)	-	-	(7 994)	-	(7 994)	(7 994)
-	475	-	475	-	475	487
(230)	(8)	-	(238)	1 793	1 555	1 555
3 038	**(1 016)**	**5 287**	**7 309**	**(4 350)**	**2 959**	**135 781**
11 651	53	-	11 704	30	11 734	12 919
55 840	**34 048**	**6 842**	**96 730**	**-**	**96 730**	**330 968**
-	-	-	-	-	-	4 194
55 840	**34 048**	**6 842**	**96 730**	**-**	**96 730**	**326 774**
(1 540)	**(13 587)**	**5 966**	**(9 161)**	**(4 372)**	**(13 533)**	**102 415**
124	87	-	211	522	733	8 394
(75)	(93)	-	(168)	(7)	(175)	(2 175)
(4 946)	(1 706)	-	(6 652)	-	(6 652)	(10 430)
3 357	**(11 875)**	**5 966**	**(2 552)**	**(4 887)**	**(7 439)**	**106 626**
-	(8 461)	-	(8 461)	-	(8 461)	(8 461)
-	(1 180)	-	(1 180)	-	(1 180)	(1 180)
-	(1 583)	-	(1 583)	-	(1 583)	(1 583)
-	-	-	-	-	-	16
(142)	(13)	-	(155)	(1 129)	(1 284)	(1 284)
3 499	**(638)**	**5 966**	**8 827**	**(3 758)**	**5 069**	**119 118**
12 292	292	-	12 584	143	12 727	13 783

3. REVENUE

	2010 R'000	2009 R'000
Manufacturing and distribution sales and rebates	**94 008**	82 097*
Franchise related fee income	**156 106**	143 038*
Retail restaurants' turnover	**80 356**	83 846*
Other sundry sales	**12 227**	12 088*
Other sundry services rendered	**5 327**	5 705*
	348 024	326 774

* The categories of revenue for the prior year have been aligned with the amended operating segments disclosed in note 2.

4. OTHER OPERATING INCOME

	2010 R'000	2009 R'000
Advertising administration fees	**10 327**	9 688

Advertising administration fees relate to services rendered by the group in respect of marketing funds (refer note 35).

5. OPERATING PROFIT BEFORE FINANCE INCOME

The following items have been taken into account in determining operating profit before finance income:

	2010 R'000	2009 R'000
Administration fees	**90**	65
Amortisation - intangible assets (refer note 11)	**125**	150
Auditors' remuneration	**1 092**	967
- Audit fees	**1 070**	890
- Other fees	**22**	77
Bad debts	**68**	-
Consulting fees	**7 891**	8 108
Depreciation (refer note 10)	**10 080**	10 280
- Buildings	**337**	337
- Leasehold improvements	**4 110**	3 542
- Furniture and fittings	**1 034**	1 183
- Plant, equipment and vehicles	**3 497**	3 779
- Computer equipment	**1 102**	1 439
Foreign exchange (gain)/loss	**(1 555)**	1 284
Impairment allowance - trade receivables	**468**	111
Impairment of financial instrument (refer note 12.3)	**1 075**	-
Loss on impaired outlets (refer to note 5.1)	**7 994**	10 435
- Impairment of property, plant and equipment (refer note 10)	**7 994**	8 461
- Impairment of goodwill (refer note 11)	**-**	1 583
- Non-trading loss	**7 994**	10 044
- Trading loss	**-**	391
Profit on disposal of property, plant and equipment	**(487)**	(16)
Operating lease charges	**10 011**	11 908
- Lease charges	**9 439**	11 339
- Straight-line lease charge (refer note 21)	**296**	238
- Amortisation of leasing rights (refer note 14)	**276**	331
Provident fund expense - defined contribution plan	**5 614**	4 933
Research costs	**36**	71
Share-based payments expense (refer note 19)	**1 682**	2 118
Staff costs (excluding directors' emoluments and items disclosed separately above)	**69 951**	68 522

Directors' emoluments are detailed in note 33.

5.1 Loss on impaired outlets

Yellowstone Spur, United Kingdom

Yellowstone Spur, a restaurant operated by a wholly-owned subsidiary of the group, Larkspur Four Limited, commenced trading in Derby, United Kingdom in April 2009. Persistent accounting and cash flow losses incurred by the restaurant indicated a potential impairment of the assets at the reporting date. The trading losses are attributed to lower than expected turnovers, in part due to the suppressed economy in the United Kingdom, and in part due to poor night time trade as a result of early centre closing hours.

The directors are continuing to engage with the landlord to address issues pertaining to the centre as well as to seek rent relief in an effort to reduce the extent of losses. The directors will reassess the financial feasibility of the outlet prior to the end of the 2011 financial year in order to determine whether or not to continue trading the outlet.

In assessing the recoverable amount of the restaurant as a cash-generating unit, the directors have estimated the value-in-use of the cash-generating unit. Given the nature of the restaurant industry and the limited presence of the group's trading brands in the United Kingdom, the directors assert that the cash-generating unit's fair value less costs to sell is likely to be negligible.

The cash-generating unit comprises predominantly property, plant and equipment and net working capital.

In determining the value-in-use of the cash-generating unit, the directors applied the following key assumptions, which, as a consequence of the uncertainty regarding the future success of the outlet, are based on historic performance:

- Cash flows over the next five years were anticipated based on the most recent budgets prepared by management, with the exception of restaurant turnover which is a key driver of profitability.
- Restaurant turnover for the 2011 financial year was conservatively estimated based on historic trends. Turnovers were estimated to remain flat (i.e. 2% below the Bank of England targeted inflation rate of 2%) for the 2012 to 2015 financial years.
- Variable costs were estimated to increase in line with turnover and fixed costs by the Bank of England targeted rate of inflation in the United Kingdom. Rental cost was forecast in accordance with the lease agreement.
- Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at 0%.
- Cash flows were discounted at a rate of 10%, being the risk-free rate of 0.5% (the Bank of England base rate) adjusted for risk factors.
- The present value of the cash flows was translated to the reporting currency at the exchange rate prevailing at the reporting date.

Based on the value-in-use calculation, the recoverable amount of the cash-generating unit was determined to be negative. Consequently, the full carrying value of property, plant and equipment was impaired to the extent of £693 085, the equivalent of R7.994 million.

Seven Eagles Spur and Mustang Spur, Australia

Seven Eagles Spur, a restaurant previously operated by a wholly-owned subsidiary of the group, Spurcentral Pty Ltd, commenced trading in Erina Fair, Australia in March 2007. Mustang Spur, a restaurant previously operated by a wholly-owned subsidiary of the group, Caspur Pty Ltd, commenced trading in Campbelltown, Australia in March 2006. Persistent accounting and cash flow losses incurred by these restaurants, exacerbated by the impact of the worldwide recession which has had a pronounced impact on the restaurant industry, indicated a potential impairment of the assets of the restaurants at the prior year reporting date.

The directors assessed the recoverable amounts of the restaurants as cash-generating units, based on their values-in-use, as at the prior year reporting date and concluded that the recoverable amounts of the cash-generating units were determined to be less than their carrying values by AU$738 112 and AU$845 209, the equivalent of R4.683 million and R5.361 million for Seven Eagles Spur and Mustang Spur respectively. Consequently, the full carrying value of property, plant and equipment for both entities was impaired to the extent of R8.461 million and goodwill by R1.583 million in the prior year.

During the current year, the directors were able to secure a transaction whereby the inventory and property, plant and equipment of Caspur Pty Ltd (Mustang Spur) were sold to an existing franchisee in Australia for AU$120 000 resulting in a profit on the disposal of property, plant and equipment of R0.475 million. The company was released from the lease by the landlord. The franchisee in question continues to trade the outlet. The directors, however, concluded that the risk of further significant losses in Spurcentral (Pty) Ltd (Seven Eagles Spur) was too great and consequently, the outlet ceased trading on 28 June 2010. The assets of the entity were transferred to the landlord as consideration for being released from the lease. The group has no further obligations in respect of the lease.

6. NET FINANCE INCOME

Finance income and expense recognised in profit or loss	2010 R'000	2009 R'000
Interest income on bank deposits	**5 070**	7 063
Interest income on financial assets measured at amortised cost	**823**	1 331
Interest income	**5 893**	8 394
Interest expense on financial liabilities measured at amortised cost	**(1 513)**	(2 175)
Interest expense	**(1 513)**	(2 175)
Net interest income recognised in profit or loss	**4 380**	6 219
Net foreign exchange gain/(loss)	**1 555**	(1 284)
Net finance income recognised in profit or loss	**5 935**	4 935
Finance income and expense recognised in other comprehensive income		
Foreign currency translation differences for foreign operations	**(21 719)**	(14 831)
Foreign exchange gain/(loss) on net investments in foreign subsidiaries	**10 236**	(4 298)
Net finance expense recognised in other comprehensive income	**(11 483)**	(19 129)
Attributable to:		
Equity holders of the company	**(11 407)**	(18 986)
Non-controlling interest	**(76)**	(143)
Net finance expense recognised in other comprehensive income	**(11 483)**	(19 129)

7. INTEREST IN EQUITY-ACCOUNTED INVESTEES

7.1 Interest in equity-accounted investees

	2010 R'000	2009 R'000
Balance at beginning of year	-	1 681
Effect of foreign exchange fluctuations	-	(216)
Acquisition of additional interest in equity-accounted investee (refer note 30)	**495**	-
Share of loss of equity-accounted investees (net of income tax)	-	(1 465)
- Trading losses	-	(285)
- Capital losses	-	(1 180)
Balance at end of year	**495**	-
Loans to equity-accounted investees	**8 822**	6 540
Total interest in equity-accounted investees	**9 317**	6 540

A loss of R2.019 million and a profit of R0.215million (2009: loss of R0.290 million and a profit of R0.356 million) were not recognised during the year as the entities in question had incurred cumulative losses greater than the group's initial carrying values of the respective investments. The group's share of cumulative unrecognised losses amounts to R6.034 million (2009: R4.153 million) at year-end translated at rates of exchange ruling at the reporting date.

7.2 Analysis of interest in equity-accounted investees

	Effective holdings %*	Carrying value of investment at beginning of year R'000	Effect of foreign exchange fluctuations R'000	Additional investment R'000	Share of loss of equity-accounted investees R'000	Carrying value of investment at end of year R'000
2010						
Bathspur Pty Ltd (Australia)	**33.3****	-	-	-	-	-
Pan Pen Pty Ltd (Australia)	**40.0****	-	-	**495**	-	-
Pangara Pty Ltd (Australia)	**23.3**	-	-	-	-	-
Spur Steak Ranches Unit Trust (Australia)	**50.0**	-	-	-	-	-
		-	-	**495**	-	-
2009						
Bathspur Pty Ltd (Australia)	23.3	-	-	-	-	-
Pan Pen Pty Ltd (Australia)	23.3	1 680	(216)	-	(1 464)	-
Pangara Pty Ltd (Australia)	23.3	1	-	-	(1)	-
Spur Steak Ranches Unit Trust (Australia)	50.0	-	-	-	-	-
		1 681	(216)	-	(1 465)	-

	Effective holdings %*	Loans in foreign currency 2010 '000	Foreign currency	Loans in Rands 2010 R'000	Loans in Rands 2009 R'000	Share in post acquisition reserves 2010 R'000	Share in post acquisition reserves 2009 R'000
Bathspur Pty Ltd (Australia)	**33.3****	-		-	-	-	-
Pan Pen Pty Ltd (Australia)	**40.0****	**189**	AU$	**1 237**	-	**(1 263)**	(1 263)
Pangara Pty Ltd (Australia)	**23.3**	**167**	AU$	**1 098**	1 043	-	-
Spur Steak Ranches Unit Trust (Australia)	**50.0**	**990**	AU$	**6 487**	5 497	**(6)**	(6)
				8 822	6 540	**(1 269)**	(1 269)

* Indirect interest.
** Refer note 30.

Loans to equity-accounted investees are unsecured, interest-free, with no fixed repayment terms.

All equity-accounted investees 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 rate as at 30 June, as follows:
- AU$1: R6.5559 (2009: R6.3433)

The financial information used in determining the share of post acquisition reserves in equity-accounted investees was sourced from unaudited proforma financial statements at 30 June 2010 of the respective equity-accounted investees. These entities are not audited because no statutory requirement exists in their operating jurisdiction for audits to be performed in event that the turnover is below a specified threshold.

7.3 Summarised financial position of equity-accounted investees - 100%

	Assets R'000	Liabilities R'000	Equity R'000	Revenue R'000	Losses R'000
2010	**13 750**	**24 185**	**(10 435)**	**44 169**	**(3 873)**
2009	17 319	23 754	(6 435)	33 209	(4 349)

8. INCOME TAX EXPENSE

8.1 Income tax expense

		2010 R'000	2009 R'000
South African normal tax			
Current	- current year	**30 890**	25 503
	- prior year	**-**	290
Deferred	- current year	**6 778**	6 995
	- prior year	**-**	(200)
		37 668	32 588
South African Secondary Tax on Companies		**5 915**	4 181
Dutch normal tax			
Current	- current year	**162**	159
Deferred	- current year	**1 871**	1 307
	- rate change	**51**	39
	- prior year	**946**	18
		3 030	1 523
United Kingdom normal tax			
Current	- current year	**376**	322
	- prior year	**332**	-
Deferred	- current year	**(1 390)**	-
	- prior year	**(1 369)**	-
		(2 051)	322
Australian normal tax			
Current	- prior year	**-**	72
Deferred	- current year	**-**	119
	- prior year	**-**	(231)
		-	(40)
Income tax expense		**44 562**	38 574

8.2 Reconciliation of rate of tax

	2010 %	2009 %
South African normal tax rate	**28.0**	28.0
Effect of tax in foreign jurisdictions	**(0.1)**	(0.1)
Non-deductible expenditure	**2.6**	3.3
Prior year over provision	**(0.1)**	(0.1)
Secondary Tax on Companies	**4.8**	4.1
Share of loss of equity-accounted investees	**-**	0.4
Tax losses on which deferred tax not provided	**1.8**	2.9
Tax losses utilised on which no deferred tax previously provided	**(0.1)**	(0.1)
Tax on imputed expense not included in profit	**(0.7)**	(0.9)
Withholding tax	**0.1**	0.2
Effective rate	**36.3**	37.7

The statutory rates of tax applicable to the group entities in the Netherlands, the United Kingdom and Australia are 25.5%, 28% and 30% respectively (unchanged from the prior year). The tax rate in the Netherlands operates on a sliding scale which was amended slightly during the current financial year.

	2010 R'000	2009 R'000
Estimated group tax losses available for set-off against future taxable income	**57 690**	66 157

A deferred tax asset has not been recognised in respect of tax losses amounting to R41.832 million (2009: R29.924 million). A deferred tax asset amounting to R4.126 million (2009: R9.321 million) has been recognised in respect of the balance of the tax losses. R26.585 million and R9.246 million of the tax losses for which no deferred tax asset was recognised will be forfeited if not utilised within five years and by 2014 respectively (refer note 13).

Secondary Tax on Companies ("STC") of R39.456 million (2009: R38.720 million) would be payable in the event that the group and the company declared all of their distributable reserves as a dividend.

