SPUR CORP.

REVIEWED CONDENSED CONSOLIDATED RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 30 JUNE 2015

Prepared under the supervision of the Chief Financial Officer, Ronel van Dijk CA(SA)

RESTAURANT SALES	COMPARABLE HEADLINE EARNINGS PER SHARE	COMPARABLE PROFIT	DIVIDEND PER SHARE
↑ 12.1%	↑ 14.3%	↑ 10.8%	↑ 9.1% to 132 cents

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RESULTS COMMENTARY

TRADING PERFORMANCE

Spur Corporation delivered another competitive performance in the year to June 2015 and continued to gain market share as worldwide restaurant sales increased by 12.1% to R6.2 billion.

Restaurant sales in South Africa proved resilient and grew by 11.3% in an environment of continued slowdown in middle-income spending and consumer confidence sinking to its lowest levels in over a decade.

Trading conditions were compounded by load-shedding, which reduced local restaurant turnover by an estimated 3%. Generators have been installed in 283 of the group's local restaurants, including 74% of Spur outlets, at a cost to franchisees of approximately R106 million. Spend in outlets in shopping malls is nevertheless negatively impacted when other stores in the malls are forced to close during power outages.

Spur Steak Ranches increased local restaurant sales by 9.0% as promotions proved successful in attracting value conscious customers. These include the Unreal Breakfast, with breakfasts now accounting for almost 20% of Spur's meals sold, and weekday evening promotions such as the Monday night Buy One Get One Free burger offer.

In this environment, the Spur Family Card continues to attract customers and promote loyalty, gaining over 15 000 new members each month. The loyalty programme now has 1.9 million active members who account for 45% of Spur's restaurant sales.

Panarottis Pizza Pasta continued its strong growth trend of recent years and increased local restaurant sales by 25.4%. Growth was driven mainly by opening 11 new stores, revamping existing stores, upgrading kids' play areas as well as marketing campaigns to promote the brand's authentic Italian offering.

John Dory's Fish Grill Sushi local restaurant sales grew by a pleasing 12.0%, benefiting from the addition of six new outlets.

Captain DoRegos local restaurant sales, representing 2.3% of group restaurant turnover, declined by 13.2% as consumer spending among the lower-income market remains constrained. During the year, 16 non-performing Captain DoRegos outlets were closed (2014: 15 closures), while 12 new outlets were opened in better trading sites.

The Hussar Grill performed well in its first full financial year in the group as its higher income target customer proved more resilient to the current economic challenges. Two new franchised outlets were opened and management plans to leverage the brand equity to expand nationally in the year ahead.

In March 2015, the group bought a 51% stake in RocoMamas, a trendy, fast-casual dining restaurant brand offering hand-made "smash-style" burgers, ribs and wings. At the time of the acquisition the chain had five franchised restaurants in Gauteng and a further four were opened before year-end. The brand has strong appeal in the 18 to 35 age group and has exciting growth prospects nationally.

International restaurant sales increased by 18.6%. Applying a constant exchange rate, sales grew by 16.5%. Three additional Spur outlets were opened in Namibia, bringing the number of outlets in the country to 11. In addition, a Spur and a Panarottis outlet were opened in Tanzania and the first international John Dory's was opened in Zambia. A further Spur franchised outlet opened in Perth, Australia.

In the United Kingdom (UK), the first Spur RBW (Ribs Burgers Wings) company-owned restaurant was opened in Corby (near Northampton) in June 2015.

Following the opening of 15 Spur, 12 Panarottis, seven John Dory's, 12 Captain DoRegos, two The Hussar Grill and four RocoMamas outlets during the past year, the group's restaurant base increased to 522.

In the past year franchisees invested over R310 million in opening, relocating or revamping restaurants, highlighting their confidence in the brands.

Restaurant footprint at 30 June 2015

Franchise brand	South Africa	International	Total
Spur Steak Ranches	277	43	320
Panarottis Pizza Pasta	75	12	87
John Dory's Fish Grill Sushi	38	1	39
Captain DoRegos	57	2	59
The Hussar Grill	8	–	8
RocoMamas	9	–	9
Total	**464**	**58**	**522**

FINANCIAL PERFORMANCE

Group revenue increased by 3.7% to R760.1 million, with revenue generated in South Africa growing by 11.7%. Franchise revenue in Spur increased by 9.5%, Panarottis by 31.7% and John Dory's by 13.7%, with improved margins in each of these franchise divisions.

Franchise revenue for Captain DoRegos declined by 25.8%. As a result of increased pressure on the disposable income of the brand's target market, and the resultant underperformance of the division, the directors have impaired the trademark by R13.9 million. Management has implemented measures to reverse the fortunes of Captain DoRegos and to focus on profitability and franchisee sustainability.

The Hussar Grill generated R33.2 million in franchise and retail revenue in its first full year in the group.

Revenue in the manufacturing and distribution division was 1.5% lower owing to the impact of the closure of the Captain DoRegos warehouse and distribution centre in the previous financial year. Comparable revenue increased by 13.0%.

International revenue, comprising franchise revenue and company-owned restaurant turnover, declined 11.5% to R223.1 million, partially due to the closure of a retail outlet in the UK and the disposal of all three retail outlets in Australia during the year.

The performance in the UK and Ireland was disappointing with revenue 6.3% lower than the previous year. Losses grew further owing mainly to high levels of competition in the quick-service restaurant market and escalating labour, occupancy and food costs. The loss in the current year includes an impairment of R1.1 million relating to the Spur outlet at the O_2 Dome in London. The Spur in Wandsworth, which was previously impaired, closed during the year. All eight restaurants in the UK and Ireland are company-owned.

The group has shifted its strategy in the UK to focus on a smaller format Spur brand, known as RBW (Ribs Burgers Wings). The first Spur RBW company-owned outlet opened shortly before year-end and initial customer response has been encouraging. The RBW concept requires a lower investment by franchisees than a regular Spur restaurant and is considered a more sustainable formula in the current climate.

The Australian operations experienced a more positive trading period and returned to profitability. The group sold its remaining interests in two Panarottis and one Spur outlet to franchisees and the Australian business is now a fully franchised operation. A further franchised Spur restaurant was opened in Perth in the first half of the year.

The franchise operation in Africa, including Mauritius, delivered strong growth in revenue and profitability, boosted by the opening of six new outlets during the year. The group's footprint in the region expanded to 41 outlets.

The group's performance was impacted by a share-based payment expense of R33.0 million relating to the broad-based black economic empowerment transaction with Grand Parade Investments Ltd effected on 30 October 2014. The transaction resulted in the issue of 10.848 million new ordinary shares, which increased the weighted average number of shares in issue from 85.633 million in the prior year to 92.636 million shares.

Profit before income tax increased by 1.8% to R205.4 million. This includes the charge relating to the GPI transaction of R33.0 million, a net charge of R4.9 million (2014: R10.2 million) related to the long-term share-linked retention scheme, R15.0 million (2014: R6.0 million) impairments and related losses, a foreign exchange gain of R1.9 million (2014: loss of R0.8 million) and other one-off and exceptional items in the current and previous comparable periods.

