SPUR

CORPORATION LIMITED

SPUR CORP.

INTEGRATED REPORT 2015

ABOUT THIS REPORT

Spur Corporation operates a franchise restaurant business with six brands in South Africa and internationally. The group also owns, and runs, a small number of company-owned (referred to as "retail") restaurants in South Africa, the United Kingdom and Ireland ("UK").

SCOPE AND BOUNDARY

This report was prepared to provide stakeholders of Spur Corporation Ltd ("Spur Corporation" or "the group") with a clear understanding of the group's business model, past performance and future prospects. It covers the activities of the group for the financial year 1 July 2014 to 30 June 2015 and addresses the material financial and non-financial risks and opportunities that impact value creation and strategy development.

This report includes information relating to local and international franchise, retail and ancillary operations. Environmental information relates only to the South African head office and corporate offices and excludes international operations and franchise restaurants. The consolidated broad-based black economic empowerment ("B-BBEE") information referred to in the transformation section uses the latest available externally verified information and relates to the South African operations for the period 1 July 2013 to 30 June 2014 (with the exception of ownership and management control, which were measured at February 2015).

Spur Corporation has opted to reduce the amount of information provided in the printed integrated report and indicates where more detail can be accessed online.

COMPARABILITY OF INFORMATION

The group acquired 51% of RocoMamas, a new fast-casual dining restaurant brand offering hand-made "smash-style" burgers, ribs and wings in Gauteng, with effect from 1 March 2015.

In addition, the group disposed of its three remaining retail restaurants in Australia during the year, resulting in the Australian business being fully franchised as from 1 April 2015, and ceased trading one of its retail restaurants in the UK. Apart from these transactions, there have been no significant changes to the business that would affect the comparability of information.

CONTENT DEVELOPMENT

The group applied the principle of materiality as described by the International Integrated Reporting Council's ("IIRC") <IR> Framework. Content selection took place through an extensive process, with contributions from and oversight by key executive and management. The group considered the interests of all stakeholders throughout the content development process, with emphasis on providers of financial capital as the primary audience.

FRAMEWORKS APPLIED

<IR> FRAMEWORK

In developing this report, the group considered the recommendations of the IIRC and in particular, the six capitals, to ensure that the report communicates a holistic and balanced message. This report has made significant progress in terms of materiality, conciseness and strategic emphasis.

KING REPORT ON GOVERNANCE FOR SOUTH AFRICA, 2009 ("KING III")

The group is governed according to the recommendations of King III, as required by the Johannesburg Stock Exchange (or JSE Limited ("JSE")). Spur Corporation views King III as a critical

NAVIGATIONAL TOOLS

Cross-reference to relevant sections within this report

View more information on our website: **www.spurcorporation.com** framework to ensure that financial and non-financial aspects are integrated in the group's decision-making structures and that the interests of stakeholders are considered at all times.

GLOBAL REPORTING INITIATIVE (GRI) G4 REPORTING GUIDELINES

Sustainability information is presented in alignment with the GRI's recommendations to communicate the emphasis which the group places on non-financial matters as part of its strategy development. Historically, the group produced an annual index according to G3, which is no longer applicable. Spur Corporation has opted not to produce a G4 index until the group is sufficiently familiar with its approach, so that the ultimate outcome of adopting G4 will be a comprehensive and meaningful communication.

APPROVAL

The board acknowledges its responsibility to ensure the integrity of this report. The directors confirm that they have collectively assessed the report's contents and believe it addresses the material challenges and opportunities the group faces, and is a fair representation of the group's performance for the financial year. The board consequently approves the 2015 report for publication.

CONTACT

For further information about this report, or to provide feedback, please contact the chief financial officer, Ronel van Dijk at ronelv@spur.co.za or +27 21 555 5100.

CONTENT DASHBOARD

The following content dashboard provides an overview of the information reported by Spur Corporation in 2015. It includes an indication of sections provided in the printed report and those available online.

GROUP AT A GLANCE

WHO WE ARE

Spur Corporation is a growing multi-brand restaurant franchisor. Its headquarters are in Cape Town, and it is listed in the travel and leisure sector of the JSE. The group has a vast network of restaurants in South Africa and internationally.

The group provides customers with an eating experience that is distinctly family-orientated through its three sit-down family restaurant brands – Spur Steak Ranches, Panarottis Pizza Pasta and John Dory's Fish Grill Sushi. The group entered the fast-food convenience market through Captain DoRegos and the upmarket steakhouse arena through The Hussar Grill. Each of these brands has its own distinctive atmosphere and brand positioning. Spur Corporation increased its niche offering in March 2015 with the addition of RocoMamas, a new fast-casual dining restaurant brand offering hand-made "smash-style" burgers, ribs and wings.

Spur Corporation has a minority interest in Braviz Fine Foods, a rib processing facility which commenced production in January 2015. The group also operates a sauce manufacturing facility and manages central procurement for South African franchised outlets.

More information is provided in the business model section on page 8.

OUR VISION

PASSIONATE PEOPLE GROWING GREAT BRANDS.

To achieve this, we will continue to build a sustainable business with great brands which makes a positive and lasting difference in the lives of our customers, employees, franchisees, communities and the environment.

OUR MISSION STATEMENTS

– Our business exists to provide fun, memorable experiences over great food for the young and old.

– Our restaurants provide a warm, family-friendly environment with a social atmosphere that allows customers of all ages to relax and enjoy our generous, value-for-money portions of great tasting food, all served with a smile!

– We are committed to providing our customers with outstanding products (food) and excellent service in exciting, vibrant surroundings.