8.3 Tax charged to other comprehensive income and directly to equity

	2010 R'000	2009 R'000
Tax charged directly to equity		
Capital Gains Tax on capital distributions received on treasury shares (refer note 24)	**-**	139
Capital Gains Tax on disposal of shares related to Management Incentive Scheme (refer note 19)	**7 852**	-
Secondary Tax on Companies on distribution to participants of Management Incentive Scheme (refer note 19)	**2 280**	-
Current tax on share-based payments (refer note 19)	**471**	594
Total tax charged directly to equity	**10 603**	733
Tax charged to other comprehensive income		
Deferred tax on foreign exchange gain/(loss) on net investments in foreign subsidiaries (refer note 13)	**2 610**	(1 096)
Total tax charged to other comprehensive income and directly to equity	**13 213**	(363)

9. EARNINGS PER SHARE

9.1 Statistics

	2010	2009
Earnings per share (cents)	**88.27**	71.94
Diluted earnings per share (cents)	**86.25**	70.61
Headline earnings per share (cents)	**96.82**	84.69
Diluted headline earnings per share (cents)	**94.60**	83.12

9.2 Reconciliation of shares in issue to weighted average number of ordinary shares

	2010 000's	2009 000's
Shares in issue at beginning of year	**97 633**	97 633
Shares repurchased at beginning of year	**(9 768)**	(9 477)
Shares repurchased during the year weighted for period not held by the group (refer note 18)	**-**	(214)
Weighted average number of ordinary shares	**87 865**	87 942

9.3 Reconciliation of weighted average number of ordinary shares to weighted average diluted number of shares

	2010 000's	2009 000's
Weighted average number of shares	**87 865**	87 942
Dilutive effect of shares/options (refer note 19)	**2 064**	1 659
Weighted average diluted number of shares	**89 929**	89 601

9.4 Reconciliation of basic to headline earnings

	2010 R'000	2009 R'000
Profit attributable to owners of the company	**77 557**	63 264
Impairment of property, plant and equipment (refer note 5.1)	**7 994**	8 461
Impairment of goodwill (refer note 5.1)	**-**	1 583
Loss on disposal of property, plant and equipment in equity-accounted investees (refer note 7.1)	**-**	1 180
Profit on disposal of property, plant and equipment	**(484)**	(12)
Headline earnings	**85 067**	74 476

None of the items listed above have any tax consequences with the exception of a gross amount of R0.012 million (2009: R0.016 million) income included in profit on disposal of property, plant and equipment which is stated net of a tax charge of R0.003 million (2009: R0.004 million).

10. PROPERTY, PLANT AND EQUIPMENT

2010	Land and buildings R'000	Leasehold improvements 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 2009	**39 523**	**44 984**	**10 662**	**24 022**	**12 092**	**131 283**
Additions	**-**	**8 791**	**638**	**2 514**	**976**	**12 919**
Disposals	**-**	**(5 111)**	**(3 749)**	**(2 824)**	**(809)**	**(12 493)**
Effect of foreign exchange fluctuations	**-**	**(4 238)**	**(229)**	**(819)**	**(100)**	**(5 386)**
Balance at 30 June 2010	**39 523**	**44 426**	**7 322**	**22 893**	**12 159**	**126 323**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 July 2009	**(1 201)**	**(12 164)**	**(7 370)**	**(15 662)**	**(10 457)**	**(46 854)**
Disposals	**-**	**5 111**	**3 749**	**2 807**	**766**	**12 433**
Depreciation	**(337)**	**(4 110)**	**(1 034)**	**(3 497)**	**(1 102)**	**(10 080)**
Impairment (refer note 5.1)	**-**	**(6 437)**	**(363)**	**(1 127)**	**(67)**	**(7 994)**
Effect of foreign exchange fluctuations	**-**	**872**	**68**	**339**	**77**	**1 356**
Balance at 30 June 2010	**(1 538)**	**(16 728)**	**(4 950)**	**(17 140)**	**(10 783)**	**(51 139)**
CARRYING VALUE						
Balance at 1 July 2009	**38 322**	**32 820**	**3 292**	**8 360**	**1 635**	**84 429**
Additions	**-**	**8 791**	**638**	**2 514**	**976**	**12 919**
Disposals	**-**	**-**	**-**	**(17)**	**(43)**	**(60)**
Depreciation	**(337)**	**(4 110)**	**(1 034)**	**(3 497)**	**(1 102)**	**(10 080)**
Impairment (refer note 5.1)	**-**	**(6 437)**	**(363)**	**(1 127)**	**(67)**	**(7 994)**
Effect of foreign exchange fluctuations	**-**	**(3 366)**	**(161)**	**(480)**	**(23)**	**(4 030)**
Balance at 30 June 2010	**37 985**	**27 698**	**2 372**	**5 753**	**1 376**	**75 184**

A register of land and buildings containing the required statutory information is available for inspection on request at the company's registered office.

2009	Land and buildings R'000	Leasehold improvements 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 2008	39 992	48 964	11 816	25 617	12 010	138 399
Additions	-	9 721	997	2 208	857	13 783
Disposals	(469)	(5 779)	(926)	(1 746)	(416)	(9 336)
Effect of foreign exchange fluctuations	-	(7 922)	(1 225)	(2 057)	(359)	(11 563)
Balance at 30 June 2009	39 523	44 984	10 662	24 022	12 092	131 283
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 July 2008	(864)	(11 392)	(5 250)	(12 554)	(9 449)	(39 509)
Disposals	-	5 779	926	1 711	390	8 806
Depreciation	(337)	(3 542)	(1 183)	(3 779)	(1 439)	(10 280)
Impairment (refer note 5.1)	-	(4 325)	(2 249)	(1 727)	(160)	(8 461)
Effect of foreign exchange fluctuations	-	1 316	386	687	201	2 590
Balance at 30 June 2009	(1 201)	(12 164)	(7 370)	(15 662)	(10 457)	(46 854)
CARRYING VALUE						
Balance at 1 July 2008	39 128	37 572	6 566	13 063	2 561	98 890
Additions	-	9 721	997	2 208	857	13 783
Disposals	(469)	-	-	(35)	(26)	(530)
Depreciation	(337)	(3 542)	(1 183)	(3 779)	(1 439)	(10 280)
Impairment (refer note 5.1)	-	(4 325)	(2 249)	(1 727)	(160)	(8 461)
Effect of foreign exchange fluctuations	-	(6 606)	(839)	(1 370)	(158)	(8 973)
Balance at 30 June 2009	38 322	32 820	3 292	8 360	1 635	84 429

11. INTANGIBLE ASSETS AND GOODWILL

2010

	Trademarks and intellectual property R'000	Goodwill R'000	Franchise rights R'000	Total R'000
COST				
Balance at 1 July 2009	**271 865**	**7 577**	**2 279**	**281 721**
Disposal (refer note 5.1)	**-**	**(1 583)**	**-**	**(1 583)**
Effect of foreign exchange fluctuations	**-**	**-**	**(262)**	**(262)**
Balance at 30 June 2010	**271 865**	**5 994**	**2 017**	**279 876**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 July 2009	**-**	**(1 583)**	**(168)**	**(1 751)**
Amortisation	**-**	**-**	**(125)**	**(125)**
Disposal (refer note 5.1)	**-**	**1 583**	**-**	**1 583**
Effect of foreign exchange fluctuations	**-**	**-**	**26**	**26**
Balance at 30 June 2010	**-**	**-**	**(267)**	**(267)**
CARRYING VALUE				
Balance at 1 July 2009	**271 865**	**5 994**	**2 111**	**279 970**
Amortisation	**-**	**-**	**(125)**	**(125)**
Effect of foreign exchange fluctuations	**-**	**-**	**(236)**	**(236)**
Balance at 30 June 2010	**271 865**	**5 994**	**1 750**	**279 609**

2009

	Trademarks and intellectual property R'000	Goodwill R'000	Franchise rights R'000	Total R'000
COST				
Balance at 1 July 2008	271 865	7 262	2 781	281 908
Additions (refer note 31)	-	315	-	315
Effect of foreign exchange fluctuations	-	-	(502)	(502)
Balance at 30 June 2009	271 865	7 577	2 279	281 721
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 July 2008	-	-	(41)	(41)
Amortisation	-	-	(150)	(150)
Impairment	-	(1 583)	-	(1 583)
Effect of foreign exchange fluctuations	-	-	23	23
Balance at 30 June 2009	-	(1 583)	(168)	(1 751)
CARRYING VALUE				
Balance at 1 July 2008	271 865	7 262	2 740	281 867
Additions (refer note 31)	-	315	-	315
Amortisation	-	-	(150)	(150)
Impairment	-	(1 583)	-	(1 583)
Effect of foreign exchange fluctuations	-	-	(479)	(479)
Balance at 30 June 2009	271 865	5 994	2 111	279 970

11.1 Trademarks and intellectual property

The above trademarks and intellectual property consists of the Spur, Panarottis and John Dory's trademarks and related intellectual property. The directors evaluated the indefinite useful life assessment of the assets at the reporting date and believe that there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the group, which supports the indefinite useful life assessment of these assets.

In accordance with the group's accounting policies, an impairment test on intangible assets with indefinite useful lives has been performed. The directors considered the expected cash inflows to be generated by the trademarks and intellectual property and after applying a pre-tax discount rate of 15%, concluded that no impairment of the assets is required. In addition, various sensitivity analyses were performed by changing the key variables in the calculations and the recoverable amounts exceeded the carrying amounts in all instances.

11.2 Goodwill

The disposal of goodwill during the year related to the sale of Mustang Spur in Australia (refer note 5.1).

Additions to goodwill in the prior year arose on the acquisition of a further 10% interest in Larkspur Two Ltd as more fully described in note 31.

For the purposes of impairment testing, goodwill is allocated to the following cash-generating units:

	2010 R'000	2009 R'000
John Dory's Franchise operations	**178**	178
Mohawk Spur (United Kingdom)	**4 948**	4 948
Panarottis Penrith (Australia)	**553**	553
Silver Lake Spur (United Kingdom)	**315**	315
	5 994	5 994

The recoverable amounts of the cash-generating units were based on their values-in-use which were determined to be higher than their carrying amounts and consequently no impairment is considered necessary.

In determining the values-in-use, the directors applied the following key assumptions which were based on historic performance:

John Dory's Franchise operations

- Impairment of goodwill was considered as part of the trademark and intellectual property impairment test referred to in 11.1.

Mohawk Spur and Silver Lake Spur (United Kingdom)

- Cash outflows over the next five years were anticipated based on the most recent expense budgets prepared by management.
- Cash inflows, comprising mainly restaurant turnovers, for the 2011 financial year were conservatively estimated based on historic trends. Turnovers were estimated to grow by the Bank of England targeted rate of inflation of 2% for the 2012 financial year, as a result of lagging consequences of the current suppressed economy. Turnovers were expected to increase by 1% in real terms for the 2013 to 2015 financial years as the economy recovers.
- Variable costs were estimated to increase in line with turnover and fixed costs by the Bank of England targeted rate of inflation. Rental costs were forecast in accordance with the lease agreements.
- Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at 2%.
- Cash flows were discounted at a rate of 10%, being the risk-free rate of 0.5% (the Bank of England base rate) adjusted for risk factors.
- The present values of the cash flows were translated to the reporting currency at the exchange rate prevailing at the reporting date.
- Various sensitivity analyses were performed by changing the key variables in the calculations and the various scenarios considered supported the board's decision not to impair any assets in the cash-generating units.

Panarottis Penrith (Australia)

- Cash outflows over the next five years were anticipated based on the most recent expense budgets prepared by management.
- Cash inflows, comprising mainly restaurant turnovers, for the 2011 financial year were conservatively estimated based on historic trends. Turnovers were estimated to grow by 2.5% (half way between the Australian Reserve Bank's targeted rate of inflation of 2% to 3%) for the 2012 financial year, as a result of lagging consequences of the current suppressed economy. Turnovers were expected to increase by 1% in real terms for the 2013 financial year and by 2% in real terms for the 2014 and 2015 financial years as the economy recovers.
- Variable costs were estimated to increase in line with turnover and fixed costs by inflation of 2.5%. Rental cost was forecast in accordance with the lease agreement.
- Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at 2%.

Panarottis Penrith (Australia) (continued)

- Cash flows were discounted at a rate of 13.5%, being the risk-free rate of 4.5% (the Australian Reserve Bank cash rate) adjusted for risk factors.
- The present value of the cash flows was translated to the reporting currency at the exchange rate prevailing at the reporting date.
- Various sensitivity analyses were performed by changing the key variables in the calculation and the various scenarios considered supported the board's decision not to impair any assets in the cash-generating unit.

11.3 Franchise rights

These rights were acquired as part of the acquisition of Mohawk Spur Ltd, a company operating the Mohawk Spur in Wandsworth in the United Kingdom, in the 2008 financial year. An amount of £175 000 was paid to Trinity Leisure Ltd, the former master franchisee in the United Kingdom, for the franchising rights of the restaurant in question. The rights expire in February 2025. The cost of the franchise rights is therefore being amortised over the period to expiration on a straight-line basis.

12. LOANS RECEIVABLE

12.1 Trinity Leisure Ltd

	2010 R'000	2009 R'000
Gross loan receivable at end of year	**4 671**	6 691
Current portion included in current assets	**(1 236)**	(1 562)
Non-current portion	**3 435**	5 129

The loan is denominated in Pound Sterling and at the reporting date amounted to £405 000 (2009: £515 000).

The loan is secured by shares in the borrower's business and bears interest 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 plus interest, payable on the last day of each month. Any outstanding balance must be settled by 31 July 2014.

12.2 Sarcon Restaurants Ltd (Nevada Spur, Belfast)

	2010	2009
Gross loan receivable at end of year	**887**	1 020
Current portion included in current assets	**(215)**	(153)
Non-current portion	**672**	867

This loan is repayable from October 2009 in 60 equal monthly instalments. The loan is secured by shares in the borrowing company and bears interest at the UK base rate plus 2 percentage points. The loan is denominated in Pound Sterling which at year-end amounted to £76 920 (2009: £78 365).

Subsequent to the reporting date, the group entered into an arrangement with the franchisee and franchisee's landlord whereby the group effectively acquired the business of Nevada Spur, Belfast from the existing franchisee. Refer note 40.2.

12.3 Signature Restaurants Ltd (Arizona Spur, Newry)

	2010	2009
Gross loan receivable at end of year	**1 075**	1 056
Current portion included in current assets	**-**	(158)
Impairment	**(1 075)**	-
Non-current portion	**-**	898

This loan is repayable from October 2009 in 60 equal monthly instalments. The loan is secured by shares in the borrowing company and bears interest at the UK base rate plus 2 percentage points. The loan is denominated in Pound Sterling which at year-end amounted to £93 223 (2009: £81 081).

Infrastructural changes in the proximity of the restaurant's location and various other factors beyond the control of the franchisee or the group, resulted in a significant reduction in turnover being achieved by the restaurant in the latter half of the financial year. The board has considered this to increase significantly the risk of the franchisee defaulting on the loan. Whilst the loan is secured by shares in the entity, on the basis that the net asset value of the entity in question is significantly below the carrying value of the loan, the directors do not intend to exercise the option in terms of the security arrangement. Consequently, the loan has been impaired.

12.4 Marketing funds

	2010 R'000	2009 R'000
Gross loan receivable at end of year (refer note 35)	**495**	1 902
Current portion included in current assets	**(495)**	(1 902)
Non-current portion	**-**	-

The loans owing to marketing funds represent the over-spend of the marketing funds at the reporting date. The over-spend will be recovered by a forced under-spend in the next financial year. Refer note 35 for more information.

12.5 Loans to equity-accounted investees

	2010 R'000	2009 R'000
Gross loans receivable at end of year	**510**	523
Current portion included in current assets	**(29)**	(222)
Non-current portion	**481**	301

These loans are denominated in Australian Dollars and at the reporting date amounted to AU$77 846 (2009: AU$82 449). Loans amounting to AU$57 166 (the equivalent of R0.375 million) (2009: AU$47 452 (the equivalent of R0.301 million)) were unsecured, interest-free and had no fixed repayment terms. Loans amounting to AU$20 680 (the equivalent of R0.135 million) were interest free and unsecured with an amount of AU$4 382 (the equivalent of R0.029 million) repayable within 12 months. In the prior year, loans amounting to AU$34 997 (the equivalent of R0.222 million) were unsecured, interest-free and due within 12 months.

12.6 Loan to operating partner

	2010 R'000	2009 R'000
Gross loan receivable at end of year	**804**	1 054
Current portion included in current assets	**(176)**	(138)
Non-current portion	**628**	916

This loan is denominated in Pound Sterling and at the reporting date amounted to £69 676 (2009: £80 983). The loan bears interest at 6.5% per annum and is repayable over 10 years in equal monthly instalments which commenced in November 2007.

The loan was granted to finance the operating partner's share of the start-up capital of a retail restaurant, Cheyenne Spur, owned by Larkspur One Ltd, in the O2 Dome in the United Kingdom. The loan is secured by the operating partner's shares in the restaurant.

12.7 Loans to participants of Management Incentive Scheme

		2010 R'000	2009 R'000
Pierre van Tonder	- gross loan Rnil (2009: R2.0 million)	**-**	2 335
Mark Farrelly	- gross loan Rnil (2009: R1.0 million)	**-**	1 135
Kevin Robertson	- gross loan Rnil (2009: R0.42 million)	**-**	509
Phillip Joffe	- gross loan Rnil (2009: R0.3 million)	**-**	303
		-	4 282
Current portion		**-**	(4 282)
Non-current portion		**-**	-

These loans were advanced by Maxshell 72 Investments (Pty) Ltd. The group has no equity interest in this company but is required to consolidate this special purpose entity in accordance with the group's accounting policies (refer note 1.2.1).