Comparable profit before tax, excluding exceptional and one-off items (including those listed above) and the impact of the GPI transaction, increased by 10.8%. Headline earnings increased by 4.7% to R141.5 million with diluted headline earnings per share 3.2% lower at 152.8 cents per share. Excluding the impact of the GPI transaction and other exceptional and one-off items listed above, comparable headline earnings per share increased by 14.3%.

RESULTS COMMENTARY (CONTINUED)

The total dividend increased by 9.1% to 132 cents per share. This equates to a dividend payment of R143.2 million, an increase of 21.2% on the prior year.

PROSPECTS
The economic and trading headwinds facing the food and restaurant sector are not expected to abate in the year ahead, including the impact of the depreciating currency, continued load-shedding and rising operating costs. Similarly, consumers are likely to remain under financial pressure.

In the year ahead, the group plans to open 38 restaurants across its brands in South Africa. This includes doubling the existing restaurant base of the newly acquired RocoMamas chain.

International expansion will focus mainly on Africa where 12 new franchised outlets will be opened. These include additional restaurants in Nigeria, Zambia, Kenya and Namibia, and the first outlets in Ethiopia. The first international outlets for RocoMamas and The Hussar Grill will be opened in Namibia and Zambia, respectively.

In Australia, one Spur and one Panarottis restaurant will be opened in Perth. In the UK, the group plans to expand the RBW pilot project to a further three sites and suitable locations are currently being evaluated.

CASH DIVIDEND
Shareholders are advised that the board of directors of the company has, on Wednesday, 9 September 2015, resolved to declare a final gross cash dividend for the year to 30 June 2015 of R75.937 million, which equates to 70 cents per share for each of the 108 480 926 shares in issue, subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962 amended) ("dividend withholding tax") of 15%.

The dividend has been declared from income reserves. The net dividend is 59.5 cents per share for shareholders liable to pay dividend withholding tax. The company's income tax reference number is 9695015033. The company has 108 480 926 shares in issue at the date of declaration.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade "cum dividend"	Friday, 25 September 2015
Shares commence trading "ex dividend"	Monday, 28 September 2015
Record date	Friday, 2 October 2015
Payment date	Monday, 5 October 2015

Those shareholders of the company who are recorded in the company's register as at the record date will be entitled to the dividend.

Share certificates may not be dematerialised or rematerialised between Monday, 28 September 2015 and Friday, 2 October 2015, both days inclusive.

For and on behalf of the board

A Ambor
Executive Chairman

P van Tonder
Group Chief Executive Officer

Cape Town
10 September 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Reviewed year ended 30 June 2015	Audited year ended 30 June 2014	% change
Revenue	**760 059**	732 636	3.7
Gross profit	**549 591**	521 996	5.3
Operating profit before finance income	**182 438**	194 999	(6.4)
Net finance income	**24 616**	7 251	
Share of loss of equity-accounted investee (net of income tax)	**(1 633)**	(379)	
Profit before income tax	**205 421**	201 871	1.8
Income tax expense	**(69 768)**	(64 638)	
Profit for the year	**135 653**	137 233	(1.2)
Other comprehensive income#:	**(3 287)**	5 621	
Foreign currency translation differences for foreign operations	**(11 756)**	8 348	
Reclassification of foreign currency loss/(gain) from other comprehensive income to profit on disposal/abandonment/ deregistration of foreign operations	**2 215**	(3 386)	
Foreign exchange gain on net investments in foreign operations	**8 338**	879	
Tax on foreign exchange gain on net investments in foreign operations	**(2 084)**	(220)	
Total comprehensive income for the year	**132 366**	142 854	(7.3)
Profit attributable to:			
Owners of the company	**127 555**	136 331	(6.4)
Non-controlling interest	**8 098**	902	
Profit for the year	**135 653**	137 233	(1.2)
Total comprehensive income attributable to:			
Owners of the company	**124 634**	142 932	(12.8)
Non-controlling interest	**7 732**	(78)	
Total comprehensive income for the year	**132 366**	142 854	(7.3)
Earnings per share (cents)			
Basic earnings	**137.69**	159.20	(13.5)
Diluted earnings	**137.69**	159.20	(13.5)

 # All items included in other comprehensive income are items that are, or may be, reclassified to profit or loss.

RECONCILIATION OF HEADLINE EARNINGS

R'000	Reviewed year ended 30 June 2015	Audited year ended 30 June 2014	% change
Profit attributable to ordinary shareholders	**127 555**	136 331	(6.4)
Headline earnings adjustments:			
Impairment of property, plant and equipment (refer notes 9 and 6)	**1 054**	2 313	
Impairment of intangible assets (refer notes 8 and 10)	**11 309**	1 866	
(Profit)/loss on disposal of property, plant and equipment (net of tax)	**(47)**	233	
Profit on disposal of subsidiaries (refer notes 5, 6 and 15)	**(5 120)**	(2 154)	
Loss on disposal of subsidiary (refer note 7)	**4 545**	–	
Reclassification of foreign currency loss/(gain) from other comprehensive income to profit or loss on abandonment/deregistration of foreign operations (refer notes 5, 6, 7, 10, 11 and 17)	**2 215**	(3 386)	
Headline earnings	**141 511**	135 203	4.7

None of the above items have any tax or non-controlling interest consequences with the exception of:
- Gross impairment of property, plant and equipment amounts to R2.496 million for the year ended 30 June 2014 with an amount of R0.183 million attributable to non-controlling interest.
- Gross impairment of intangible assets amounts to R13.905 million for the year with a deferred tax credit amount of R2.596 million.
- (Profit)/loss on disposal of property, plant and equipment comprises a profit of R0.065 million for the year (2014: R0.444 million loss) adjusted for tax of R0.018 million (2014: R0.211 million).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Reviewed at 30 June 2015	Audited at 30 June 2014
ASSETS		
Non-current assets	**632 409**	512 900
Property, plant and equipment	**86 481**	77 289
Intangible assets and goodwill	**384 610**	359 742
Interest in equity-accounted investee	**–**	21
Loans receivable	**142 996**	53 450
Deferred tax	**4 446**	6 536
Leasing rights	**2 855**	3 352
Derivative financial asset	**11 021**	12 510
Current assets	**473 875**	225 071
Inventories	**11 729**	12 132
Tax receivable	**17 164**	10 719
Trade and other receivables	**97 828**	82 650
Loans receivable	**25 143**	5 447
Derivative financial asset	**17 160**	22 157
Cash and cash equivalents	**304 851**	91 966
TOTAL ASSETS	**1 106 284**	737 971
EQUITY		
Total equity	**854 095**	519 620
Ordinary share capital	**1**	1
Share premium	**294 663**	6
Shares repurchased by subsidiaries	**(88 622)**	(77 235)
Foreign currency translation reserve	**22 314**	25 235
Retained earnings	**618 675**	575 670
Total equity attributable to equity holders of the parent	**847 031**	523 677
Non-controlling interest	**7 064**	(4 057)
LIABILITIES		
Non-current liabilities	**108 440**	82 526
Contingent consideration liability	**31 409**	–
Employee benefits	**8 826**	10 909
Derivative financial liability	**–**	319
Operating lease liability	**1 200**	1 776
Deferred tax	**67 005**	69 522
Current liabilities	**143 749**	135 825
Bank overdrafts	**3 557**	539
Tax payable	**1 893**	4 559
Trade and other payables	**102 053**	108 299
Contingent consideration liability	**15 974**	–
Employee benefits	**19 790**	22 017
Shareholders for dividend	**482**	411
TOTAL EQUITY AND LIABILITIES	**1 106 284**	737 971