The loans were interest-bearing at a rate of 2.25% less than the prime rate of interest and were repaid in one lump sum in December 2009 from the proceeds on the winding up of the Spur Management Incentive Scheme (refer note 19). The loans to Pierre van Tonder and Mark Farrelly were secured by mortgages over fixed property, the loan to Kevin Robertson was secured by a pledge of shares in a share-block company and the loan to Phillip Joffe was secured by pledge of a member's interest in a property-owning closed corporation.

	2010 R'000	2009 R'000
Total gross loans receivable at end of year	**8 442**	16 528
Impairment allowance	**(1 075)**	-
Current portion included in current assets	**(2 151)**	(8 417)
Total non-current loans receivable	**5 216**	8 111

13. DEFERRED TAX

	2010 R'000	2009 R'000
Balance at beginning of year	**30 854**	21 770
Total charged to profit or loss	**6 887**	8 047
Current year deferred tax charge	**6 836**	8 008
Change in tax rate	**51**	39
Charged to other comprehensive income	**4 563**	1 037
Tax on foreign exchange gain/(loss) on net investments in foreign subsidiaries	**2 610**	(1 096)
Effect of foreign exchange fluctuations	**1 953**	2 133
Transferred to tax payable (UK group tax relief benefit) (refer note 28)	**628**	-
Balance at end of year	**42 932**	30 854
The deferred tax asset comprises deductible temporary differences relating to:		
Accruals	**30**	-
Intellectual property - International	**6 020**	8 795
Leave pay	**60**	13
Property, plant and equipment	**892**	(1 511)
Tax losses	**4 126**	9 321
- The Netherlands (at 25.5%)	**3 103**	7 705
- United Kingdom (at 28.0%)	**914**	1 511
- Australia (at 30.0%)	**109**	105
	11 128	16 618
The deferred tax liability comprises taxable temporary differences relating to:		
Intangible assets	**57 625**	52 387
Share-based payments	**(2 908)**	(4 847)
Property, plant and equipment	**168**	431
Leave pay	**(610)**	(401)
Other	**(215)**	(98)
	54 060	47 472

The deferred tax asset recognised in respect of cumulative tax losses in the Netherlands relates to a wholly-owned subsidiary company, Steak Ranches International BV ("SRIBV"), incorporated in the Netherlands. The directors consider that sufficient future Dutch taxable income will be generated by SRIBV to utilise the deferred tax asset recognised in respect of Dutch tax losses. The reason for the historic tax losses in SRIBV is primarily as a result of favourable allowances which that company benefits from in respect of its intellectual property. As these allowances continue until 2015, SRIBV may continue to recognise future tax losses until then. Taking this into account and given the expansion that has occurred in the group's international business in the current year and the planned expansion going forward, SRIBV is anticipated to generate sufficient taxable income in the future to utilise the past and anticipated future cumulative tax losses.

The deferred tax asset recognised in respect of cumulative tax losses in the United Kingdom relates to Spur Corporation UK Ltd R0.170 million (2009: Rnil), Larkspur Two Limited of Rnil (2009: R0.310 million), Larkspur Four Ltd of R0.359 million (2009: R0.568 million) and Mohawk Spur Ltd of R0.385 million (2009: R0.633 million). The tax loss in Spur Corporation UK Ltd in the current year arose primarily as a result of once-off costs incurred in the current year. It is anticipated that the group's UK business will generate sufficient franchise income for Spur Corporation UK Ltd to be able to utilise the tax loss in question in the foreseeable future.

The tax losses in Larkspur Four Ltd and Mohawk Spur Ltd arose primarily as a result of accelerated capital allowances and trading losses. An asset has only been recognised for the losses in Larkspur Four Ltd to the extent that other UK group companies are able to utilise these losses in terms of UK group tax relief provisions. It is estimated that other UK group companies will be able to utilise the loss recognised in respect of Larkspur Four Ltd to offset against tax payable in respect of the current year. An asset has only been recognised in respect of the current year estimated tax loss of Mohawk Spur Ltd. Based on projected trading results for the restaurant in question, it is anticipated that the current year loss will be utilised by either Mohawk Spur Ltd, or other UK group companies as part of the UK group tax relief provisions, in the foreseeable future.

The deferred tax asset recognised in respect of cumulative tax losses in Australia relates to Panawest Pty Ltd. The tax losses arose primarily as a result of historic trading losses in that company's start-up phase. Panawest Pty Ltd earned a net taxable income for the prior year and incurred a small taxable loss in the current year. Based on projected trading results for the restaurant in question, the entity is anticipated to earn taxable income in subsequent years and should therefore be able to utilise the cumulative tax losses in future. In terms of Australian tax law, tax losses in that jurisdiction expire after five years, if not utilised.

14. LEASING RIGHTS

	2010 R'000	2009 R'000
Balance at beginning of year	**2 731**	3 697
Charge to profit or loss	**(276)**	(331)
Effect of foreign exchange fluctuations	**(300)**	(635)
Balance at end of year	**2 155**	2 731

The leasing rights are in respect of the premises occupied by Mohawk Spur Ltd, a company operating the Mohawk Spur in Wandsworth in the United Kingdom. The rights were acquired for £238 327 as part of the acquisition of Mohawk Spur Ltd in the 2008 financial year. The value of the leasing rights is being expensed to profit or loss as part of the rent expense over the remaining lease term which expires in September 2018.

15. INVENTORIES

	2010 R'000	2009 R'000
Raw materials	**2 172**	2 440
Merchandising and packaging	**27**	1
Finished goods	**4 190**	3 625
	6 389	6 066

16. TRADE AND OTHER RECEIVABLES

	2010 R'000	2009 R'000
Trade receivables	**42 426**	34 789
Impairment allowance	**(468)**	(111)
Net trade receivables	**41 958**	34 678
Prepayments	**3 527**	4 033
Deposits	**4 574**	5 210
Staff loans	**173**	325
VAT and other indirect taxes receivable	**920**	1 435
Other	**196**	222
	51 348	45 903

The impairment allowance is determined based on information regarding the financial position of each trade receivable as at the reporting date. No consideration is taken of trade receivables that may become irrecoverable in the future.

17. CASH AND CASH EQUIVALENTS

	2010 R'000	2009 R'000
Current accounts	**84 628**	83 887
Bank overdrafts	**(3 596)**	(2 853)
	81 032	81 034

The overdrafts are secured by way of cross guarantees between the company and its local subsidiaries.

18. CAPITAL AND RESERVES

18.1 Ordinary share capital

	Number of shares 2010 '000	Number of shares 2009 '000	2010 R'000	2009 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	**(3 078)**	(1 493)	**-**	-
Shares held by share incentive special purpose entities	**(6 689)**	(8 274)	**-**	-
	87 866	87 866	**1**	1

18.2 Shares repurchased by subsidiaries

During the year, as part of the winding up of the Spur Management Incentive Scheme (refer note 19), a wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd ("Share Buy-back") acquired 1 585 345 Spur Corporation Ltd shares from Maxshell 72 Investments (Pty) Ltd ("Maxshell") at R10.62 per share. The balance of 6 688 698 of the Spur shares previously held by Maxshell were transferred to the Spur Management Share Trust ("the Trust") during the year at an effective R10.62 per share to settle the preference shares previously issued by Maxshell to the Trust in 2004. In order to settle outstanding vested options, 815 045 Spur shares were sold by Share Buy-back to participants of the Spur Managment Incentive Scheme at R5.85 per share and reacquired by Share Buy-back at R10.62 per share resulting in a net cash outflow from the group of R3.888 million.

During the 2009 year, 290 000 Spur Corporation Ltd shares were purchased by Share Buy-back, at an average cost of R6.94 per share, totalling R2.013 million.

The balance per the statement of financial position comprises the cost of the Spur Corporation Ltd shares that have been repurchased by a subsidiary company, Share Buy-back, or held by special purpose entities that are consolidated, Maxshell and the Trust. At the reporting date, the group held 9 767 326 (2009: 9 767 326) of the company's shares.

The ordinary shares have equal rights to distributions declared by the company.

In terms of the company's Articles of Association, the unissued shares of the company may be issued by the directors of the company only with the approval of the shareholders by way of an ordinary resolution passed at a general meeting. No such authority has been granted.

18.3 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as foreign exchange gains/losses relating to loans that are considered part of the net investment in foreign subsidiaries.

19. SPUR MANAGEMENT INCENTIVE SCHEME 2004 ("MIS")

In terms of a general meeting on 15 December 2004, shareholders approved the utilisation of a maximum of 10% (9 763 283) of the company's ordinary shares in issue for the purposes of the MIS. The aggregate number of shares utilised for the purposes of the MIS was 9 750 000 shares, representing less than 10% of the company's issued ordinary shares at December 2004. Of these, 8 274 043 shares were acquired by Maxshell 72 Investments (Pty) Ltd ("Maxshell") and the balance of 1 475 957 shares was made available for standard share options to non-executive directors and certain employees.

Maxshell scheme:
As detailed in the circular to shareholders pursuant to the general meeting in December 2004 referred to above, Maxshell acquired 8 274 043 Spur shares in December 2004 at R5.85 per share. To fund this acquisition, a subsidiary of the group contributed R48.5 million to the Spur Management Share Trust ("the Trust") which in turn subscribed for R48.5 million preference shares issued by Maxshell. The preference shares were cumulative preference shares with a coupon dividend rate of 75% of the prime overdraft rate of interest, compulsorily redeemable on 18 December 2009. Employees and executive directors of the group subscribed for ordinary shares in Maxshell at a nominal value. The employees and executive directors thus had an interest in the net assets of Maxshell i.e. an indirect beneficial interest in Spur shares.

Whilst the rules of the MIS, approved by shareholders, required a vesting period of at least five years from the date of approval, the board originally intended for two-thirds of the net assets of Maxshell to vest after five years i.e. 18 December 2009, and the remaining one-third to vest after six years i.e. 18 December 2010. The board further originally intended for the MIS to be equity-settled by way of distributing the Spur shares held by Maxshell as a dividend in specie to Maxshell shareholders. Taking into consideration the protracted length of the MIS and the requirements of King III in relation to directors' incentives, the board agreed during the year to anticipate the vesting date of the portion of the net assets of Maxshell originally intended to vest in December 2010, to 18 December 2009, such vesting period being in compliance with the rules of the MIS. Taking cognisance of the significant number of shares involved, the board elected, in accordance with the rules of the MIS, to settle the Maxshell scheme in cash.

The preference shares issued by Maxshell together with arrears dividends were redeemed on 18 December 2009 by transferring 6 688 698 Spur shares to the Trust. The balance of 1 585 345 Spur shares held by Maxshell was sold to Share Buy-back (Pty) Ltd ("Share Buy-back"), a wholly-owned subsidiary of the group, at market value. The net assets of Maxshell, after providing for tax and transactions costs, amounting to R28.627 million were distributed to Maxshell shareholders on 22 December 2009 in cash.

The price at which the above transactions were concluded was the ten-day volume-weighted average price of the company's share from 3 December 2009 to 17 December 2009 (both days inclusive) of R10.62 per share ("the Transaction Price").

Option scheme:
Of the 1 475 957 share options available, 815 045 share options were granted in December 2004 at a strike price of R5.85 per share. Whilst the rules of the MIS, approved by shareholders, required a vesting period of at least five years from the date of approval, the board originally intended for two-thirds of the options to vest after five years i.e. 18 December 2009, and the remaining one-third to vest after six years i.e. 18 December 2010. During the year, the board anticipated the vesting of the options on 18 December 2010 to 18 December 2009. Consequently, the full allotment of options vested (and were exercised) on 18 December 2009. Taking cognisance of the significant number of shares involved, the board elected, in accordance with the rules of the MIS, to settle the options in cash. Consequently, Share Buy-back sold Spur shares to the option holders at the option strike price on 18 December 2009 and reacquired the shares from the option holders at the Transaction Price on the same date, resulting in a net cash settlement to the option holders of R3.888 million.

The remaining 660 911 options were allocated subsequent to December 2004 and accordingly have a vesting date of 24 February 2012 and a strike price of R7.25 per share. The options will be forfeited if not exercised by 24 February 2013. None of these options were granted to directors. It is the intention of the board that these options will be equity-settled, however, the rules of the MIS allow for the options to be settled in cash at the discretion of the company.

No shares were issued external to the group as part of the transactions detailed above.

Details of directors' dealings were published on SENS on 21 December 2009. Payments made to directors in terms of the scheme are detailed in note 33.

The board intends for the shares owned by the Trust to be utilised to fund a cash-settled profit share bonus scheme for the group's management and directors, subject to shareholder approval (refer Notice to Shareholders on page 110).

	2010 000's	2009 000's
Options/shares available for allocation to employees	**661**	9 750
Total shares allocated and options granted at the beginning of the year	**9 750**	9 750
Shares (Maxshell scheme) vested during the year, settled in cash	**(8 274)**	-
Options (Option scheme) vested and exercised during the year, settled in cash	**(815)**	-
Total shares allocated and options granted at the end of the year	**661**	9 750
Total shares allocated and options granted		
Comprising:		
Number of shares vesting on 18 December 2009 (Maxshell scheme)	**-**	5 516
Number of shares vesting on 18 December 2010 (Maxshell scheme)	**-**	2 758
Number of options vesting on 18 December 2009 - strike price of R5.85 per share	**-**	543
Number of options vesting on 18 December 2010 - strike price of R5.85 per share	**-**	272
Number of options vesting on 24 February 2012 - strike price of R7.25 per share	**661**	661
	661	9 750
Options/shares allocated to management and executive directors	**661**	8 935
Options allocated to non-executive directors	**-**	815

No directors hold any of the options outstanding at 30 June 2010.

	2010 R'000	2009 R'000
Charge directly to equity		
Payments to participants of Maxshell scheme charged directly to equity	**(28 627)**	-
Capital Gains Tax relating to Maxshell scheme charged directly to equity	**(7 500)**	-
Secondary Tax on Companies on distribution to Maxshell participants charged directly to equity	**(2 280)**	-
Transaction costs relating to Maxshell scheme charged directly to equity	**(100)**	-
Total cost of Maxshell scheme charged directly to equity	**(38 507)**	-
Proceeds from disposal of shares to Option scheme participants	**4 768**	-
Reacquisition of shares from Option scheme participants	**(8 656)**	-
Loss on sale and reacquisition of treasury shares charged directly to equity	**(3 888)**	-
Capital Gains Tax relating to Option scheme charged directly to equity	**(352)**	-
Transaction costs relating to Option scheme charged directly to equity	**(321)**	-
Total cost of Option scheme charged directly to equity	**(4 561)**	-
Total charged directly to equity	**(43 068)**	-
Charge to profit or loss		
Share-based payment expense charged to profit or loss	**1 682**	2 118
Original vesting	**1 370**	2 118
Accelerated vesting	**312**	-
Share-based payments reserve		
The movement in the share-based payments reserve is as follows:		
Balance at beginning of year	**20 554**	19 030
Share-based payments expense (net of tax)	**1 211**	1 524
Gross expense	**1 682**	2 118
Tax (refer note 8.3)	**(471)**	(594)
Transfer to retained earnings	**(21 765)**	-
Balance at end of year	**-**	20 554

Fair value of shares/options

In accordance with IFRS 2: Share-based Payments, the fair value of equity-settled share based payments granted to employees are valued at the grant date and recognised in profit or loss over the vesting period. The fair value of each share/option granted in December 2004 in terms of the MIS was independently estimated at the grant date using a binomial option pricing model at R1.15 per share. The assumptions applied in determining this value include:

Financial year of grant	Options/shares granted	No. of options /shares granted	Expected life of options/shares	Grant price	Share price at grant date	Expected volatility[a] %	Expected dividend yield[b] %	Risk-free rate[c] %
2005	SUR	9 750 000	5	R5.85	R5.85	30.0	5.8	8.17

a. The expected volatility is determined based on the rolling historical volatility over the expected option term that prevailed at the grant date.

b. The expected dividend yield is the best estimate of the forward looking dividend yield over the expected life of the option. This has been estimated by reference to the historical average dividend yield during the period preceding the grant, equal to the vesting period of the grant.

c. The risk-free rate is the yield on zero-coupon South African Government bonds of a term consistent with the estimated option term.

20. LONG-TERM LOANS PAYABLE

20.1 Term loan: Nedbank	2010 R'000	2009 R'000
Gross amount payable at end of year	**11 381**	15 343
Current portion included in current liabilities	**(4 299)**	(3 930)
Non-current portion	**7 082**	11 413

This loan is unsecured, bears interest at prime less 2.5% per annum and is repayable in 60 equal monthly instalments which commenced in January 2008.

20.2 Equipment finance		
Gross amount payable at end of year	**-**	150
Current portion included in current liabilities	**-**	(150)
Non-current portion	**-**	-

The equipment finance was secured by the assets financed (which had an original cost of AU$122 955) and was interest-bearing at a fixed rate of 10.64% per annum. 48 monthly instalments were due, which commenced in March 2006, to reduce the liability to 20% of the original gross liability. The balance was settled at the end of the finance period, during the current year.

20.3 Penrith Panthers Rugby Club		
Gross amount payable at end of year	**492**	-
Current portion included in current liabilities	**(393)**	-
Non-current portion	**99**	-

This loan arose from the acquisition of an additional 16.67% in Panpen Pty Ltd, a company that owns and operates the Panarottis in Penrith, Australia, from the Penrith Panthers Rugby Club (refer note 30.1). The loan is unsecured, interest-free and repayable from July 2010 in 15 equal monthly instalments. The loan is denominated in Australian Dollars which at the reporting date amounted to AU$75 000.

Total gross amounts payable at end of year	**11 873**	15 493
Current portion included in current liabilities (refer note 23)	**(4 692)**	(4 080)
Total non-current loans payable	**7 181**	11 413

21. OPERATING LEASE LIABILITY

	2010 R'000	2009 R'000
Balance at beginning of year	**1 352**	1 321
Charged to profit or loss	**296**	238
Landlord contribution	**2 066**	-
Effect of foreign exchange fluctuations	**(386)**	(207)
Balance at end of year	**3 328**	1 352

Certain rental agreements concluded by the group during the current and prior years allow for an initial rent-free period. The total rental costs in terms of the leases are expensed on a straight-line basis over the terms of the respective leases including the rent-free periods in each case. On expiration of the rent-free period, the liability is reversed over the remaining lease period as a credit against future rental expenses.

The landlord contribution is a tenant installation allowance paid by the landlord of Larkspur Three Ltd, the company owning Apache Spur in Aberdeen, United Kingdom to that company during the year. The amount is recognised as a credit against the rental expense over the initial lease period of five years.

22. TRADE AND OTHER PAYABLES

	2010 R'000	2009 R'000
Trade payables	**20 159**	15 557
Accruals	**6 226**	5 438
Leave pay and other employee benefits	**2 925**	2 074
VAT and other indirect taxes payable	**5 255**	4 823
Other	**3 369**	2 747
	37 934	30 639

23. LOANS PAYABLE

	2010 R'000	2009 R'000
Loans owing to non-controlling shareholders	**2 686**	887
Amount owing in respect of Management Incentive Scheme	**1 295**	-
Marketing funds	**6 809**	5 831
Loans owing to equity-accounted investees	**39**	37
Trinity Leisure Ltd	**404**	456
Equipment finance	**110**	150
Current portion of long-term loans payable (refer note 20)	**4 692**	4 080
	16 035	11 441

The loans owing to non-controlling shareholders of R2.686 million (2009: R0.887 million) are unsecured, interest-free and have no repayment terms.

The amount owing in respect of the Management Incentive Scheme is due to a former employee of the group. The loan is unsecured, has no repayment terms and attracts interest at a variable rate equivalent to the rate which the group receives on term deposits.

The loans owing to the marketing funds represent the cumulative under-spend of the marketing funds as at the reporting date. These amounts are carried forward to the next financial year and are utilised for future marketing spend. Refer note 35 for more details.

The loans owing to equity-accounted investees are unsecured, interest-free and repayable within twelve months from the reporting date.

The loan owing to Trinity Leisure Ltd is unsecured, interest-free and repayable on demand.

24. DISTRIBUTIONS

	2010 R'000	2009 R'000
Final 2008 - capital reduction of 11.6* cents per share	-	11 325
Final 2008 - dividend of 15.4* cents per share	-	15 036
Interim 2009 - dividend of 27.0 cents per share	-	26 361
Final 2009 - dividend of 28.0 cents per share	**27 337**	-
Interim 2010 - dividend of 32.0 cents per share	**31 243**	-
Total distributions	**58 580**	52 722

*Part of the 27.0 cents per share distribution approved by the directors on 10 September 2008.

	2010 R'000	2009 R'000
Distributions external to the group are reconciled as follows:		
Gross capital reductions	-	11 325
Capital reductions received on shares held by the group	-	(1 104)
Net capital reductions external to the group	-	10 221
Gross dividends declared	**58 580**	41 397
Dividends received on shares held by the group	**(5 861)**	(4 104)
Net dividends distributed external to the group	**52 719**	37 293
Dividends distributed to non-controlling shareholder of subsidiary	**723**	254
Total distributions external to the group	**53 442**	47 768

Capital reductions received during the prior year on shares held by the group attracted Capital Gains Tax of R0.139 million (refer note 8.3). The directors have approved a final dividend of 28.0 cents per share to be paid in cash on 11 October 2010. The dividend payable on 11 October 2010 will be subject to Secondary Tax on Companies at a rate of 10%.

25. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	2010 R'000	2009 R'000
Profit before income tax	**122 929**	102 415
Adjusted for:		
Amortisation - intangible assets	**125**	150
Amortisation - leasing rights	**276**	331
Bad debts	**68**	-
Depreciation	**10 080**	10 280
Foreign exchange (gain)/loss	**(1 555)**	1 284
Foreign currency translations not disclosed elsewhere	**(3 986)**	(3 976)
Impairment of loan receivable	**1 075**	-
Impairment of goodwill	-	1 583
Impairment of property, plant and equipment	**7 994**	8 461
Interest expense	**1 513**	2 175
Interest income	**(5 893)**	(8 394)
Movement in operating lease liability	**296**	238
Movement in trade receivable impairment allowance	**357**	91
Profit on disposal of property, plant and equipment	**(487)**	(16)
Share of loss of equity-accounted investees	-	1 465
Share-based payments expense	**1 682**	2 118
	134 474	118 205

26. WORKING CAPITAL CHANGES

	2010 R'000	2009 R'000
(Increase)/decrease in inventories	**(323)**	558
(Increase)/decrease in trade and other receivables	**(6 037)**	2 277
Increase/(decrease) in trade and other payables	**7 057**	(5 301)
Decrease/(increase) in short-term loans receivable	**1 985**	(1 050)
Increase/(decrease) in short-term loans payable	**712**	(2 805)
	3 394	(6 321)

27. INTEREST INCOME RECEIVED

	2010 R'000	2009 R'000
Interest income included in profit or loss	**5 893**	8 394
Reversal of interest accrual/(interest accrued) on loan receivables	**568**	(416)
	6 461	7 978

28. TAX PAID

	2010 R'000	2009 R'000
Tax paid is reconciled to the amount disclosed in profit or loss as follows:		
Amount payable at beginning of year	**(2 784)**	(5 405)
Current tax charged to profit or loss	**(37 675)**	(30 527)
Current tax charged to equity (refer note 8.3)	**(10 603)**	(733)
Effect of foreign exchange fluctuations	**(326)**	(411)
Transfer from deferred tax (UK group tax relief benefit) (refer note 13)	**628**	-
Amount payable at end of year	**1 232**	2 784
	(49 528)	(34 292)

29. DISTRIBUTIONS PAID

	2010 R'000	2009 R'000
Distributions paid are reconciled to the amount disclosed as follows:		
Amount payable at beginning of year	**(398)**	(352)
Net capital reductions external to the group (refer note 24)	-	(10 221)
Net dividends distributed external to the group (refer note 24)	**(52 719)**	(37 293)
Distributions to participants of share scheme (refer note 19)	**(28 627)**	-
Amount owing in respect of Management Incentive Scheme (refer note 23)	**1 295**	-
Dividends paid by subsidiary company to non-controlling shareholder (refer note 24)	**(723)**	(254)
Amount payable at end of year	**464**	398
	(80 708)	(47 722)

30. ACQUISITIONS OF ADDITIONAL INTERESTS IN EQUITY-ACCOUNTED INVESTEES

30.1 Panpen Pty Ltd

On 30 June 2010, a wholly-owned subsidiary of the group, Spur Corporation Australia Pty Ltd, acquired an additional 16.67% interest in Panpen Pty Ltd, a company incorporated and domiciled in Australia, which operates the Panarottis restaurant in Penrith Australia, increasing the group's effective interest in Panpen Pty Ltd from 23.33% to 40.0%, for AU$75 000 (the equivalent of R0.495 million) (refer note 7). Panpen Pty Ltd had net liabilities at the date of the transaction of AU$233 736 (the equivalent of R1.532 million) including a loan payable to the group of AU$188 709 (the equivalent of R1.237 million).

30.2 Bathspur Holdings Pty Ltd

On 20 October 2009, a wholly-owned subsidiary of the group, Spur International BVI, acquired an additional 30% interest in Bathspur Holdings Pty Ltd, a company incorporated and domiciled in Australia, for no consideration, increasing the group's interest in Bathspur Holdings Pty Ltd from 70% to 100%. Bathspur Holdings Pty Ltd holds a one-third interest in Bathurst Spur Pty Ltd, which operated the Cougar Spur in Bathurst, Australia before it ceased trading in 2007. The additional interest in Bathspur Holdings Pty Ltd increases the group's effective interest in Bathurst Spur Pty Ltd from 23.3% to 33.3%. Both companies are dormant and have been dormant since 2008.

31. OTHER NON-CASH TRANSACTIONS

Larkspur Two Ltd

During the prior year, the group acquired the 10% interest held by a non-controlling shareholder in Larkspur Two Ltd with effect from 1 January 2009, resulting in the group owning a 100% of that company. Larkspur Two Ltd operates Silver Lake Spur in Lakeside in the United Kingdom. The interest was acquired from the restaurant's operating partner. The group had advanced the non-controlling shareholder a loan to fund his shareholder's loan and investment in Larkspur Two Ltd. The non-controlling shareholder agreed to cede his 10% interest in the subsidiary in part settlement of the loan payable by him to the extent of £34 490 (the equivalent of R0.473 million). As part of the same agreement, the non-controlling shareholder agreed to cede his shareholder's loan in the amount of £69 416 (the equivalent of R0.951 million) to the group to offset the amount payable by him to the group.

The fair value of the net assets of the subsidiary at the date of the transaction was R1.938 million of which the group acquired R0.194 million. The transaction resulted in goodwill of R0.315 million being recognised.

32. CAPITAL COMMITMENTS

As at the reporting date, the board had approved the development of a Spur retail outlet in Gateshead in the United Kingdom in the 2011 financial year. The total development cost estimated at the reporting date was £850 000. The development is to be funded in part by the group and in part by a non-controlling shareholder and the landlord of the outlet in question. The group's contribution to this development is £532 000. The outlet commenced trading on 28 August 2010.

Subsequent to the reporting date, but prior to the issue of this financial report, the board approved a revamp of the Nevada Spur in Belfast, Northern Ireland, estimated to cost £160 000 (refer note 40.2).

33. DIRECTORS' EMOLUMENTS

The following emoluments were paid by subsidiaries of the company:

2010	Fees R'000	Cash remuneration R'000	Equity compensation benefits+ R'000	Travel allowance R'000	Provident fund R'000	Medical aid R'000	Performance bonus R'000	Leave pay encashed R'000	Total remuneration included in profit R'000	Management Incentive Scheme payout# R'000
Executive										
Allen Ambor	-	**1 881**	**64**	**216**	**277**	**73**	**186**	-	**2 697**	**1 292**
Pierre van Tonder	-	**2 245**	**218**	**216**	**273**	**80**	**217**	-	**3 249**	**4 377**
Mark Farrelly	-	**1 333**	**166**	**175**	**197**	**85**	**135**	-	**2 091**	**3 323**
Ronel van Dijk	-	**1 354**	**129**	-	**176**	-	**128**	-	**1 787**	**2 592**
Kevin Robertson	-	**1 058**	**133**	**175**	**156**	**65**	**107**	-	**1 694**	**2 675**
Phillip Joffe	-	**555**	**53**	-	**109**	**42**	**59**	**50**	**868**	**1 073**
Total	-	**8 426**	**763**	**782**	**1 188**	**345**	**832**	**50**	**12 386**	**15 332**
Non-executive										
Keith Getz	**235**	-	**40**	-	-	-	-	-	**275**	**1 117**
Keith Madders	**50**	-	**48**	-	-	-	-	-	**98**	**1 340**
Dean Hyde	**150**	-	**52**	-	-	-	-	-	**202**	**1 431**
Muzi Kuzwayo	**150**	-	-	-	-	-	-	-	**150**	-
Mntungwa Morojele&	**13**	-	-	-	-	-	-	-	**13**	-
Total	**598**	-	**140**	-	-	-	-	-	**738**	**3 888**
Total remuneration	**598**	**8 426**	**903**	**782**	**1 188**	**345**	**832**	**50**	**13 124**	**19 220**

2009	Fees R'000	Cash remuneration R'000	Equity compensation benefits+ R'000	Travel allowance R'000	Provident fund R'000	Medical aid R'000	Performance bonus R'000	Leave pay encashed R'000	Total remuneration included in profit R'000
Executive									
Allen Ambor	-	1 680	81	216	252	66	169	-	2 464
Pierre van Tonder	-	2 283	275	216	55	72	192	-	3 093
Mark Farrelly	-	1 211	209	175	182	76	124	-	1 977
Ronel van Dijk	-	1 225	163	-	163	-	108	-	1 659
Kevin Robertson	-	960	168	175	144	58	99	-	1 604
Phillip Joffe	-	508	67	-	102	34	54	90	855
Total	-	7 867	963	782	898	306	746	90	11 652
Non-executive									
John Rabb*	50	-	-	-	-	-	-	-	50
Keith Getz	100	-	51	-	-	-	-	-	151
Keith Madders	100	-	61	-	-	-	-	-	161
Dean Hyde	100	-	65	-	-	-	-	-	165
Muzi Kuzwayo^	75	-	-	-	-	-	-	-	75
Total	425	-	177	-	-	-	-	-	602
Total remuneration	425	7 867	1 140	782	898	306	746	90	12 254

& Appointed during the current year.
+ The equity compensation benefit is the pro rata share-based payment expense (in terms of IFRS2: Share-based Payments) attributable to each of the directors. Refer note 19.
# Refer note 19 regarding cost of winding up of Management Incentive Scheme, charged directly to equity.
* Resigned during the prior year.
^ Appointed during the prior year.

Refer note 37 for consulting services provided by entities associated with non-executive directors.

The following number of shares/options have been allocated to directors in terms of the Management Incentive Scheme (refer note 19):

	Shares 2010 000's	Shares 2009 000's
Executive		
Allen Ambor	-	373
Pierre van Tonder	-	1 265
Mark Farrelly	-	960
Ronel van Dijk	-	749
Kevin Robertson	-	773
Phillip Joffe	-	310
Total shares allocated	-	4 430

	Options 2010 000's	Options 2009 000's
Non-executive		
Keith Getz	-	234
Keith Madders	-	281
Dean Hyde	-	300
Total options granted	-	815
Total shares allocated and options granted	**-**	**5 245**

As detailed in note 19, all options and shares were exercised and settled during the year.

34. RETIREMENT BENEFITS

The group has its own defined contribution provident fund in South Africa, with 180 members at 30 June 2010 (2009: 181 members). The Spur Group (Pty) Ltd Provident Fund is administered by Liberty Group Limited. Refer note 5 for contributions made to the fund.

35. MARKETING FUNDS

In terms of the group's franchise agreements, the group receives marketing contributions from franchisees which are held and accounted for separately in marketing funds. These funds are utilised for the procurement of marketing and advertising services for the benefit of franchisees. During the year, the marketing funds received R106.2 million (2009: R97.7 million) in advertising contributions. Marketing funds received are not included in the group's revenue as these are for the exclusive benefit of franchisees. To the extent that funds received are under/(over) spent, a loan payable/(receivable) to/(from) franchisees is recognised in the group statement of financial position (refer notes 12.4 and 23).