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Reviewed at 30 June 2015	Audited at 30 June 2014
Cash flow from operating activities		
Operating profit before working capital changes (refer note a)	**222 786**	198 644
Working capital changes	**(12 883)**	3 971
Cash generated from operations	**209 903**	202 615
Interest income received	**16 890**	6 538
Interest expense paid	**(65)**	(225)
Tax paid	**(83 666)**	(66 891)
Dividends paid	**(114 345)**	(96 682)
Net cash flow from operating activities	**28 717**	45 355
Net cash flow from investing activities (refer note b)	**(97 342)**	(63 484)
Net cash flow from financing activities (refer note c)	**278 051**	(3 670)
Net movement in cash and cash equivalents	**209 426**	(21 799)
Effect of foreign exchange fluctuations	**441**	7
Net cash and cash equivalents at beginning of year	**91 427**	113 219
Net cash and cash equivalents at end of year	**301 294**	91 427

Notes

a) **Operating profit before working capital changes** – Includes a gross cash outflow of R24.045 million (2014: R23.357 million) in respect of the settlement of the share appreciation rights granted in terms of the group's long-term share-linked retention scheme (refer also note 12).

b) **Cash flow from investing activities** – Includes a gross cash inflow of R20.961 million (2014: R21.364 million) arising from the economic hedging instrument utilised by the group for its long-term share-linked retention scheme (refer also note 12). The current year includes a gross outflow of R72.613 million relating to the subscription of preference shares (including directly attributable costs) in an unconsolidated structured entity to finance the broad-based black economic empowerment ("B-BBEE") equity transaction as more fully described in note 3. The current year also includes gross outflows of R1.382 million for the acquisition of RocoMamas Franchise Co (Pty) Ltd as detailed in note 4, and R0.653 million in aggregate relating to the disposals of Panpen Pty Ltd, Panawest Pty Ltd and Silver Spur detailed in notes 5, 6, and 7 respectively. The prior year includes a gross outflow of R36.650 million arising from the investment in Braviz Fine Foods (Pty) Ltd (refer also note 14) and a gross outflow of R35.380 million arising from the acquisition of The Hussar Grill (refer also note 13). The gross outflow relating to additions to property, plant and equipment amounts to R30.785 million (2014: 10.082 million).

c) **Cash flow from financing activities** – Includes an inflow of R293.666 million relating to the issue of shares (net of directly attributable transaction costs) pursuant to the B-BBEE transaction as detailed in note 3 as well as a gross outflow of R11.387 million (2014: Rnil) for the purchase of treasury shares. The current year also includes a gross outflow of R1.992 million for the acquisition of a further 50% equity interest in Panpen Pty Ltd as detailed in note 5.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Ordinary share capital and share premium (net of treasury shares)	Retained earnings and other reserves	Non-controlling interest	Total
Balance at 1 July 2013	**(77 228)**	**554 694**	**(4 940)**	**472 526**
Total comprehensive income for the year	**–**	**142 932**	**(78)**	**142 854**
Profit for the year	–	136 331	902	137 233
Other comprehensive income	–	6 601	(980)	5 621
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners	**–**	**(96 766)**	**–**	**(96 766)**
Distributions to equity holders	–	(96 766)	–	(96 766)
Changes in ownership interests in subsidiaries	**–**	**45**	**(45)**	**–**
Acquisition of non-controlling interest in subsidiary without a change in control	–	45	(45)	–
Changes in ownership interests in subsidiaries that result in a loss of control	**–**	**–**	**1 006**	**1 006**
Derecognition of non-controlling interest (refer note 15)	–	–	1 006	1 006
Total transactions with owners	**–**	**(96 721)**	**961**	**(95 760)**
Balance at 30 June 2014	**(77 228)**	**600 905**	**(4 057)**	**519 620**
Total comprehensive income for the year	**–**	**124 634**	**7 732**	**132 366**
Profit for the year	–	127 555	8 098	135 653
Other comprehensive income	–	(2 921)	(366)	(3 287)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners	**283 270**	**(82 450)**	**–**	**200 820**
Issue of ordinary shares (refer note 3)	294 657	(991)	–	293 666
Equity-settled share-based payment (refer note 3)	–	32 957	–	32 957
Own shares acquired	(11 387)	–	–	(11 387)
Distributions to equity holders	–	(114 416)	–	(114 416)
Changes in ownership interests in subsidiaries	**–**	**(2 100)**	**3 243**	**1 143**
Acquisition of subsidiary with non-controlling interests (refer note 4)	–	–	3 135	3 135
Acquisition of non-controlling interest in subsidiary without a change in control (refer note 5)	–	(2 100)	108	(1 992)
Changes in ownership interests in subsidiaries that result in a loss of control	**–**	**–**	**146**	**146**
Derecognition of non-controlling interest (refer note 6)	–	–	146	146
Total transactions with owners	**283 270**	**(84 550)**	**3 389**	**202 109**
Balance at 30 June 2015	**206 042**	**640 989**	**7 064**	**854 095**

CONDENSED CONSOLIDATED OPERATING SEGMENT REPORT

R'000	Reviewed year ended 30 June 2015	Audited year ended 30 June 2014	% change
External revenue			
Manufacturing and distribution (refer note a)	**173 924**	176 576	(1.5)
Franchise – Spur	**217 276**	198 498	9.5
Franchise – Panarottis	**27 575**	20 932	31.7
Franchise – John Dory's	**16 220**	14 271	13.7
Franchise – Captain DoRegos	**6 077**	8 185	(25.8)
Franchise – The Hussar Grill (refer note c)	**2 417**	700	245.3
Franchise – RocoMamas (refer note d)	**2 175**	–	
Retail – The Hussar Grill (refer note c)	**30 760**	14 988	105.2
Other South Africa (refer note e)	**58 861**	44 958	30.9
Total South African segments	**535 285**	479 108	11.7
Unallocated – South Africa	**1 720**	1 595	7.8
Total South Africa	**537 005**	480 703	11.7
United Kingdom (refer note g)	**147 657**	157 565	(6.3)
Australia (refer note h)	**55 729**	79 366	(29.8)
Other International (refer note i)	**19 668**	15 002	31.1
Total International	**223 054**	251 933	(11.5)
TOTAL EXTERNAL REVENUE	**760 059**	732 636	3.7
Profit/(loss) before income tax			
Manufacturing and distribution (refer note a)	**67 083**	58 520	14.6
Franchise – Spur	**194 037**	176 552	9.9
Franchise – Panarottis	**18 904**	13 117	44.1
Franchise – John Dory's	**9 119**	7 736	17.9
Franchise – Captain DoRegos (refer note b)	**(11 821)**	2 158	(647.8)
Franchise – The Hussar Grill (refer note c)	**1 298**	471	175.6
Franchise – RocoMamas (refer note d)	**1 386**	–	
Retail – The Hussar Grill (refer note c)	**4 645**	2 354	97.3
Other South Africa (refer note e)	**327**	(160)	304.4
Total South African segments	**248 978**	260 748	9.3
Unallocated – South Africa (refer note f)	**(81 818)**	(60 020)	(36.3)
Total South Africa	**203 160**	200 728	1.2
United Kingdom (refer note g)	**(4 714)**	(2 232)	(111.2)
Australia (refer note h)	**4 488**	(157)	2 958.6
Other International (refer note i)	**10 616**	8 829	20.2
Total International segments	**10 390**	6 440	61.3
Unallocated – International (refer note j)	**(6 496)**	(4 918)	(32.1)
Total International	**3 894**	1 522	155.8
PROFIT BEFORE INCOME TAX AND SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTEE	**207 054**	202 250	2.4
Share of loss of equity-accounted investee (net of income tax)	**(1 633)**	(379)	(330.9)
PROFIT BEFORE INCOME TAX	**205 421**	201 871	1.8