36. OPERATING LEASES

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

	2010 R'000	2009 R'000
Next year	**7 722**	9 592
Year two through to year five	**27 827**	36 174
More than five years	**70 319**	80 922
	105 868	126 688

Lease payments in foreign currencies have been translated into Rands at the rates prevailing at the reporting date.

Certain leases concluded in the United Kingdom are for a total period of 25 years. Rentals in terms of these leases are subject to a review every five years. The rental payments are fixed for the period of five years between the review periods. In respect of such leases, the future minimum lease payments have been calculated at the rates of rent prevailing at the reporting date for the remaining period of the leases.

Other leases are for periods ranging from five to ten years, subject to renewal options for further five-year periods. These leases have fixed annual escalations for the period of the lease that were market related at the time of concluding the lease.

All leases provide that the rent to be paid is the greater of the basic rental and a certain percentage of turnover. The percentage of turnover was market related at the time of concluding the lease.

37. RELATED PARTY DISCLOSURES

37.1 Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions which have been eliminated on consolidation. Also refer to note 13 of the company financial statements on page 108 for guarantees given to subsidiary companies.

37.2 Directors

The loans that were advanced to certain directors of the group by a special purpose entity that is consolidated but in which the group has no shareholding were repaid during the current year. Particulars of these loans are detailed in note 12.7.

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. Accordingly, the following are considered to be such entities:

Director	Entity	Relationship with entity
Allen Ambor	Yankee Products (Pty) Ltd (note i)	Shareholder
Dean Hyde	African Spirit (Pty) Ltd (note ii)[5]	
	Jude Way Trading CC (note iii)	Member
	Mystic Blue Trading 65 (Pty) Ltd (trading as Seven Spur)[1,5]	
	Nungu Trading 442 (Pty) Ltd (trading as Malibu Spur)[1,5]	
	Utah Steak House (Pty) Ltd (trading as Panarottis Bayside, Table View)[1,5]	
Keith Madders	Gemini Moon Trading 294 (Pty) Ltd (note iv)	Shareholder
	Kamplans Limited (note v)[6]	
	Spur Ekwiti Restaurants (Pty) Ltd (note vi)	Shareholder
Mark Farrelly	Barleda 293 CC (trading as Rocky Springs Spur)[1,3]	Member
	Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1]	Shareholder
	Lexmar Entertainment CC (note vii)	Member
	Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur)[1]	Shareholder
	Tonto Steak Ranch (Pty) Ltd (trading as Boulder Creek Spur)[1,2]	Shareholder
Kevin Robertson (Spouse)	Clearpan (Pty) Ltd (trading as Panarottis Clear Water Mall)[1]	Shareholder
Keith Getz	Bernadt Vukic Potash & Getz (note viii)	Partner
Phillip Joffe	Strand Steak Ranch (Pty) Ltd (trading as San Francisco Spur)[1]	Shareholder

Transactions between the group and all the above 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 a property lease transaction with an entity controlled by Allen Ambor. Rental paid to this entity totalled R228 112 in 2010 (R251 982 in 2009).

ii) African Spirit (Pty) Ltd holds shares in the following entities:

Autumn Star Trading 738 (Pty) Ltd (trading as John Dory's Canal Walk)[1]
Desert Star Trading 434 (Pty) Ltd (trading as John Dory's Westcoast Village)[1,7]
Perfect Stones (Pty) Ltd (trading as San Miguel Spur)[1]
Sharp Move Trading 186 (Pty) Ltd (trading as Golden River Spur)[1]
Somerset JD Fish and Grill (Pty) Ltd (trading as John Dory's Waterstone Village)[1,2]
Twin Cities Trading 210 (Pty) Ltd (trading as Little Creek Spur)[1].

iii) Jude Way Trading CC has provided consulting services to the group amounting to R282 904 in 2010 (R51 870 in 2009).

iv) Gemini Moon Trading 294 (Pty) Ltd holds shares in Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1].

v) Kamplans Limited has provided consulting services to the group amounting to R1 000 000 in 2010 (R923 715 in 2009).

vi) Spur Ekwiti (Pty) Ltd holds shares in Golden Gate Steak Ranch (Pty) Ltd (trading as Golden Gate Spur)[1].

vii) Lexmar Entertainment CC has provided conference facilities for the group amounting to R138 167 in 2010 (R73 405 in 2009).

viii) Bernadt Vukic Potash & Getz serves as the group's principal legal counsel and has provided legal services on various matters in the ordinary course of business to the value of R1 119 794 in 2010 (R1 016 362 in 2009).

37.3 Key Management[4]

The key management personnel compensations are as follows:

	2010 R'000	2009 R'000
Short-term employee benefits	**9 284**	9 254
Other long-term benefits	**1 180**	1 160
Equity compensation benefits	**377**	525
Total remuneration included in profit	**10 841**	10 939
Amount paid to key management in terms of Management Incentive Scheme (refer note 19)[8]	**5 527**	-

Three members of key management hold shares in the following entities which are franchisees of the group:

Coachmans Steak Ranch CC (Trading as River Hawk Spur)[1]
Commshelf 12 CC (trading as John Dory's Gateway)[1]
Commshelf 34 CC (trading as John Dory's Suncoast Casino)[1]
Evening Star Trading 384 (Pty) Ltd (trading as Maverick Spur)[1,6]
Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1,6]
Little Crow Steak Ranch (Pty) Ltd (trading as Little Crow Spur)[1,6]
Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur)[1,6]

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

Footnotes
1 These entities are franchisees. Franchise fees, determined as a percentage of restaurant turnover, are paid to the group in terms of the standard franchise agreement.
2 The interests in these entities were owned for a part of the year, but disposed of before year-end.
3 These interests were acquired during the current year.
4 Key management are listed on pages 14 and 15 and exclude directors (directors' emoluments are detailed in note 33).
5 These interests are held by a trust of which Dean Hyde is a trustee. Certain of Mr Hyde's immediate family members are beneficiaries of the trust.
6 These interests are held indirectly through trusts. The directors/key management personnel in question are beneficiaries of these trusts.
7 This restaurant closed during the year under review.
8 The cost of the Management Incentive Scheme and payments relating to the winding up thereof were charged directly to equity.

38. FINANCIAL INSTRUMENTS

The group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing these risks, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The group's objective is to manage effectively each of the above risks associated with its financial instruments, in order to limit the group's exposure as far as possible to any financial loss associated with these risks.

The board of directors has overall responsibility for the establishment and overseeing of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.
The audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

38.1 Credit Risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial asset fails to meet its contractual obligations, and arises principally from the group's receivables from customers, franchisees, operating partners and associated entities.

Exposure to credit risk

The carrying amounts of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2010 R'000	2009 R'000
Cash and cash equivalents (note 17)	**84 628**	83 887
Financial assets included in trade and other receivables (note 16)*	**46 901**	40 435
Loans receivable (note 12)	**8 442**	16 528
Loans to equity-accounted investees (note 7)	**8 822**	6 540
	148 793	147 390

* Includes trade receivables, staff loans, deposits and other financial assets as defined in terms of IAS32: Financial Instruments: Disclosure and Presentation.

Cash and cash equivalents

The group's cash is placed with major South African and international financial institutions (in the respective jurisdictions in which the group trades) of high credit standing. A treasury committee comprising the managing director, financial director and other senior members of management reviews cash flow projections, manages liquidity and monitors cash investments. This committee reports to the risk committee from time to time. The group's policy is to place cash balances with multiple financial institutions to mitigate against the risk of loss to the group in the event that any one financial institution was to fail. Consequently, the group does not consider there to be any significant exposure to credit risk.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each franchisee and customer. There are no significant concentrations of credit risk.

In the main, trade and other receivables comprise franchisees that have been transacting with the group for several years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped together according to their geographic location, ageing profile and existence of previous financial difficulties. There is furthermore one significant wholesale customer. The risk of counterparties defaulting is controlled by the application of credit approvals, limits and monitoring procedures. In the event that a risk of default is identified for a particular debtor, management actively engages with the debtor to identify opportunities to assist the debtor in an effort to limit the potential loss to the group. Such measures include, but are not limited to, assisting with landlord negotiations, granting extended credit terms and negotiating with financial institutions to restructure debt.

The group does not require collateral in respect of trade and other receivables, although all signatories to a franchise agreement sign a personal suretyship in favour of the group.

The group establishes an allowance for impairment that represents its estimate of incurred losses at the reporting date in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2010 R'000	2009 R'000
Domestic	**40 306**	32 459
Euro-zone countries	**746**	992
United Kingdom	**566**	295
Australia	**808**	1 043
	42 426	34 789

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Wholesale customers	**8 670**	7 006
Franchisees	**33 756**	27 783
	42 426	34 789

There are no significant amounts that are considered to be past due. Where individual customers are not in compliance with the group's standard credit terms but formal repayment plans have been agreed, these amounts are not considered past due provided that the repayment terms are being substantially complied with.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2010 R'000	2009 R'000
Balance at beginning of year	**111**	20
Additional impairment losses recognised	**468**	111
Irrecoverable debts written off	**(111)**	(20)
Balance at end of year	**468**	111

The allowance in respect of trade receivables is used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off directly against the financial asset. During the current year, R0.068 million (2009: Rnil) of trade receivables was written off in addition to the movement in the impairment allowance above.

Loans receivable
The group limits its exposure to credit risk by advancing loans only to counterparties with good credit ratings. Given the good credit ratings, management does not expect any counterparty to fail to meet its obligations. The board acknowledges that loans advanced to franchisees to assist their funding in respect of start-up operations have a higher credit risk associated with them due to the uncertainty of the financial success of the operations in question. The group's policy is to obtain collateral in respect of material loans advanced. The extent of collateral held by the group in relation to loans receivable is detailed in note 12.

Loans to equity-accounted investees
The group has advanced foreign loans to equity-accounted investees. The board acknowledges that as these loans are part of the initial investments in the equity-accounted investees there is a higher level of credit risk associated with them. This risk is managed through continued management involvement in these entities.

Guarantees
The group's policy is to provide financial guarantees only to wholly-owned subsidiaries domiciled in South Africa. At 30 June 2010 no guarantees were outstanding from a group perspective (30 June 2009: Nil).

38.2 Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's franchise divisions are largely cash generative. Typically, the group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 6 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The treasury committee regularly reviews group cash flow forecasts to ensure that liquidity is maintained. Cash investments are generally short-term in nature.

In terms of the Articles of Association of the group's main local operating subsidiary, Spur Group (Pty) Ltd, that company has no limitations to its borrowing powers.

The group has no non-term credit facilities in place. This decision was taken following the implementation of legislation in South Africa in 2008 which requires banks to comply with the Revised Framework on International Convergence of Capital Measurement and Capital Standards (better known as Basel II or the New Capital Accord) and which resulted in South African banks introducing a commitment fee in respect of unutilised credit facilities. Given that the group has a favourable relationship and credit rating with its principal bankers and a strong statement of financial position, the board is of the view that credit could be secured to manage any short-term liquidity risk, if the need arose.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

30 June 2010

	Carrying amount R'000	Contractual cash flows Total R'000	1 - 12 months R'000	1 - 2 years R'000	2 - 5 years R'000
Secured bank loans (note 20)	**11 381**	**12 440**	**4 976**	**4 976**	**2 488**
Unsecured loans payable (notes 20 and 23)	**11 835**	**11 835**	**11 737**	**98**	
Financial liabilities included in trade and other payables (note 22)*	**29 754**	**29 754**	**29 754**		
Bank overdraft (note 17)	**3 596**	**3 596**	**3 596**		

30 June 2009

	Carrying amount R'000	Contractual cash flows Total R'000	1 - 12 months R'000	1 - 2 years R'000	2 - 5 years R'000
Secured bank loans (note 20)	15 493	17 951	5 332	5 048	7 571
Loans payable (note 23)	7 361	7 421	7 421		
Financial liabilities included in trade and other payables (note 22)*	23 742	23 742	23 742		
Bank overdraft (note 17)	2 853	2 853	2 853		

* Includes trade payables, accruals and other financial liabilities as defined in terms of IAS32: Financial Instruments: Disclosure and Presentation.

Where there are no formal repayment terms, the contractual cash flows are assumed to take place within 12 months and no interest is included.

38.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's income or the carrying values of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

International operations

The group's international operations are structured such that items of revenue, expenses, monetary assets and monetary liabilities attributed to group entities are all denominated in the respective group companies' functional currencies to the extent possible, with the exception of the group's international franchise company, Steak Ranches International BV. That company is exposed to currency risk as revenue and related receivables are denominated in currencies other than that company's functional currency which is the Euro.
That company is, furthermore, exposed to currency risk in respect of loan receivables denominated in currencies other than the Euro. The most significant of these other currencies are Australian Dollars and Pounds Sterling.

Trade and loan receivables and payables are not hedged as the group's international operations trade in jurisdictions that are considered to have relatively stable currencies.

Exchange gains/losses relating to loans that are considered to be part of the net investment in a foreign entity are included in other comprehensive income.

Local operations

The group's local operations are exposed to exchange risk only to the extent that it imports raw materials and certain merchandise for resale from time to time. The number and value of these transactions is not considered significant. The group uses forward exchange contracts to hedge its exposure to currency risk in this regard. The group does not use forward exchange contracts or other derivative contracts for speculative purposes.

Consolidation

The group's consolidated results are influenced by exchange fluctuations between the functional currencies of group entities and the group's reporting currency. The group entities' functional currencies include primarily the Euro, Pound Sterling and Australian Dollar.

The group's investments in equity-accounted investees are not hedged as those currency positions are considered to be long-term in nature.

Exposure to currency risk

The group's exposure to foreign currency risk was as follows as at 30 June:

	GBP '000	USD '000	AUD '000	EUR '000	BWP '000	MUR '000	TZS '000	KES '000	NAD '000
2010									
Assets									
Cash and cash equivalents	**1 094**	**26**	**374**	**229**	**-**	**-**	**-**	**-**	**270**
Trade and other receivables	**353**	**4**	**221**	**9**	**85**	**76**	**7 403**	**400**	**250**
Loans receivable	**552**	**-**	**133**	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**1 999**	**30**	**728**	**238**	**85**	**76**	**7 403**	**400**	**520**
Liabilities									
Loans payable	**(243)**	**-**	**(131)**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(363)**	**-**	**(250)**	**(15)**	**-**	**-**	**-**	**-**	**-**
Total liabilities	**(606)**	**-**	**(381)**	**(15)**	**-**	**-**	**-**	**-**	**-**
Total net exposure	**1 393**	**30**	**347**	**223**	**85**	**76**	**7 403**	**400**	**520**
2009									
Assets									
Cash and cash equivalents	417	127	309	111	-	-	-	-	338
Trade and other receivables	335	1	320	9	66	46	6 879	446	203
Loans receivable	755	-	109	-	-	-	-	-	-
Total assets	1 507	128	738	120	66	46	6 879	446	541
Liabilities									
Loans payable	(77)	-	(99)	-	-	-	-	-	-
Trade and other payables	(251)	(6)	(385)	(22)	-	-	-	-	-
Total liabilities	(328)	(6)	(484)	(22)	-	-	-	-	-
Total net exposure	1 179	122	254	98	66	46	6 879	446	541

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
AUD 1 = R	**6.7076**	6.6725	**6.5559**	6.3433
GBP 1 = R	**12.0463**	14.4712	**11.5334**	13.0211
EURO 1 = R	**10.5954**	12.3503	**9.3410**	11.0465

Sensitivity analysis

A 10% strengthening of the Rand against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity R'000	Profit or loss R'000
30 June 2010		
EURO	**(9 809)**	**(711)**
GBP	**1 317**	**1 270**
AUD	**3 594**	**619**
30 June 2009		
EURO	(11 337)	(684)
GBP	(649)	528
AUD	2 909	650

A 10% weakening of the Rand against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

Interest rate risk

The group adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis as far as possible. No derivative instruments are used.