Notes

a) Manufacturing and distribution – Includes revenue of Rnil (2014: R22.724 million) and loss before income tax of Rnil (2014: R1.361 million) relating to the Captain DoRegos warehouse and distribution centre (refer also note 16). Included in the prior year are costs of R1.326 million associated with the closure of the distribution centre including retrenchment costs, losses on sales of property, plant and equipment and the impact of the increased cost of working during the process of closing down the facility.

b) Captain DoRegos – Includes an impairment loss of R13.905 million relating to intangible assets (refer also note 8).

c) The Hussar Grill – The Hussar Grill franchise division and three company-owned retail restaurants were acquired with effect from 1 January 2014. Refer note 13 for more details.

d) RocoMamas – The RocoMamas franchise division was acquired with effect from 1 March 2015. Refer also note 4 for more details.

e) Other South Africa – Other local segments include the group's training division, export business, décor manufacturing business, call centre and radio station which are each individually not material.

f) Unallocated – South Africa – Includes net finance income of R24.352 million (2014: R7.118 million), which includes interest and preference dividends relating to the GPI equity transaction (refer also note 3). Includes a charge in respect of cash-settled share-based payments of R19.735 million (2014: R28.117 million) and a fair value gain in respect of a related economic hedge of R14.794 million (2014: R17.922 million gain) (refer also note 12). Includes net income of R1.761 million (2014: R0.122 million) arising from the Spur Foundation Trust, a consolidated structured entity, all of which is attributable to non-controlling interests. The current year includes a share-based payment charge of R32.957 million relating to the GPI equity transaction (refer also note 3), as well as related professional and advisory costs of R0.301 million. The current year also includes transaction costs for the acquisition of RocoMamas of R0.233 million and a fair value adjustment relating to the contingent consideration liability of R3.681 million (refer also note 4). The current year includes professional advisory fees of R0.481 million relating to defending the tax queries detailed in note 19. The prior year includes transaction costs for the acquisition of The Hussar Grill of R1.620 million (refer also note 13) and costs of R0.495 million relating to the international group restructure undertaken during the prior year (refer also note 17).

g) United Kingdom – The Mohawk Spur in Wandsworth (England) ceased trading on 28 February 2015; the prior year includes an impairment of franchise rights (intangible asset) amounting to R1.866 million and the accelerated amortisation of leasing rights amounting to R1.612 million relating to the entity (refer also note 10). The current year includes a gain on the release of the non-controlling shareholder's loan in Larkspur Five Limited of R5.173 million on the dissolution of the entity (refer also note 11). The current year also includes an impairment loss of R1.054 million relating to property, plant and equipment of the Cheyenne Spur in the O_2 Dome in London (England) (refer also note 9).

h) Australia – The current year includes a profit of R1.506 million on the disposal of the Panarottis outlet in Blacktown (refer also note 6), a profit of R3.448 million on the disposal of the Panarottis outlet in Penrith (refer also note 5) and a loss of R4.674 million on the disposal of the Silver Spur in Penrith (refer also note 7). The prior year includes an impairment loss of R2.496 million relating to the impairment of property, plant and equipment of the Panarottis in Blacktown (refer also note 6) as well as a profit of R2.154 million on the disposal of the Panarottis in Tuggerah (refer also note 15).

i) Other International – Other international segments comprise the group's franchise operations in Africa (outside of South Africa), Mauritius and the United Arab Emirates.

j) Unallocated – International – Includes a foreign exchange gain of R2.088 million (2014: R0.687 million loss) and a loss of R1.920 million (2014: R3.386 million gain) relating the reclassification of foreign exchange differences arising on the translation of foreign operations previously recognised in other comprehensive income (FCTR), from other comprehensive income to profit, on abandonment/deregistration of foreign operations (refer also notes 10, 11 and 17). The current year also includes professional advisory costs of R0.829 million relating to the group's international tax structure. The prior year includes costs of R1.674 million relating to the group restructure undertaken during the prior year (refer also note 17).

SUPPLEMENTARY INFORMATION

	Reviewed year ended 30 June 2015	Audited year ended 30 June 2014	% change
Total shares in issue (000's)	**108 481**	97 633	11.1
Net shares in issue (000's)*	**96 120**	85 633	12.2
Weighted average number of shares in issue (000's)	**92 636**	85 633	8.2
Diluted weighted average number of shares in issue (000's)	**92 636**	85 633	8.2
Headline earnings per share (cents)	**152.76**	157.89	(3.2)
Diluted headline earnings per share (cents)	**152.76**	157.89	(3.2)
Net asset value per share (cents)	**888.57**	606.80	46.4
Dividend per share (cents)	**132.00**	121.00	9.1
Reconciliation of weighted average number of shares in issue ('000)			
Gross shares in issue at the beginning of the year	**97 633**	97 633	
Shares repurchased at the beginning of the year	**(12 000)**	(12 000)	
Shares repurchased during the year weighted for period that not held by the group	**(219)**	–	
Shares issued during the year weighted for period in issue (refer note 3)	**7 222**	–	
	92 636	85 633	

** 108 480 926 (2014: 97 632 833) total shares in issue less 5 572 401 (2014: 5 311 128) shares repurchased by a wholly-owned subsidiary company, 6 688 698 (2014: 6 688 698) shares held by the Spur Management Share Trust (consolidated structured entity) and 100 000 (2014: nil) shares held by The Spur Foundation Trust (consolidated structured entity).*

NOTES

1. **Basis of preparation** – The condensed consolidated financial statements for the year ended 30 June 2015 have been prepared in accordance with the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa (No. 71 of 2008). The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34 – Interim Financial Reporting*. The accounting policies and methods of computation applied in the preparation of these condensed consolidated financial statements are in accordance with IFRS and are consistent with those applied in the preparation of the group's annual financial statements for the year ended 30 June 2014.

2. **Review report** – These condensed consolidated financial statements for the year ended 30 June 2015 have been reviewed by KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office, which can be obtained at no cost by appointment with the company secretary at the company's registered office between the hours of 09:00 and 16:00 on any regular business day.

3. **Broad-based black economic empowerment deal with GPI** – As detailed in the circular to shareholders of 4 September 2014, and approved by shareholders at a general meeting on 3 October 2014, the company concluded various agreements to issue 10 848 093 new ordinary shares indirectly to Grand Parade Investments Limited ("GPI"), a strategic black empowerment partner, and separately donate 500 000 of the company's shares (100 000 shares per annum over five years), held as treasury shares, to the Spur Foundation, a benevolent foundation that is a consolidated structured entity. Both transactions were executed on 30 October 2014. In terms of the agreements, GPI is restricted from trading the shares in question without the express permission of the company for a period of five years from the effective date of the transaction and is furthermore required to maintain its broad-based black economic empowerment credentials for the same period.

   The shares were issued at a price of R27.16 per share, representing a 10% discount to the volume-weighted average trading price of the company's shares on the JSE for the 90 trading days prior to 30 July 2014, resulting in the aggregate proceeds from the issue of shares amounting to R294.657 million. The market price of the shares on 30 October 2014 was R30.20 per share, equating to an effective discount of R32.957 million in aggregate. This discount has been recognised as a share-based payment expense in accordance with *IFRS 2 – Share-based Payments* and included in profit before income tax for the period, with a corresponding credit to equity (retained earnings).

   The group partially funded GPI's share acquisition through a subscription of cumulative compulsorily redeemable five-year preference shares in an unconsolidated structured entity with a combined subscription value of R72.328 million (representing 24.5% of the total funding requirement for the transaction). The preference shares accrue dividends at a rate of 90% of the prevailing prime overdraft rate of interest and are subordinated in favour of the external funding provider. GPI has funded 24.5% of the total funding requirement and an external funding provider has funded the balance of 51% of the total funding requirement. The preference shares are secured by a cession of the reversionary interest in the Spur Corporation Ltd shares held indirectly by GPI which also serve as security for the external funding. The preference share investment is treated as a financial asset carried at amortised cost, but was initially recognised at fair value (refer note 20).

   The transaction resulted in a net cash inflow of R222.328 million for the group. Of the total transaction costs of R1.577 million: R0.285 million relate directly to the subscription of the preference shares referred to above and are included in the carrying value of the preference shares; R0.991 million relate directly to the issue of the company's ordinary shares and have been charged directly against equity (retained earnings); and the balance of R0.301 million is included in profit before income tax.

4. **Acquisition of RocoMamas** – With effect from 1 March 2015, the group acquired a 51% interest in RocoMamas Franchise Co (Pty) Ltd ("RocoMamas"), an entity owning the trademarks and related intellectual property of the RocoMamas brand. RocoMamas offers affordable, gourmet, hand-made "smash-style" burgers, ribs and wings in the casual dining market within a nostalgic American rock ambience, giving the group exposure to a market that its existing brands did not cater for directly. The company had five franchised outlets, based in Gauteng, at the date of acquisition.

The fair value of the net assets acquired at the acquisition date amounted to:	**R'000**
Intangible assets (trademarks and related intellectual property)	7 114
Cash and cash equivalents	618
Trade and other receivables (contractual and fair value)	288
Inventory	38
Deferred tax liability	(1 328)
Tax payable	(264)
Trade and other payables	(68)
Total fair value of net assets acquired	6 398
Attributable to non-controlling interest	(3 135)*
Group's share of net assets acquired	3 263
Goodwill	42 439
Total consideration	45 702
In cash	2 000
Contingent consideration	43 702

* *The non-controlling interest is measured as the non-controlling interest's proportionate share in the recognised amounts of identifiable net assets.*

The purchase consideration is determined as five times RocoMamas' profit before income tax of the third year following the date of acquisition. Following an initial payment of R2.0 million on the effective date, annual payments (or refunds as the case may be) are due on the first, second and third anniversaries of the acquisition date, calculated as five times the profit before income tax of the year immediately preceding the anniversary date, less any aggregate payments already made. The total purchase consideration over the three-year period is estimated at R70.764 million, the present value of which at the acquisition date amounted to R45.702 million. The maximum purchase consideration is unlimited. A financial liability measured at fair value of R43.702 million at the acquisition date (and R47.383 million at the reporting date) has been recognised in respect of the gross contingent consideration of R68.764 million. The change in fair value of the contingent consideration liability of R3.681 million has been charged to profit before income tax. In the event that the forecast profit increases by 5% or decreases by 5%, the gross contingent consideration will increase to R72.302 million or decrease to R65.226 million respectively.

The resulting goodwill of R42.439 million is attributable to the significant growth prospects of the brand (by expanding the chain nationally) that the group is anticipated to realise using its franchising expertise, infrastructure and extensive network of franchisees. None of the goodwill is deductible for tax purposes.

From the date of acquisition, the business contributed R2.175 million revenue, profit before tax of R1.386 million and profit after tax of R1.010 million, of which R0.495 million is attributable to non-controlling interests. Had the group acquired the entity at 1 July 2014, group revenue would have been R761.117 million, group profit before income tax R206.357 million and profit after income tax R136.326 million, of which R8.428 million would have been attributable to non-controlling interests. Transaction costs, comprising legal and due diligence costs, amounting to R0.233 million are included in profit before income tax for the year.

The net cash outflow arising from the acquisition amounted to R1.382 million.

5. **Acquisition of non-controlling interest in Panarottis Penrith (Australia) and subsequent disposal** – With effect from 1 August 2014, the group acquired the remaining 50% interest in Panpen Pty Ltd ("Panpen"), an Australian company in which the group had an existing 50% interest and which operates the Panarottis outlet in Penrith (Australia). Despite not owning a majority interest in Panpen prior to this transaction, the group effectively controlled Panpen and the entity was consequently consolidated.

The purchase consideration of AU$200 000 (the equivalent of R1.992 million as at the effective date) was settled in cash on the effective date. As part of the transaction, Panpen was required to settle the outstanding shareholder's loan with the non-controlling shareholder in the amount of AU$158 342 (the equivalent of R1.576 million as at the effective date) which amount was settled in cash on the effective date. The net liabilities of Panpen at 1 August 2014 included in the consolidated financial statements of the group amount to R0.217 million, of which R0.108 million was attributable to non-controlling interests. The purchase consideration has been debited directly to retained earnings and the non-controlling interest's share in the net liabilities of the subsidiary has similarly been reallocated within equity to retained earnings.

With effect from 31 March 2015, the group disposed of its 100% interest in Panpen for AU$880 000, the equivalent of R8.188 million at the date of disposal.

The carrying value of the net assets disposed of amounted to:	**R'000**
Goodwill	2 990
Property, plant and equipment	2 439
Inventory	169
Trade and other receivables	146
Cash and cash equivalents	155
Trade and other payables	(980)
Total carrying value of net assets disposed of	4 919
Profit on disposal of subsidiary	3 269
Total proceeds	8 188
In cash	–
Loan account	8 188

In addition to the profit on disposal of the subsidiary, foreign exchange gains of R0.179 million arising on the translation of the foreign operation previously recognised in other comprehensive income (FCTR), were reclassified from other comprehensive income to profit before income tax, resulting in a net profit before income tax on disposal of R3.448 million.

The sale consideration is to be settled in 60 equal monthly instalments commencing on 1 October 2015, with the receivable being subject to interest at the Reserve Bank of Australia's cash rate plus 1.5%, which is considered by the board to be terms commensurate with similar transactions of this nature (refer note 20). Consequently the net cash outflow on disposal amounts to R0.155 million.

The business contributed revenue for the period prior to disposal of R17.875 million (2014: R21.581 million) and a profit before and after income tax of 1.052 million (excluding the profit on disposal) (2014: R0.724 million), of which R0.095 million (2014: R0.362 million) is attributable to non-controlling interests.