Interest rate risk profile

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	Carrying amount	
	2010	2009
	R'000	R'000
Fixed rate instruments		
Financial assets	**804**	1 054
Financial liabilities	**110**	300
Variable rate instruments		
Financial assets	**90 186**	96 936
Financial liabilities	**16 272**	18 196

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	50 bp increase	50 bp decrease
	R'000	R'000
30 June 2010		
Variable rate assets	**469**	**(469)**
Variable rate liabilities	**(87)**	**87**
Cash flow sensitivity (net)	**382**	**(382)**
30 June 2009		
Variable rate assets	437	(437)
Variable rate liabilities	(98)	98
Cash flow sensitivity (net)	339	(339)

The group accounts for fixed rate instruments at amortised cost. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

38.4 Fair values

At the reporting date the carrying values of the group's financial instruments on the statement of financial position approximate their fair values.

The fair value of non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements. In the event of interest-free loans without any repayment terms, the fair value is considered to approximate the carrying value.

The fair value of trade and other receivables and loan receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

No fair value hierarchy has been presented as no financial instruments are carried at fair value on the statement of financial position.

38.5 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors both the demographic spread of shareholders, the level of distributions to ordinary shareholders, as well as the return on capital (defined as total shareholders' equity, excluding non-controlling interests).

From time to time the group purchases its own shares on the market; the timing of these purchases depends on market prices. The board is considering various options regarding the existing treasury shares as there is currently no specific intention or purpose for these shares other than improving returns on shareholder equity and enhancing earnings per share. The group does not have a defined share buy-back plan. However, depending on the availability of cash, prevailing market prices and committed capital expenditure, shares may be re-purchased.

There were no changes in the group's approach to capital management during the year.

In terms of existing loan covenants, the group's main local operating entity, Spur Group (Pty) Ltd, may not increase indebtedness by more than R20 million without the permission of the financier of the facilities referred to in note 20.1. In addition, opening cash plus earnings before interest, tax, depreciation and amortisation, less investment in working capital, taxation paid and capital expenditure divided by net interest plus capital loan repayments must be equal to or greater than 1.3. To date, the group has complied with these covenants.

39. CHANGE IN ACCOUNTING POLICIES

With effect from 1 July 2009, the group was required to comply with the amended IAS 27: Consolidated and Separate Financial Statements which requires total comprehensive income to be attributed to the owners of the parent company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to the implementation of these amendments, non-controlling interests could not be recognised as a deficit balance. The amendments were applied prospectively and accordingly, comparatives were not restated. As a consequence of this change in policy, the group attributed losses of R0.137 million to non-controlling interests in the current financial year which, prior to the implementation of the change, would have otherwise been attributed to the owners of the parent company.

40. SUBSEQUENT EVENTS

Subsequent to the reporting date, but prior to the date of issue of this financial report, the following significant transactions occurred:

40.1 Panarottis Penrith and Silver Spur, Penrith

With effect from 1 July 2010, the group acquired an additional 50% of Spur Steak Ranches Unit Trust, an entity operating the Silver Spur Steak Ranch in Penrith, Australia, from a non-controlling shareholder increasing the group's investment in that entity from 50% to 100%. The results of Spur Steak Ranches Unit Trust will therefore be consolidated in the group results for the 2011 financial year.

As part of the same transaction with the same non-controlling shareholder, the group acquired an additional 30% of Panhold Pty Ltd, increasing the group's interest in that company from 70% to 100% with effect from 1 July 2010. Panhold Pty Ltd holds a one-third interest in Panpen Pty Ltd, the entity operating the Panarottis in Penrith Australia. The Panhold transaction increases the group's effective interest in Panpen Pty Ltd from 40% (refer note 30) to 50%. As the group is not able to control the financial and operating policies of Panpen Pty Ltd, the group will continue to equity account its investment in Panpen Pty Ltd.

The purchase consideration for both of the above transactions was an amount of AU$55 000 in cash.

As at the reporting date, Spur Steak Ranches Unit Trust had net liabilities of AU$817 589 (the equivalent of R5.359 million), including loans payable to the group of AU$989 532 (the equivalent of R6.487 million) (refer note 7.2) and the former non-controlling shareholder of AU$110 000 (the equivalent of R0.721 million). For the 2010 financial year, Spur Steak Ranches Unit Trust incurred a loss of AU$522 986 (the equivalent of R3.508 million) which included abnormal and once-off charges.

The net liabilities of Spur Steak Ranches Unit Trust as at the effective date of the transaction comprise:

	2010 AU$	2010 R'000
Property, plant and equipment	541 620	**3 551**
Inventory	32 832	**215**
Trade and other receivables	25 154	**165**
Cash and bank	12 294	**81**
Trade and other payables	(329 957)	**(2 163)**
Net assets excluding shareholder funding	281 943	**1 849**
Loan payable to the group	(989 532)	**(6 487)**
Loan payable to non-controlling shareholder	(110 000)	**(721)**
Total net liabilities	(817 589)	**(5 359)**

As at the effective date of the transaction, Panhold Pty Ltd had net assets of AU$41 583 (the equivalent of R0.273 million) excluding its investment in Panpen Pty Ltd and including a loan payable to the former non-controlling shareholder of AU$5 896 (the equivalent of R0.039 million). The net assets of Panhold Pty Ltd are already consolidated in the group financial statements. Panhold Pty Ltd's equity-accounted investment in Panpen Pty Ltd had previously been written down from a group perspective to zero as a result of post acquisition losses. Panpen Pty Ltd had net liabilities at the effective date of the transaction of AU$233 736 (the equivalent of R1.532 million) including a loan payable to the group of AU$188 709 (the equivalent of R1.237 million) (refer note 7.2). The directors believe the fair value of Panhold Pty Ltd's investment in Panpen Pty Ltd to exceed zero. For the 2010 financial year, Panhold Pty Ltd incurred a loss of AU$1 530 (the equivalent of R0.010 million) and Panpen Pty Ltd had generated a profit of AU$75 684 (the equivalent of R0.508 million).

40.2 Nevada Spur, Belfast

Sarcon Restaurants Ltd, the former franchisee of the Nevada Spur in Belfast, Northern Ireland, was placed into liquidation by the landlord of the restaurant in question. With effect from 20 August 2010, the group concluded an arrangement with Sarcon Restaurants Ltd and the franchisee's landlord whereby a wholly-owned subsidiary of the group, Larkspur Six Ltd, a company registered and domiciled in the United Kingdom, entered into a lease agreement and assumed title of the assets of the former franchisee for no consideration. A new franchise agreement was concluded with Larkspur Six Ltd which continues to trade Nevada Spur.

The group intends making repairs and enhancements to the premises in question. It is estimated that the group will require £160 000 (the equivalent of R1.685 million) in cash to fund these repairs and enhancements and working capital.

40.3 Golden Gate Spur, Gateshead

As at the reporting date, the board had approved the development of a Spur retail outlet in Gateshead in the United Kingdom in the 2011 financial year. The total development cost estimated at the reporting date was £850 000 (the equivalent of R9.803 million). The development was funded in part by the group and in part by a non-controlling shareholder and the landlord of the outlet in question. The group's contribution to this development is £532 000 (the equivalent of R6.134 million). The outlet commenced trading on 28 August 2010. The outlet is owned by Larkspur Five Ltd, an entity in which the group holds a 70.59% interest.

40.4 Sale of owner-occupied premises

A wholly-owned subsidiary of the group, Spur Group Properties (Pty) Ltd, entered into an agreement of sale in respect of the group's Johannesburg regional office, an owner-occupied building from a group perspective. At the date of issue of this report, the transfer was pending at the Deeds Office. The carrying values of the land and building at the reporting date were R1.435 million and R13.649 million respectively, totalling R15.084 million and the sale proceeds amounted to R16.255 million. Annual depreciation on the building in question amounts to an estimated R0.143 million. Alternative premises are being sought and no decision has yet been made to either purchase or rent appropriate premises.

40.5 Cash-settled profit share bonus scheme

The board of directors approved a cash-settled profit share bonus scheme for certain members of management and executive directors to be funded by dividends received on Spur shares held by the Spur Management Share Trust (refer note 19) ("the Trust"), subject to shareholder approval. In terms of the scheme, the bonuses payable to the participants will be dependent on the dividends received by the Trust, performance of the individual's business unit relative to the prior year and personal performance. The details for consideration by shareholders will be tabled at the 10 December 2010 annual general meeting and are included in the notice of the annual general meeting on pages 110 to 116.

If approved by shareholders, the scheme will result in dividends received by the Trust being distributed external to the group which would ordinarily be reflected as an appropriation of reserves in the statement of changes in equity. However, IAS 19: Employee benefits, requires all employee benefits to be recognised as an expense in profit or loss. Consequently, the distribution of dividends received by the Trust to employees will be recognised as an expense. The amount expensed is dependent on variables which can only be determined at the time that the payments are made and it is consequently not possible to provide an indication of the impact on future profit or loss.

40.6 Dividends

The board of directors declared a dividend of 28.0 cents per ordinary share payable on 11 October 2010 as referred to in note 24 and the directors' report on page 42 of this annual report.

41. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Judgements made in applying the group's accounting policies that potentially have a significant effect on the amounts recognised in the financial statements are as follows:

Property, plant and equipment

Items of property, plant and equipment are depreciated over the assets' remaining useful lives, taking into consideration their estimated residual values. The remaining useful lives and residual values of these assets are reviewed and considered at each reporting date, taking into account the nature and condition of the assets.

Impairment of non-financial assets

Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually. Property, plant and equipment are considered for impairment when an indication of possible impairment exists. An asset is impaired when its carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value-in-use.

Determining whether non-financial assets are impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill, intangible assets and property, plant and equipment have been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable pre-tax discount rate that is reflective of the cash-generating unit's risk profile in order to calculate the present value. The variables applied in determining the above have been disclosed in the relevant notes to the financial statements with specific reference to notes 5.1 and 11.

Deferred tax

In the group, each entity assesses the recoverability of deferred tax assets and the recognition of computed tax losses. The recognition is based on the entities' abilities to utilise these computed tax losses based on expected future taxable income. In note 8.2, the total unrecognised computed tax losses are disclosed. The rationale for recognising deferred tax assets in respect of tax losses is disclosed in note 13.

Financial assets

Certain assumptions are made in respect of the recoverability of the group's financial assets. These assets mainly comprise loans receivable from equity-accounted investees and external parties and trade receivables.

At each reporting date, the group evaluates whether there is any objective evidence that a financial asset is impaired. If there is objective evidence that loans or receivables are impaired, the amount of the loss is determined without reference to future irrecoverable debts that have not been incurred. Refer to notes 12 and 16 for the amount of any impairment allowance recognised or reversed against loans and trade receivables.

42. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations applicable to the group are not yet effective for the year ended 30 June 2010, and have not been applied in preparing these consolidated financial statements. Those standards and interpretations which are (or may be) applicable to the group in the future are presented below. Those standards and interpretations which have no bearing on the group's existing accounting policies, have no impact on the group's assets and liabilities as at the reporting date or their subsequent measurement and no impact on the accounting treatment of transactions that the group is likely to be party to, are not listed below.

IAS 7: Statement of Cash Flows
Amendments to this standard clarify that only expenditures that result in the recognition of an asset may be classified as a cash flow from investing activities. The amendments are effective for the 2011 financial year but are not expected to change fundamentally the presentation of the current statement of cash flows.

IAS 17: Leases
The International Accounting Standard Board ("IASB") deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. Consequently, amendments to this standard clarify that when a lease includes both land and building elements, an entity should determine the classification of each element in accordance with the standard, taking account of the fact that land normally has an indefinite economic life. The amendments are effective for the 2011 financial year and are applicable retrospectively, but are not expected to have any impact on the group.

IAS 24: Related Party Disclosures (revised 2009)
The definition of a related party per IAS 24 has been amended to include that if an entity is identified as a related party in another entity's financial statements then the other entity is also a related party in the aforementioned entity's financial statements.
This standard becomes mandatory for the group's 2012 financial statements, and may affect related party disclosure.

IAS 32: Financial Instruments: Presentation – Classification of Rights Issues
The amendment to this standard permits rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment is effective for the 2011 financial year but is not expected to have any impact on the group.

IAS 36: Impairment of Assets
Amendments to this standard clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively and are effective for the 2011 financial year. The cash-generating units to which existing goodwill is allocated complies with these amendments. Consequently, the amendments are not expected to have any impact on the group.

IAS 39: Financial Instruments: Recognition and Measurement
The amendments:
- provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated;
- clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and
- clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

The amendments are effective for the 2011 financial year and apply prospectively to unexpired contracts from the date of adoption but are not expected to have any impact on the group.

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
This interpretation provides guidance on accounting for debt for equity swaps. This interpretation is effective for the 2011 financial year, but is not expected to have any impact on the group.

IFRS 2: Share-based Payments – Group Cash-settled Share-based Payment Transactions

Amendments to this standard require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate financial statements. This applies even if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. The share-based payment transaction should be classified by each reporting entity as equity-settled or cash-settled from the respective entity. The amendments become applicable for the group's 2011 financial year and are not expected to have any effect on the group financial statements.

IFRS 3: Business Combinations

Amendments to this standard:

- clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004);
- limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and
- expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards.

This standard becomes mandatory for the group's 2011 financial statements. The group is still evaluating the effect of adopting this standard.

IFRS 9: Financial Instruments

This new standard prescribes two options in respect of the classification of financial assets: financial assets measured at amortised cost; and financial assets measured at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are only payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. This standard becomes mandatory for the group's 2014 financial statements. The impact on the group has not yet been determined.

COMPANY

STATEMENT OF
COMPREHENSIVE INCOME
for the year ended 30 June

	Note	2010 R'000	2009 R'000
Dividend income	1	**58 423**	41 553
Accounting distribution from subsidiary company	2	**3 888**	-
Interest income		**25**	75
Operating expenses		**(1 304)**	(3)
Profit before income tax	3	**61 032**	41 625
Income tax expense	4	**(6)**	(20)
Profit for the year		**61 026**	41 605
Total comprehensive income for the year		**61 026**	41 605

STATEMENT OF

FINANCIAL POSITION

at 30 June

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Interest in subsidiary companies	5	**14 479**	17 511
Dividends receivable	6	**22 562**	-
Total non-current assets		**37 041**	17 511
Current assets			
Tax receivable		**23**	23
Cash and cash equivalents		**528**	453
Total current assets		**551**	476
TOTAL ASSETS		**37 592**	17 987
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	7	**1**	1
Share premium		**6**	6
Share-based payments reserve	8	**-**	9 531
Retained earnings		**9 822**	51
Total equity		**9 829**	9 589
Non-current liability			
Loans from subsidiary companies	9	**27 299**	8 000
Current liabilities			
Shareholders for distribution		**464**	398
TOTAL EQUITY AND LIABILITIES		**37 592**	17 987

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June

	Ordinary share capital R'000	Share premium R'000	Share-based payments reserve R'000	Retained earnings/ (accumulated loss) R'000	Total equity R'000
Balance at 1 July 2008	**1**	**11 331**	**7 413**	**(157)**	**18 588**
<u>Total comprehensive income for the year</u>					
Profit for the year	-	-	-	41 605	41 605
<u>Transactions with owners, recorded directly in equity</u>					
Contributions by and distributions to owners					
Share-based payments (refer note 8)	-	-	2 118	-	2 118
Distributions to shareholders (refer note 11)	-	(11 325)	-	(41 397)	(52 722)
Total transactions with owners	-	(11 325)	2 118	(41 397)	(50 604)
Balance at 1 July 2009	**1**	**6**	**9 531**	**51**	**9 589**
<u>Total comprehensive income for the year</u>					
Profit for the year	-	-	-	61 026	61 026
<u>Transactions with owners, recorded directly in equity</u>					
Contributions by and distributions to owners					
Accounting distribution from subsidiary company (refer note 2)	-	-	-	(3 888)	(3 888)
Share-based payments (refer note 8)	-	-	1 682	-	1 682
Transfer of share-based payments reserve to retained earnings	-	-	(11 213)	11 213	-
Distributions to shareholders (refer note 11)	-	-	-	(58 580)	(58 580)
Total transactions with owners	-	-	(9 531)	(51 255)	(60 786)
Balance at 30 June 2010	**1**	**6**	**-**	**9 822**	**9 829**

STATEMENT OF

CASH FLOWS

for the year ended 30 June

	Note	2010 R'000	2009 R'000
Cash flow from operating activities			
Operating expenses		**(1 304)**	(3)
Working capital changes		**-**	(5)
Cash utilised by operations		**(1 304)**	(8)
Interest received		**25**	75
Tax paid	10	**(6)**	(20)
Dividends received		**35 861**	41 553
Distributions paid	11	**(58 514)**	(52 676)
Net cash flow from operating activities		**(23 938)**	(11 076)
Cash flow from investing activities			
Decrease in loans to subsidiary companies		**4 714**	10 825
Net cash flow from investing activities		**4 714**	10 825
Cash flow from financing activities			
Increase in loans from subsidiary companies		**19 299**	-
Net cash flow from financing activities		**19 299**	-
Net movement in cash and cash equivalents		**75**	(251)
Cash and cash equivalents at beginning of year		**453**	704
Cash and cash equivalents at end of year		**528**	453

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. DIVIDEND INCOME

	2010 R'000	2009 R'000
Dividends received from subsidiary companies	**35 861**	41 553
Dividend received by Spur Management Share Trust	**22 562**	-
	58 423	41 553

The dividend received by the Spur Management Share Trust was vested with the company as a beneficiary of the trust. Refer note 19 on page 79 for more detail.