6. **Prior year impairment and current year disposal of Panarottis in Blacktown (Australia)** – As a consequence of sustained historic trading losses, the carrying value of property, plant and equipment of the Panarottis outlet in Blacktown, amounting to R2.496 million at 30 June 2014, was impaired and written off to profit before income tax for the year to 30 June 2014.

With effect from 15 November 2014, the group disposed of its 92.67% interest in Panawest Pty Ltd, the Australian subsidiary operating the Panarottis outlet in Blacktown, for AU$1.

The carrying value of the net liabilities disposed of amounted to:	**R'000**
Property, plant and equipment	2 000
Inventory	128
Trade and other receivables	121
Tax receivable	141
Cash and cash equivalents	206
Trade and other payables	(682)
Loan owing to non-controlling shareholder	(3 911)
Total carrying value of net liabilities disposed of	(1 997)
Attributable to non-controlling interest	146
Group's share of net liabilities disposed of	(1 851)
Profit on disposal of subsidiary	1 851
Total proceeds	–

In addition to the profit on disposal of the subsidiary, foreign exchange losses of R0.345 million arising on the translation of the foreign operation previously recognised in other comprehensive income (FCTR), were reclassified from other comprehensive income to profit before income tax, resulting in a net profit before income tax on disposal of R1.506 million. As part of the transaction, the former subsidiary will continue to repay the previous shareholder's loan with the group of AU$400,000 (the equivalent of R3.911 million on the date of the transaction), in equal instalments over 35 months to October 2017. Consequently the net cash outflow on disposal amounts to R0.206 million.

The business contributed revenue for the period of R5.493 million (2014: R14.986 million) and a loss before income tax of R0.067 million (excluding the profit on disposal) (2014: R3.732 million (which included an impairment loss of R2.496 million)), of which profit of R0.263 million (2014: loss of R0.342 million) was attributable to non-controlling interests.

7. **Disposal of Silver Spur in Penrith (Australia)** – With effect from 31 March 2015, the group disposed of the business of the Silver Spur in Penrith as a going concern for AU$320 000, the equivalent of R2.977 million at the date of disposal.

The carrying value of the net assets disposed of amounted to:	**R'000**
Goodwill	7 060
Property, plant and equipment	2 787
Inventory	309
Trade and other receivables	91
Cash and cash equivalents	292
Trade and other payables	(3 017)
Total carrying value of net assets disposed of	7 522
Loss on disposal of subsidiary	(4 545)
Total proceeds	2 977
In cash	–
Loan account	2 977

In addition to the loss on disposal of the operation, foreign exchange losses of R0.129 million arising on the translation of the foreign operation previously recognised in other comprehensive income (FCTR), were reclassified from other comprehensive income to profit before income tax, resulting in a net loss before income tax on disposal of R4.674 million.

The sale consideration is to be settled in 60 equal monthly instalments commencing on 1 October 2015, with the receivable being subject to interest at the Reserve Bank of Australia's cash rate plus 1.5%, which is considered by the board to be terms commensurate with similar transactions of this nature (refer note 20). Consequently the net cash outflow on disposal amounts to R0.292 million.

The business contributed revenue for the period prior to disposal of R25.951 million (2014: R33.407 million) and a profit before and after income tax of 0.894 million (excluding the profit on disposal) (2014: loss R0.215 million).

8. **Impairment of Captain DoRegos intangible asset** – The Captain DoRegos brand is a value oriented takeaway chain offering a combination of chicken, seafood and burgers to consumers operating through 57 franchised outlets locally and two internationally. The cash-generating unit has experienced a sustained period of profits being below expectations, due to the slowdown in the South African economy in recent years and its impact on the brand's target market. In addition, as the trademark and related intellectual property assets are indefinite useful life assets, a mandatory impairment test is conducted annually.

In assessing the recoverable amount of the cash-generating unit, the directors have estimated the value-in-use of the cash-generating unit. Given the nature of the franchise business, the directors consider that the cash-generating unit's fair value less costs to sell is unlikely to differ significantly from its value-in-use. The carrying value of the cash-generating unit comprises predominantly the value of the intangible assets, which amounted to R39.652 million at the reporting date (prior to any impairment).

In determining the value-in-use of the cash-generating unit, the directors applied the following key assumptions:
- Cash inflows, comprising franchise fees, were estimated based on conservative budgets for the 2016 financial year and inflationary increases of 6% per annum for the 2017 to 2020 forecast horizon, adjusting for a net four new stores in each of the 2016 and 2017 financial years, and a net six new stores in each of the 2018 to 2020 financial years.
- Cash outflows for the 2016 financial year were estimated based on detailed expense budgets prepared by management adjusted for the remainder of the forecast period as detailed below.
- Variable costs were estimated to increase in line with revenue; while fixed overhead expenses (comprising largely employment related costs) were projected to escalate at 9% per annum.
- Growth of cash flows in perpetuity beyond the forecast horizon was estimated at 6%, being the targeted South African inflation rate.
- Pre-tax cash flows were discounted at a pre-tax rate of 18%, being the risk free rate adjusted for risk factors.

Based on the value-in-use calculation, the recoverable amount of the cash-generating unit was estimated at R25.747 million, resulting in an impairment of R13.905 million included in profit before income tax. A corresponding deferred tax credit of R2.596 million has been recognised in profit, resulting in a net loss included in profit attributable to ordinary shareholders of R11.309 million.

Management has implemented the necessary cost control measures to maintain and improve the division's operating margin. In addition, management is confident that its marketing strategy and focus on operating standards should result in its projections being achieved.

9. **Impairment of Cheyenne Spur in the O_2 Dome, London (England)** – The Cheyenne Spur in the O_2 Dome in London commenced trading in 2007. During the current year, the increased costs of occupancy, labour and raw material inputs impacted negatively on the profitability of the outlet. Increased competition also kept revenue growth contained. As a consequence, the outlet incurred a cash flow loss for the year, indicating a possible impairment.

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 UK, the directors assert that the cash-generating unit's fair value less costs to sell is unlikely to be significant in relation to its value-in-use.

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 are based on historic performance:

- Cash inflows, comprising restaurant turnovers, were estimated based on conservative budgets for the 2016 financial year and inflationary increases of 2% per annum for the 2017 to 2020 forecast horizon.
- Cash outflows for the 2016 financial year were estimated based on the most recent expense budgets prepared by management and adjusted for the remainder of the forecast period as detailed below.
- Variable costs were estimated to increase in line with turnover.
- Fixed costs were estimated to increase at the UK targeted inflation rate of 2%.
- Semi-variable costs were adjusted in part for anticipated inflation and in part by the change in anticipated turnover.
- 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%.
- Pre-tax cash flows were discounted at a pre-tax rate of 10.0%, 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 cash-generating unit's recoverable amount of £147 217, the equivalent of R2.845 million, was determined to be less than its carrying value of £201 749, the equivalent of R3.899 million,. Consequently, the carrying value of property, plant and equipment was partially impaired by £54 532, the equivalent of R1.054 million.

Despite the conclusion to impair the property, plant and equipment partially, management has implemented a number of measures which are anticipated to improve expense management and increase turnover in the forthcoming financial year. The board is confident that the restaurant remains a sustainable business and intends continuing to trade the outlet for the foreseeable future.