2. ACCOUNTING DISTRIBUTION FROM SUBSIDIARY COMPANY

This relates to the loss incurred by a wholly-owned subsidiary company, Share Buy-back (Pty) Ltd, on the sale of treasury shares at the behest of the company to satisfy the exercising of options on the company in terms of the 2004 Management Incentive Scheme (refer note 19 on page 79). The profit forgone on the sale of the shares in question by Share Buy-back (Pty) Ltd is nevertheless recognised as income by that company and treated as an accounting distribution to its shareholder, being the company.

3. PROFIT BEFORE INCOME TAX

The following items have taken into account in determining profit before income tax:

	2010 R'000	2009 R'000
Auditor's remuneration - audit fees	**85**	-
Consulting fees	**372**	-
JSE Listing fees	**304**	-

4. INCOME TAX EXPENSE

	2010 R'000	2009 R'000
South African current tax	**6**	20

Reconciliation of rate of tax	2010 %	2009 %
South African normal tax rate	**28.0**	28.0
Non-taxable income	**(28.6)**	(28.0)
Non-deductible expenditure	**0.6**	-
Effective tax rate	**-**	-

The company has no available Secondary Tax on Companies ("STC") credits (2009: R15 663) available for offset against future STC payable.

5. INTEREST IN SUBSIDIARY COMPANIES

	2010 R'000	2009 R'000
Shares at cost less impairment and amounts written off	**1**	1
Equity-settled share-based payments on behalf of subsidiary (refer note 8)	**11 213**	9 531
Loans to subsidiary companies	**3 265**	7 979
	14 479	17 511

Loans to subsidiary companies are unsecured, interest-free and no fixed dates of repayment have been determined.
Refer to directors' report on page 42 for details of subsidiary companies and loans.

6. DIVIDENDS RECEIVABLE

The dividends receivable relates to dividends received by the Spur Management Share Trust that was vested with the company by the trustees (refer note 1). The amount is unsecured, interest-free and there are no fixed terms of payment.

7. ORDINARY SHARE CAPITAL

	2010 R'000	2009 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

The ordinary shares have equal rights to distributions declared by the company.

In terms of the company's Articles of Association, the unissued shares of the company may be issued by the directors of the company only with the approval of shareholders by way of an ordinary resolution passed at a general meeting. No such authority has been granted.

8. SHARE-BASED PAYMENTS

The company has granted shares/options to employees of a subsidiary. The details of these shares/options are included in note 19 to the group consolidated financial statements included in this report on page 79. In accordance with the group's accounting policies, the share-based payment expense determined in accordance with IFRS 2: Share-based Payments is treated as a further investment in the subsidiary in question.

As the incentive scheme to which the share-based payments relate terminated during the year, the balance on the share-based payments reserve was reclassified to retained earnings in the statement of changes in equity.

9. LOANS FROM SUBSIDIARY COMPANIES

	2010 R'000	2009 R'000
Share Buy-back (Pty) Ltd	**8 000**	8 000
Spur Group (Pty) Ltd	**19 299**	-
	27 299	8 000

These loans are unsecured and bear no interest. The company has the unconditional right to defer settlement of the loans for at least 12 months after the reporting date.

10. TAX PAID

Tax paid is reconciled to the amount disclosed in profit or loss as follows:

	2010 R'000	2009 R'000
Amount receivable at beginning of year	**23**	23
Amount charged to profit or loss	**(6)**	(20)
Amount receivable at end of year	**(23)**	(23)
	(6)	(20)

11. DISTRIBUTIONS

Distributions declared are as follows:

	2010 R'000	2009 R'000
Final 2008 - capital reduction of 11.6* cents per share	**-**	11 325
Final 2008 - dividend of 15.4* cents per share	**-**	15 036
Interim 2009 - dividend of 27.0 cents per share	**-**	26 361
Final 2009 - dividend of 28.0 cents per share	**27 337**	-
Interim 2010 - dividend of 32.0 cents per share	**31 243**	-
Total distributions	**58 580**	52 722

* Part of the 27.0 cents per share distribution approved by the directors on 10 September 2008.

The directors have approved a final dividend of 28 cents per share to be paid in cash on 11 October 2010. The dividend payable on 11 October 2010 will be subject to Secondary Tax on Companies at a rate of 10%.

Distributions paid are reconciled to the amount disclosed above as follows:

	2010 R'000	2009 R'000
Amount payable at beginning of year	**(398)**	(352)
Reduction in share premium	**-**	(11 325)
Dividends declared	**(58 580)**	(41 397)
Amount payable at end of year	**464**	398
Distributions paid	**(58 514)**	(52 676)

12. NON-CASH FLOW ITEMS

The dividends received by the Spur Management Share Trust that was vested with the company by the trustees has not been paid. Consequently, neither the dividend so vested (refer note 1) nor the movement in the dividend receivable (refer note 6) has been recognised as a cash flow movement in the statement of cash flows.

The distribution from subsidiary company referred to in note 2 is an accounting allocation and has no cash flow impact.

13. GUARANTEES

The company has provided unlimited guarantees to financial institutions in repect of debts of certain local subsidiary companies.

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 10 December 2010 at 2 Edison Way, Century Gate Business Park, Century City, 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 2010, including the Directors' Report and the Report of the Auditor 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: Phillip Joffe, Pierre van Tonder, Ronel van Dijk and Dean Hyde.
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." A brief CV of the aforementioned directors is included in pages 12 and 13 of this report.

3. **Ordinary Resolution Number 3: The approval of the appointment of new director**
"To approve the appointment of Mntungwa Morojele as independent non-executive director with effect from 1 June 2010."

4. **Ordinary Resolution Number 4: The re-appointment of the auditor**
"To reappoint the firm KPMG Inc. as auditor and Ivan Engels as the individual designated auditor 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 auditor's remuneration for the past year."

5. **Ordinary Resolution Number 5: 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:

   5.1 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
   5.2 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 valuation 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. Additional information required in terms of the Listings Requirements is contained in the special resolution number 1 below.

6. **Ordinary resolution number 6: The appointment of the Audit Committee for the ensuing year**
"To confirm the appointment of Keith Madders (chairman), Dean Hyde, Muzi Kuzwayo and Mntungwa Morojele as the company's audit committee for the ensuing year, as recommended by the board." A brief CV of the aforementioned directors is included on page 13 of this report.

7. **Ordinary resolution number 7: Amendments to the Spur Management Share Trust and the Spur Management Incentive Share Scheme 2004**
"Resolved as an ordinary resolution in terms of Schedule 14 of the Listings Requirements of the JSE, that the amendments made to the Spur Management Share Trust and the Spur Management Incentive Share Scheme 2004, the terms whereof are set out in the Deeds of Amendment attached as annexure 1 to this notice of Annual General Meeting, and as approved by the JSE, is hereby approved."

7. **Ordinary resolution number 7: Amendments to the Spur Management Share Trust and the Spur Management Incentive Share Scheme 2004 (continued)**

The above ordinary resolution in terms of the JSE Listings Requirements must be approved by 75% of the votes cast by shareholders present in person or represented by proxy at this annual general meeting (excluding all the votes attaching to all equity securities owned or controlled by persons who are existing participants in the Spur Management Share Trust, as read with the Spur Management Incentive Share Scheme 2004, and may be impacted by the changes and/or excluding all equity securities held by such Spur Management Share Trust).

The draft amended Spur Management Share Trust ("Share Trust") and draft amended Spur Management Incentive Share Scheme 2004 ("Scheme Rules") will be available for inspection for a period of two weeks before the date of the meeting at the company's registered office and at the offices of Sasfin Capital, 29 Scott Street, Waverley, Johannesburg.

Salient Features of the Amendments to the Share Trust and the Scheme Rules and the reasons for such amendments

The company adopted its share scheme at a general meeting held on 15 December 2004. The share scheme was constituted in terms of the Share Trust as read with the Scheme Rules (collectively "the Spur Share Scheme").

The following material transactions have taken place since the adoption of the Spur Share Scheme:

1. Spur Group (Pty) Ltd (a wholly owned subsidiary of the company) made a contribution of R48.5 million to the Share Trust.

2. The Share Trust subscribed for R48.5 million cumulative redeemable preference shares in Maxshell 72 (Pty) Ltd ("Maxshell"), a special purpose entity, at a coupon rate of 75% of prime ("Maxshell Preference Shares").

3. Maxshell utilised the subscription funds from the issue of the Maxshell Preference Shares to acquire 8 274 043 shares in the company ("Spur Shares"). Employees of the company and its subsidiaries ("Spur Group") subscribed for ordinary shares in Maxshell. Maxshell received dividends on the Spur Shares until December 2009 and had the benefit of the increase in the capital value of the Spur Shares since the acquisition thereof.

4. In December 2009 Maxshell transferred 6 688 698 Spur Shares to the Share Trust for the purposes of redeeming the Maxshell Preference Shares. The remainder of the Spur Shares held by Maxshell was sold for cash to Share Buy-back (Pty) Ltd, a wholly-owned subsidiary of the company. The cash in Maxshell was distributed to its shareholders, being employees of Spur Group, in December 2009.

As a result of the said payments and transfers made in December 2009, the Share Trust currently holds 6 688 698 Spur Shares. As a further consequence of such payments and transfer, the current discretionary capital beneficiary in terms of the Share Trust is the company.

It follows that the financial benefits of the Spur Share Scheme adopted in 2004 have, for most Spur Group employees, materially accrued to them. There is currently no other replacement equity share scheme in place. It is necessary for the purposes of the administration and implementation of the outstanding aspects of the Spur Share Scheme (principally in respect of 660 911 outstanding share options in favour of certain employees of the Spur Group and the vesting of the shares in Maxshell in eligible Spur Group employees on 18 December 2011) for the Spur Share Scheme to remain in place.

The company accordingly now wishes to utilise the dividends received by the Spur Trust from the Spur Shares, to further incentivise Spur Group employees by means of a dividend bonus scheme as set out below.

Such dividend bonus scheme will, in essence, result in:

1. eligible employees, as discretionary income beneficiaries of the Share Trust, becoming entitled to share in the dividends payable in respect of the Spur Shares, thereby ensuring that appropriate incentives in terms of the Share Scheme remain in place to encourage and motivate such eligible employees to achieve performance levels that advance the interests of the Spur Group and promote an identity of interest between such eligible employees and the shareholders of the company;

2. the company remaining and continuing as a discretionary capital beneficiary of the Share Trust.

The amendments to the Share Trust and the Scheme Rules are required to constitute and implement such dividend bonus scheme. In addition, certain of such amendments will further ensure compliance with the revised provisions of Schedule 14 of the Listings Requirements of the JSE. All such amendments have been approved by the JSE.

The salient features of such amendments to the Share Trust and the Scheme Rules are summarised as follows:

1. Amendments to such provisions of the Share Trust and the Scheme Rules that are required to give effect to the peremptory amendments required by the JSE to existing Share Schemes by no later than January 2011 in terms of Schedule 14 of the JSE Listings Requirements.

2. Confirmation that the Share Trust and the Scheme Rules cannot be amended in circumstances where approval by shareholders in general meeting is required in terms of any statute, regulation, rules or listings requirements of the JSE (including in terms of Schedule 14 of the JSE Listings Requirements) from time to time and, further, confirmation that the Share Trust and the Scheme Rules shall comply with and be subject to the provisions of Schedule 14 of the JSE Listings Requirements.

3. Amendment to confirm that the powers of the trustees include the right to purchase shares through the market in order to satisfy any obligation in terms of the Spur Share Scheme, as contemplated in terms of Schedule 14 of the JSE Listings Requirements.

4. Amplification of the main objects of the Share Trust and the Scheme Rules and the basis upon which awards are made (in essence this has regard to the main objects and purposes of the Share Trust and the Scheme Rules – including the dividend bonus scheme - the recommendation of the board of the company and the performance, promotion and advancement of eligible employees).

5. Amendments to such provisions of the Share Trust and the Scheme Rules that are necessary to implement the dividend bonus scheme ("Dividend Scheme"). In essence, such amendments record that the Dividend Scheme shall:

   5.1 apply to the 6 688 698 issued shares in the capital of the company currently held by the Share Trust ("Designated Spur Shares");
   5.2 result in eligible employees being entitled to receive dividends in respect of the Designated Spur Shares in accordance with the main objects and purpose of the Share Trust;
   5.3 not affect any rights of the company as a discretionary capital beneficiary of the Designated Spur Shares in terms of the Share Trust.

The above salient features did not purport to be exhaustive of the provisions, and the amendments thereto, of the Share Trust and the Scheme Rules. For a full appreciation of the provisions of the Share Trust and the Scheme Rules, shareholders should refer to the full text thereof which is available for inspection as mentioned above.

8. Special Resolution Number 1: 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:

8.1 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 (reported trades are prohibited);
8.2 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;
8.3 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;
8.4 at any one time, the company may only appoint one agent to effect any repurchase;
8.5 the repurchase of shares will not take place during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless a repurchase programme, full details of which are disclosed in an announcement to shareholders prior to the commencement of the prohibited period, is in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and such repurchase will not affect compliance with the shareholders spread requirements as laid down by the JSE;
8.6 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
8.7 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 as set out in Ordinary Resolution Number 5 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 any general repurchase or general payment to shareholders:

- 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 with all documentation as required in Schedule 25 of the Listings Requirements of the JSE, and will not commence any repurchase 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 12 and 13 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 12 and 13 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 by law and the JSE Listings Requirements.

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 12 to 15)
Major shareholders of the company (refer to page 44)
Directors' interests in the company's shares (refer to page 43)
Share capital (refer to pages 41 and 78)

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 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday, 9 December 2010. 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.

Shares held by a share trust or scheme will not have their votes at the annual general meeting taken into account for purposes of the resolutions proposed in terms of the JSE Listing Requirements. Shares held as treasury shares will not have their votes taken into account at the annual general meeting.

By order of the board
Ronel van Dijk

SECRETARY
Cape Town 8 October 2010

DEED OF AMENDMENT TO THE SPUR MANAGEMENT SHARE TRUST
Adopted by
SPUR CORPORATION LIMITED and THE TRUSTEES FOR
THE TIME BEING OF THE SPUR MANAGEMENT SHARE TRUST

1. THE PARTIES
   1.1 SPUR CORPORATION LIMITED ("the Company")
   1.2 THE TRUSTEES FOR THE TIME BEING OF THE SPUR MANAGEMENT SHARE TRUST ("the Trustees")

2. RECORDAL
   2.1 The Spur Management Share Trust is registered with the Master of the High Court, Cape Town under No: I.T. 4163/2004 ("the Trust"). The Trust is recorded in a written trust deed dated 30 November 2004 ("The Trust Deed") as read with the rules contained in the Spur Management Incentive Share Scheme 2004 ("Scheme Rules") as contemplated in terms of clause 3.2 of the Trust Deed. The Trust and the Scheme Rules were duly adopted by way of resolution passed at a general meeting of the Company held at Cape Town on 15 December 2004.
   2.2 André Minnë and Nils Martin Nyback are currently the Trustees of the Trust.
   2.3 The Board and the Trustees in terms of and in compliance with clause 19 of the Trust Deed and Schedule 14 of the JSE Limited Listings Requirements, hereby amend the Trust Deed to the extent set out in clause 3 hereunder.
   2.4 The amendment set out in clause 3 has been duly approved by the JSE Limited ("JSE") and shareholders of the Company, to the extent necessary in terms of the listing requirements of the JSE, prior to the execution of this Deed of Amendment.
   2.5 Words and expressions defined in the Trust Deed or the Scheme Rules shall bear the same meaning in this Deed of Amendment unless the context indicates otherwise.