10. **Mohawk Spur in Wandsworth (England)** – As a consequence of sustained trading losses incurred by the Mohawk Spur in Wandsworth (England), the group impaired the franchise rights intangible asset of R1.866 million attributable to the cash-generating unit in the prior year. Furthermore, in considering the ability of the restaurant in question to continue trading, the group accelerated the amortisation of the lease previously acquired by the group relating to the restaurant, resulting in a further charge of R1.612 million to profit before income tax in the prior year.

    At 28 February 2015, the group ceased trading the outlet. The outlet contributed revenue of R8.544 million (2014: R14.587 million) for the year and incurred a loss before income tax of R0.925 million (2014: 2.291 million). As a consequence of ceasing to trade the outlet, R1.317 million of foreign exchange losses arising on the translation of the foreign operation previously recognised in other comprehensive income (FCTR) were reclassified to profit before income tax during the year.

11. **Dissolution of Larkspur Five Limited** – Larkspur Five Limited was a subsidiary in which the group owned a 70.6% equity interest and which previously operated the Golden Gate Spur in Gateshead (England). The restaurant in question ceased trading in October 2013. On 16 June 2015, the company was dissolved. The group had previously recognised a liability in respect of a shareholder's loan to the non-controlling shareholder. On dissolution of the company, the liability, amounting to R5.173 million at 15 June 2015, was released to profit before income tax. In addition, foreign exchange losses amounting to R0.603 million arising from the translation of the foreign operation previously recognised in other comprehensive income (FCTR) were reclassified to profit before income tax during the year. The winding up of the company resulted in a net profit attributable to non-controlling interests of R5.599 million.

12. **Long-term Share-linked Retention Scheme** – In December 2014, the second tranche (December 2013: first tranche) of share appreciation rights granted in terms of the group's long-term share-linked retention scheme was settled in cash. This resulted in a gross cash outflow of R24.045 million (2014: R23.357 million) to the scheme participants. Simultaneously, the economic hedging instrument utilised by the group matured which resulted in a gross cash inflow of R19.725 million (2014: R19.920 million). During the year, the share-based payment expense in respect of the scheme included in profit before income tax amounted to R19.735 million (2014: R28.117 million), while the gain on the related economic hedging instrument recognised in profit before income tax amounted to R14.794 million (2014: R17.922 million gain). Further details of the share appreciation rights and related hedges are detailed in notes 23 and 17 respectively on pages 132 and 128 respectively of the annual integrated report for the year ended 30 June 2014. Refer also note 20.

13. **Prior year acquisition of The Hussar Grill** – During the prior year and with effect from 1 January 2014, the group acquired the franchise business of The Hussar Grill as well as three restaurants trading as The Hussar Grill in Rondebosch, Green Point and Camps Bay (all in the Western Cape). The acquisition gives the group exposure to an upmarket specialist steakhouse chain. The aggregate purchase consideration of R35.380 million was settled in cash on the effective date. Transaction costs in the amount of R1.620 million relating to financial and legal due diligence, legal and consulting services are included in profit before income tax for the prior year to 30 June 2014.

14. **Prior year investment in associate, Braviz Fine Foods** – During the prior year, and with effect from 18 March 2014, the group acquired a 30% interest in Braviz Fine Foods (Pty) Ltd. The entity is a start-up operation establishing a rib processing plant in Johannesburg, which commenced formal production in January 2015. As the group is able to exercise significant influence over the entity, but not control, it equity accounts the investment. The initial purchase consideration amounted to R0.4 million (comprising ordinary shares of R300 and initial transaction costs of R0.4 million). The group simultaneously advanced a loan in the amount of R36.250 million to the entity. The loan bears interest at the prevailing prime overdraft rate of interest and has no formal repayment terms (although any repayment of shareholder loans is to be made on a *pro rata* basis between the respective shareholders) and is consequently considered part of the net investment in the equity-accounted investee.

    The group's share of equity-accounted losses after income tax for the period amounts to R1.633 million (2014: R0.379 million) and arose primarily from finance costs incurred by the entity on shareholder funding for the respective periods. The loss of R0.379 million in the prior year reduced the carrying value of the equity investment in the associate. As the cumulative losses from the investee during the current year exceeded the carrying value of the equity investment in the investee, of the loss of R1.633 million for the year, R0.021 million reduced the value of the equity investment in the investee (to nil) and the balance of the loss of R1.612 million has reduced the carrying value of the loan receivable from the investee referred to above.

15. **Prior year disposal of Panarottis Tuggerah (Australia)** – During the prior year and with effect from 1 January 2014, a wholly-owned subsidiary of the group which was the 80% partner of the Panarottis Tuggerah partnership agreed with the remaining 20% partner to dissolve the partnership in question. The partnership previously operated the Panarottis restaurant in Tuggerah (Australia). The transaction resulted in a profit before and after income tax on disposal of the partnership interest in the amount of R2.154 million recognised in the prior year. The partnership contributed revenue of R6.050 million and earned a profit before and after income tax of R0.061 million for the period to 31 December 2013 (the date of the disposal), of which a loss of R0.007 million was allocated to non-controlling interests.

16. **Prior year closure of Captain DoRegos distribution centre in Bloemfontein** – During the prior year, in November 2013, the group closed its Captain DoRegos warehouse and distribution centre in Bloemfontein. The distribution operations were absorbed into the group's existing outsourced logistics network. One-off costs associated with the closure of the warehouse amounted to R1.326 million for the year to 30 June 2014 and were included in profit before income tax.

17. **Prior year international group restructure** – During the prior year, between 31 March 2014 and 30 June 2014, the group restructured certain of its international subsidiaries in order to ensure the continued validity of franchise agreements concluded between the group and its international franchisees. The restructure resulted in certain foreign subsidiaries commencing deregistration procedures or becoming dormant which resulted in foreign exchange gains on translation of these foreign operations previously recognised in equity (FCTR) through other comprehensive income being reclassified from other comprehensive income to profit before income tax in the prior year in the amount of R3.386 million. Legal, consulting and other advisory costs of R2.169 million relating to the restructure were included in profit before income tax for the year.

18. **Subsequent event**
    - **Disposal of Silver Lake Spur (England)** – On 15 July 2015, the group sold the lease and certain assets of Larkspur Two Limited, a wholly-owned UK subsidiary operating the Silver Lake Spur in Lakeside, for £412 500 (the equivalent of R7.946 million at the transaction date) in cash. At 30 June 2015, the carrying value of the property, plant and equipment in the statement of financial position amounted to R4.405 million and goodwill of R0.445 million was attributable to the cash-generating unit. The outlet earned revenue of R21.893 million for the year and incurred a loss before income tax of R1.739 million. The final profit/loss arising from the transaction has yet to be determined.

19. Contingent liabilities

- **International tax** – As reported in note 46.1 on page 159 of the annual integrated report for the year ended 30 June 2014, the South African Revenue Service ("SARS") had previously issued assessments to wholly-owned subsidiary, Spur Group (Pty) Ltd, for additional income from controlled foreign companies of the group for the 2009, 2010 and 2011 years of assessment. Following the objection process during the prior year, reduced assessments were issued amounting in aggregate to R1.993 million (comprising R1.561 million in tax and R0.432 million in interest) which were settled in cash in the prior year. The board of the company in question appealed SARS's decision to partially disallow the objection and alternate dispute resolution proceedings were initiated in November 2014 with SARS. The company awaits the final determination of the alternate dispute resolution process from SARS. The board continues to be of the view that it is able to defend its position. Consequently, a liability has not been raised in respect of the assessments issued, or the possible liability arising from the same disputed issue for the 2012 to 2015 years of assessment.

- **Tax on 2004 share incentive scheme** – On 9 December 2014, following an audit of wholly-owned subsidiary, Spur Group (Pty) Ltd, SARS issued additional assessments to that company in respect of the 2010, 2011 and 2012 years of assessment totalling R6.589 million (comprising R5.098 million in tax and R1.491 million in interest). The additional assessments were issued following the disallowance of a deduction claimed in respect of the 2004 share incentive scheme. The assessments were settled in cash on 30 January 2015. The board of the company in question objected to the additional assessments on 19 March 2015 but the objection was disallowed by SARS on 11 June 2015. The board appealed the disallowance of the objection on 14 July 2015, requesting that the matter be referred to alternate dispute resolution proceedings. On 28 July 2015, SARS issued additional assessments regarding the same matter for the 2005 to 2009 years of assessment amounting to R15.445 million comprising R8.898 million in additional income tax and R6.547 million in interest. The board objected to these assessments on 13 August 2015. The board, in consultation with its tax advisors, remains confident that it will be able to prove that SARS has erred in disallowing the deduction and consequently, no liability has been raised in respect of the assessments issued to date.

- There have been no further changes to the status of other contingent liabilities referred to in note 46 on page 159 of the annual integrated report for the year ended 30 June 2014.

20. Fair value of financial instruments

- The hedge forward purchase derivative financial assets/(liabilities) (disclosed as derivative financial assets/liabilities on the face of the statement of financial position) utilised by the group to economically hedge the impact of the share appreciation rights granted in terms of its long-term share-linked retention scheme are measured at fair value at each reporting date (refer note 12). The fair values of the contracts are determined by an independent external professional financial instruments specialist using a Black-Scholes (risk neutral pricing) option pricing model in a manner that is consistent with prior reporting periods. The financial instruments in question are designated as level 2 financial instruments in terms of the fair value hierarchy specified in *IFRS 13 – Fair Value Measurement*, as the inputs into the valuation model are derived from observable inputs for the assets/liabilities in question, but are not quoted prices in active markets for identical assets/liabilities.

- The investment in preference shares relating to the broad-based black economic empowerment transaction detailed in note 3 of R72.328 million is treated as a financial asset carried at amortised cost but was initially recognised at its fair value at the subscription date plus the value of transaction costs of R0.285 million. The carrying value of the investment at amortised cost at the reporting date of R76.695 million is considered by the directors to approximate its fair value. In determining the fair values of the investment at initial recognition and at the reporting date, the directors considered the dividend/interest rates implicit in similar funding arrangements granted on similar terms and conditions between unrelated market participants. The directors determined that the dividend/interest rate applicable to the investment is commensurate with similar external funding instruments between unrelated market participants and the nominal value of the investment therefore approximated its fair value at initial recognition and at the reporting date. The financial asset is designated as a level 2 financial instrument in terms of the fair value hierarchy as the inputs into the valuation model are derived from observable inputs for the asset in question, but are not quoted prices in active markets for identical assets.

- The aggregate receivable, relating to the disposal of Panpen (refer note 5) and the net assets of the Silver Spur in Penrith (refer note 7), of AU$1.2 million as well as the receivable arising from the disposal of Panawest Pty Ltd (refer note 6) of AU$0.4 million are treated as financial assets carried at amortised cost but were initially recognised at their fair values at the respective disposal dates. The carrying values of the receivables at amortised cost at the reporting date of R11.396 million (AU$1.211 million) and R3.051 million (AU$0.324 million) respectively, are considered by the directors to approximate their fair values. In determining the fair values of the receivables at initial recognition and at the reporting date, the directors considered the interest rates implicit in similar funding arrangements granted on similar terms and conditions between unrelated market participants. The directors determined that the interest rates applicable to the receivables are commensurate with similar receivables between unrelated market participants and the nominal values of the receivables therefore approximated their fair values at initial recognition and at the reporting date. The financial assets are designated as level 2 financial instruments in terms of the fair value hierarchy as the inputs into the valuation model are derived from observable inputs for the assets in question, but are not quoted prices in active markets for identical assets.

- The liability for the contingent consideration relating to the acquisition of RocoMamas referred to in note 4 (as disclosed on the face of the statement of financial position) was initially recognised at fair value and is subsequently recognised at fair value at each reporting date. The liability is designated as a level 3 financial instrument in terms of the fair value hierarchy as inputs into the valuation model are not based on observable market data. The fair value is determined based on the expected aggregate purchase consideration payments, discounted to present value using a risk-adjusted discount rate of 25.27%, being the weighted average cost of capital. The expected purchase consideration payments were determined by considering various possible scenarios, and the probability of each scenario. The significant unobservable inputs are the forecast profit before income tax and the risk-adjusted discount rate. The fair value adjustment included in profit before income tax for the year is a charge of R3.681 million, and relates largely to the adjustment for the time value of money from the initial acquisition date to the reporting date. The estimated fair values of the contingent consideration liability at initial recognition and at the reporting date, would change if the forecast profit before income tax or the risk-adjusted discount rate were to change as follows:
  - if the projected profit before income tax increased by 5% or decreased by 5%:
    - the fair value of the liability at initial recognition would increase by R2.265 million or decrease by R2.265 million respectively;
    - the fair value of the liability at the reporting date would increase by R2.456 million or decrease by R2.456 million respectively; and
    - the charge to profit before income tax for the year would increase by R0.191 million or decrease by R0.191 million respectively; and
  - if the discount rate increased by 2% or decreased by 2%:
    - the fair value of the liability at initial recognition would decrease by R1.321 million or increase by R1.392 million respectively;
    - the fair value of the liability at the reporting date would decrease by R1.150 million or increase by R1.208 million respectively; and
    - the charge to profit before income tax for the year would increase by R0.171 million or decrease by R0.183 million respectively.

21. New appointment to the board – As communicated to shareholders via SENS on 2 February 2015, in accordance with the B-BBEE transaction detailed in note 3, Alan Keet, in his capacity as a representative of GPI, was appointed to the board as a non-executive director, with effect from 2 February 2015.

22. Related parties – There have been no material changes in the nature or value of the related party transactions reported in note 44 on page 155 of the annual integrated report for the year ended 30 June 2014.

DIRECTORS

Executive Chairman: Allen Ambor

Chief Executive Officer: Pierre van Tonder

Chief Operating Officer: Mark Farrelly

Chief Financial Officer: Ronel van Dijk

Non-executive Directors: Keith Getz; Keith Madders; Alan Keet

Independent Non-executive Directors: Dean Hyde; Muzi Kuzwayo; Dineo Molefe; Mntungwa Morojele

COMPANY INFORMATION

Spur Corporation Limited (Registration number 1998/000828/06)

Share code: SUR

ISIN: ZAE000022653

Registered Office: 14 Edison Way, Century Gate Business Park, Century City, 7441

Transfer Secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001

Sponsor: Sasfin Capital (A division of Sasfin Bank Ltd)

Website: www.spurcorporation.com

OUR BRAND FAMILY