3. AMENDMENT

   The Trust Deed is hereby amended as follows by:
   3.1 inserting the following new clause 1.1.3A after clause 1.1.3 of the Trust Deed: ""Dividends" means any dividend, or other form of payment contemplated or authorized in terms of section 90 of the Act, to a shareholder of the Company by virtue of such shareholder's shareholding in the Company (it being recorded that the Trust is currently a shareholder of the Company);"
   3.2 deleting clause 1.1.8 of the Trust Deed and inserting the following new clause 1.1.8:
   "1.1.8 "Share Scheme" means the scheme or schemes to enable Eligible Employees to directly or indirectly:
      1.1.8.1 acquire Shares (or a marketable security bearing an interest in such Shares) in accordance with the rules of such scheme or schemes adopted by the Company in general meeting from time to time and agreed to by the Trustees; or
      1.1.8.2 receive a distribution or payment of, or benefit from, any Dividends to which the Trust is entitled from time to time as a shareholder of the Company;"
   3.3 inserting two new sentences at the end of clause 2.4 of the Trust Deed which shall read as follows: "The further main object of the Trust is that the Trustees will procure that Eligible Employees receive a distribution or payment of, or benefit from, any Dividends to which the Trust is entitled from time to time, as a shareholder of the Company, thereby providing such Eligible Employees with an incentive to advance the interests of the Group and to promote an identity of interest between such Eligible Employees and the shareholders of the Company. The basis upon which awards under the Scheme shall be made shall at all times have regard to the said main objects of the Trust, the recommendations of the Board and the performance, promotion and advancement of Eligible Employees;"
   3.4 inserting the following words after the word "purchase" in line 2 of clause 8.1.2 of the Trust Deed: "(including any purchase on or through the JSE)."
   3.5 inserting the following new clause 12.1A after clause 12.1 of the Trust Deed: "distribute, pay or utilize Dividends to or for the benefit of Eligible Employees as directed by the Board, as contemplated in the Share Scheme;"
   3.6 inserting the following new clause 12.5.6, which shall read as follows: "all distributions, payments or utilization of Dividends to or for the benefit of Eligible Employees;"
   3.7 inserting the following new clause 12.9, which shall read as follows: "ensure compliance with any applicable provisions of the Spur Management Incentive Share Scheme 2004, subject to clause 12.10 below;"
   3.8 inserting the following new clause 12.10, which shall read as follows: "ensure compliance with any applicable law, regulation, rules or listing requirements of the JSE (including in terms of Schedule 14 of the JSE Listings Requirements from time to time);"
   3.9 deleting clause 19.1 of the Trust Deed and inserting the following new clause 19.1:
   "19.1 Subject to:
      19.1.1 approval by shareholders in general meeting to the extent (if any) required in terms of any statute, regulation, rules or listing requirements of the JSE (including in terms of schedule 14 of the JSE Listing Requirements) from time to time; and/or
      19.1.2 compliance with any applicable law, regulation, rules or listing requirements of the JSE (including the provisions and majority voting percentages contained in paragraph 14.1 of Schedule 14 of the JSE Listing Requirements) from time to time;

   this Deed may be amended in writing by the Board and the Trustees from time to time."
   3.10 inserting the following words after the words "change in law" in the last line of clause 19.2 of the Trust Deed: "provided that the provisions of this clause 19.2 shall at all times be subject to the provisions of clause 19.1"
   3.11 inserting the following new clause 21.1.1A after clause 21.1.1 of the Trust Deed: "the Trust is not the holder of any Shares; or"

4. GENERAL
   4.1 Save as recorded in this Deed of Amendment, the Trust Deed shall be and remain of full force and effect. In the event of any conflict between such Trust Deed and this Deed of Amendment, the provisions of the latter shall prevail.
   4.2 This Deed of Amendment may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

DEED OF AMENDMENT TO THE SPUR MANAGEMENT INCENTIVE SHARE SCHEME 2004
Adopted by SPUR CORPORATION LIMITED,
THE TRUSTEES FOR THE TIME BEING OF THE SPUR MANAGEMENT SHARE TRUST,
SPUR GROUP (PROPRIETARY) LIMITED,
MAXSHELL 72 INVESTMENTS (PROPRIETARY) LIMITED and SHARE BUY-BACK (PROPRIETARY) LIMITED

1. THE PARTIES
   1.1 SPUR CORPORATION LIMITED ("the Company")
   1.2 THE TRUSTEES FOR THE TIME BEING OF THE SPUR MANAGEMENT SHARE TRUST ("the Trustees")
   1.3 SPUR GROUP (PROPRIETARY) LIMITED ("Group")
   1.4 MAXSHELL 72 INVESTMENTS (PROPRIETARY) LIMITED ("Maxshell")
   1.5 SHARE BUY-BACK (PROPRIETARY) LIMITED ("SBB")

2. RECORDAL
   2.1 The Spur Management Share Trust ("the Trust"), together with the Spur Management Incentive Share Scheme 2004 rules ("the Scheme Rules") is registered with the Master of the High Court, Cape Town under No: I.T. 4163/2004. Group, Maxshell and SBB are additional parties to the Scheme Rules and are accordingly additional parties to this Deed of Amendment.
   2.2 The Trust and the Scheme Rules were duly adopted by way of resolution passed at a general meeting of the Company held at Cape Town on 15 December 2004.
   2.3 André Minnë and Nils Martin Nyback are currently the Trustees of the Trust.
   2.4 The Board, the Trustees, Group, Maxshell and SBB in terms of and in compliance with clause 25 of the Scheme Rules, and Schedule 14 of the JSE Limited Listings Requirements, hereby amend the Scheme Rules to the extent set out in clause 3 hereunder.
   2.5 The amendment set out in clause 3 has been duly approved by the JSE Limited ("JSE") and shareholders of the Company, to the extent necessary in terms of the listing requirements of the JSE, prior to the execution of this Deed of Amendment.
   2.6 Words and expressions defined in the Scheme Rules shall bear the same meaning in this Deed of Amendment unless the context indicates otherwise.

3. AMENDMENT
   The Scheme Rules are hereby amended as follows by:
   3.1 inserting the following new clause 1.1.7A after clause 1.1.7 of the Scheme Rules: ""Dividends" means any dividend, or other form of payment contemplated or authorized in terms of section 90 of the Act, to a shareholder of the Company by virtue of such shareholder's shareholding in the Company (it being recorded that the Trust is currently a shareholder of the Company);"
   3.2 inserting the following new sub-clause 1.1.8.3, which shall read as follows: "by virtue of his/her Employment to receive a distribution or payment of, or benefit from, any Dividends to which the Trust is entitled from time to time;"
   3.3 deleting clause 1.1.13 of the Scheme Rules and inserting the following new clause 1.1.13: "1.1.13 "JSE" means the JSE Limited;"
   3.4 inserting the following words after the words "Spur Shares" in the last line of clause 1.1.25: "or, further alternatively, who has been invited by the Board to participate in the Dividend Scheme (as contemplated in clause 1.1.39.3) in terms hereof by virtue of his/her Employment."
   3.5 deleting clause 1.1.37 of the Scheme Rules and inserting the following new clause 1.1.37: "1.1.37 "Scheme Allocation" means a maximum of 9 763 283 issued shares in the capital of Spur which shall include all Reserved Shares and those shares in respect of which Options have been granted (albeit not exercised);"
   3.6 inserting the following new sub-clause 1.1.39.3 which shall read as follows: "the scheme to enable Eligible Participants to receive a distribution or payment of, or benefit from, any Dividends to which the Trust is entitled from time to time as a shareholder of the Company, the terms of which scheme are embodied in Part IIIA of these Rules (referred to as the Dividend Scheme)."
   3.7 inserting the following new clause 1.7, which shall read as follows: "Any words or terms defined in the Spur Management Share Trust but not in these Rules shall bear the meaning assigned thereto in the Share Trust unless the context clearly otherwise indicates."
   3.8 deleting clause 3.4 of the Scheme Rules and inserting the following new clause 3.4 "3.4 The maximum number of Spur Shares which may be indirectly or directly held by any one Participant (calculated in the manner contemplated in clause 1.1.12 if applicable) shall not exceed 1 500 000 (One Million Five Hundred Thousand) Spur Shares."
   3.9 inserting a new sentence at the end of clause 3.5 of the Scheme Rules, which shall read as follows: "3.5 Provided that any adjustment in terms hereof shall at all times give a Participant the entitlement to the same proportion of the Spur Shares as that to which he was previously entitled and provided further the Auditors comply with any further requirements of the JSE in regard to this clause 3.5 (including Schedule 14 of the JSE Listings Requirements) from time to time."
   3.10 inserting the following words after the word "Rules" in the last line of clause 3.7: "and, in respect of the Dividend Scheme, are set out in Part IIIA of these Rules."
   3.11 inserting two new sentences at the end of clause 5 of the Scheme Rules, which shall read as follows: "The further object and purpose of the Scheme is that the Trustees will procure that Eligible Employees receive a distribution or payment of, or benefit from,

any Dividends to which the Trust is entitled from time to time thereby providing such Eligible Employees with an incentive to advance the interests of the Group and to promote an identity of interest between such Eligible Employees and the shareholders of the Company. The basis upon which awards under the Scheme shall be made shall at all times have regard to the said main objects of the Trust, the recommendations of the Board and the performance, promotion and advancement of Eligible Employees."

3.12 inserting after clause 18.2 of the Scheme Rules the heading "PART IIIA – DIVIDENDS" and inserting thereafter a new clause 18.2A, which shall read as follows:

"PART IIIA – DIVIDEND SCHEME

18.2A PROVISIONS OF DIVIDEND SCHEME

18.2A.1 The Trust currently holds 6 688 698 (six million six hundred and eighty eight thousand six hundred and ninety eight) shares in the issued share capital of the Company ("the Designated Spur Shares");

18.2A.2 In accordance with the main objects of Trust, the Board and the Trustees wish to utilise the Dividends in respect of the Designated Spur Shares to further incentivise Eligible Employees of the Spur Group in accordance with the provisions of the Trust as read with these Rules (collectively "the Trust Rules");

18.2A.3 The provisions of the Dividend Scheme in terms of this clause 18.2A shall:

18.2A.3.1 result in Eligible Employees (as determined and duly distributed in terms of the Trust Rules) being entitled to the distribution (in cash unless otherwise determined by the Board and the Trustees to the contrary) of such Dividends as may be declared and paid from time to time on the Designated Spur Shares;

18.2A.3.2 not affect any rights of the Company as a discretionary capital beneficiary of the Designated Spur Shares in terms of the Trust Rules;

18.2A.4 Eligible Employees shall participate, in accordance with the Trust Rules, in the Dividends in respect of the Designated Spur Shares to the extent determined by the Board in its sole discretion.

18.2A.5 No Eligible Employees shall be entitled to participate in the Dividend Scheme as and from such Eligible Employee no longer being in the employ of the Spur Group for any reason whatsoever (including as a result of death, retirement, disability, resignation or dismissal) unless the Board in its sole discretion determines to the contrary, provided such determination of the Board shall not exceed any period in excess of 12 (twelve) months after such date of termination of employment.

18.2A.6 In the event of any Dividends in respect of the Designated Spur Shares not being distributed immediately to Eligible Employees, such Dividends (including any interest earned thereon subject to taking into account any taxation thereon) shall be and remain part of the Dividend Scheme and may be distributed at any time thereafter in the sole discretion of the Board to Eligible Employees.

18.2A.7 For the sake of clarity and the avoidance of any doubt:

18.2A.7.1 the date(s) and amount(s) of the distribution of any Dividends in terms of the Dividend Scheme to Eligible Employees shall be determined by the Board in its sole discretion;

18.2A.7.2 the Company or the Trust shall be entitled to deduct any form of taxation owing prior to the distribution of any Dividends to any Eligible Employees;

18.2A.7.3 any fully paid Spur Shares allotted and issued by the Company by way of a capitalisation of profits, share premium or reserves in respect of the Designated Spur Shares shall be deemed to be added to and form part of the Designated Spur Shares for the purposes of the Dividend Scheme;

18.2A.7.4 in the event of any conflict between the Trust Rules and the provisions of this clause 18.2A, the provisions of the latter shall prevail (subject to compliance with any applicable law, regulation, rules or listing requirements of the JSE from time to time)."

3.13 inserting a new sentence at the end of clause 21.1, which shall read as follows: "Provided that the last sentence of clause 3.5 of the Scheme Rules shall apply mutatis mutandis to this clause 21.1."

3.14 inserting a new clause 23.1.1A after clause 23.1.1 of the Scheme Rules: "the last sentence of clause 3.5 of the Scheme Rules shall apply mutatis mutandis to clause 23.1.1."

3.15 inserting the following new clause 25.3, which shall read as follows: "25.3 Any amendment in terms of this clause 25 shall at all times be subject to:

25.3.1 approval by shareholders in general meeting to the extent (if any) required in terms of any statute, regulation, rules or listing requirements of the JSE (including in terms of schedule 14 of the JSE Listings Requirements) from time to time; and/or

25.3.2 compliance with any applicable law, regulation, rules or listing requirements of the JSE (including the provisions contained in paragraph 14.1 of Schedule 14 of the JSE Listing Requirements, which provisions cannot be altered without the prior approval of shareholders in general meeting) from time to time."

4. GENERAL

4.1 Save as recorded in this Deed of Amendment, the Scheme Rules shall be and remain of full force and effect. In the event of any conflict between such Scheme Rules and this Deed of Amendment, the provisions of the latter shall prevail.

4.2 This Deed of Amendment may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

CORPORATE INFORMATION

DIVIDENDS

Interim dividend	32 cents per share
Record date	19 March 2010
Payment date	23 March 2010
Final dividend	28 cents per share
Record date	8 October 2010
Payment date	11 October 2010
Reports 2010	Interim for six months ended 31 December 2009 published March 2010
	Preliminary announcement for year ended June 2010 published September 2010
	Annual for year ended 30 June 2010 published November 2010

ADMINISTRATION

Registered office	1 Waterford Mews Century Boulevard Century City 7441
Registration number	1998/000828/06
Postal address	P O Box 13034, Woodstock 7915
Telephone	27-21-555-5100
Fax	27-21-555-5444
E-mail	ronelvandijk@spur.co.za
Internet	http://www.spur.co.za
Transfer secretaries	Computershare Investor Services (Pty) Ltd 70 Marshall Street Johannesburg 2001
	PO Box 61051 Marshalltown 2107 Telephone: 27-11-370-5000
Auditors	KPMG Inc.
Attorneys	Bernadt Vukic Potash & Getz
Sponsor	Sasfin Corporate Finance (a division of Sasfin Bank Limited)
Secretary and registered address	Ronel van Dijk 1 Waterford Mews, Century Boulevard Century City 7441

NOTES

Spur Corporation Limited Proxy Form

Spur Corporation Limited

(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 10 December 2010 at 2 Edison Way, Century Gate Business Park, Century City, 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 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: PO Box 61051, Marshalltown, 2107) to be received by no later than 11:00 on Thursday 9 December 2010.

I/We ______________________________

of (address) ______________________________

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 number 1 - The authority to repurchase shares			
Ordinary resolution number 1 - The adoption of the Annual Financial Statements			
Ordinary resolution number 2 - The re-appointment of directors			
2.1 Phillip Joffe			
2.2 Pierre van Tonder			
2.3 Ronel van Dijk			
2.4 Dean Hyde			
Ordinary resolution number 3 - The approval of appointment of new director			
Ordinary resolution number 4 - The re-appointment of the auditor			
Ordinary resolution number 5 - General authority to make payments to shareholders			
Ordinary resolution number 6 - The appointment of the audit committee for the ensuing year			
Ordinary resolution number 7 - Amendments to the Spur Management Share Trust and the the Spur Management Incentive Share Scheme 2004			

(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 ______________ 2010.

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 so do.

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 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: P O Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday, 9 December 2010.