– We promise a consistently excellent experience no matter which outlet our customers visit.

OUR PROMISE

When you meet at your "home away from home" you are treated as family. Our greatest reward is presenting our delicious meals to our families and friends. We never hold back on our generosity, our deliciously prepared food, our laughter or our welcome. We go big on quantity, aroma and especially on taste.

Nothing satisfies us more than pleasing you, our customer.

This is our simple philosophy – bringing our customers together over great food to create outstanding memories.

OUR BRANDS

PERFORMANCE HIGHLIGHTS

COMPARABLE OPERATING PROFIT BEFORE INCOME TAX ⌃ 10.8%	REVENUE R760.0m ⌃ 3.7%	COMPARABLE DILUTED HEPS ⌃ 14.3%
DIVIDEND PER SHARE 132c ⌃ 9.1%	RESTAURANT TURNOVER R6.2bn ⌃ 12.1%	RETURN ON INVESTMENT PRE-TAX (capital and dividends) 17.7%

13

COLLEGE OF EXCELLENCE GRADUATES

The group acquired new, fast-casual restaurant brand, RocoMamas.

1.9 million

SPUR FAMILY CARD MEMBERS ACCOUNTING FOR 45% OF LOCAL SPUR RESTAURANT TURNOVER IN JUNE 2015

42

OUTLETS REFURBISHED

8

OUTLETS RELOCATED

57

NEW OUTLETS OPENED

AWARDS

Spur Steak Ranches was recognised as the **"Coolest Place to Eat Out"** in the *Sunday Times* Generation Next Survey Awards for the third year in a row.

Spur Corporation was awarded a **Standard of Excellence Award** in Deloitte's Best Company to Work For 2014 Survey. The Standard of Excellence Award is issued to companies that achieve an overall score of 3.7 or higher out of 5 in the survey.

The group was awarded the **Investment Analysts Society award for excellence in communication and financial reporting to the investment community** for the retail services sector of the JSE.

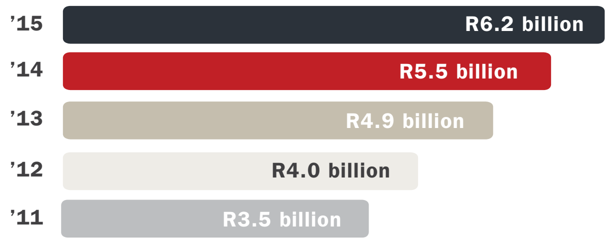
FIVE-YEAR REVIEW

	Note	2015 R'000	2014 R'000	2013* R'000	2012 R'000	2011 R'000
Statement of comprehensive income						
Revenue		**760 059**	732 636	671 552	503 444	403 396
Operating profit before finance income	1	**180 805**	194 620	190 630	168 936	111 969
Adjusted operating profit	2	**195 440**	194 656	199 288	164 575	130 030
Net finance income		**24 616**	7 251	5 909	6 164	4 861
Profit before income tax		**205 421**	201 871	196 539	175 100	116 830
Headline earnings	3	**141 511**	135 203	135 187	111 795	85 759
Statement of financial position						
Property, plant and equipment		**86 481**	77 289	79 775	73 492	70 387
Cash and cash equivalents		**304 851**	91 966	114 824	98 804	115 966
Bank overdraft		**3 557**	539	1 605	1 854	2 256
Statement of cash flows						
Net cash flow from operating activities		**28 717**	45 355	61 024	59 916	56 213
Share statistics						
Weighted average number of shares (000's)	3	**92 636**	85 633	86 090	87 124	87 777
Earnings per share (cents)	3	**137.69**	159.20	154.05	130.71	80.65
Headline earnings per share (cents)	3	**152.76**	157.89	157.03	128.32	97.70
Cash flow earnings per share (cents)	4	**168.34**	161.23	172.09	136.18	123.46
Operating cash flow per share (cents)	5	**31.00**	52.96	70.88	68.77	64.04
Net asset value per share (cents)	6	**888.57**	606.80	551.80	493.42	468.09
Distribution per share (cents)	7	**132.00**	121.00	111.00	87.00	66.00
Distribution cover (times)	8	**1.2**	1.3	1.4	1.5	1.5
Stock exchange performance						
Number of shares in issue (000's)		**108 481**	97 633	97 633	97 633	97 633
Number of shares traded (000's)		**18 135**	24 231	30 007	22 569	20 739
Value of shares traded (R'000)		**623 894**	742 544	725 956	333 353	283 628
Percentage of issued shares traded (%)		**16.72%**	24.82%	30.73%	23.12%	21.24%
Market price per share (cents)						
– close		**3 667**	3 227	2 739	1 789	1 385
– high		**4 178**	3 383	3 250	1 789	1 550
– low		**2 720**	2 629	1 700	1 235	1 175
Headline earnings yield (%)	9	**4.17%**	4.89%	5.73%	7.17%	7.05%
Distribution yield (%)	10	**3.60%**	3.75%	4.05%	4.86%	4.77%
Price earnings ratio		**24.00**	20.44	17.44	13.94	14.18
Market capitalisation (R'000)		**3 977 998**	3 150 617	2 674 168	1 746 654	1 352 217
Business performance						
Operating profit margin (%)	11	**25.71**	26.57	29.68	32.69	32.23
Return on equity (%)	12	**17.35**	26.38	29.75	25.99	21.07
Return on total assets (%)	13	**13.39**	18.57	20.19	18.31	15.47
Liquidity ratio	14	**3.30**	1.66	1.83	1.91	2.47

RESTAURANT TURNOVER

R6.2 billion

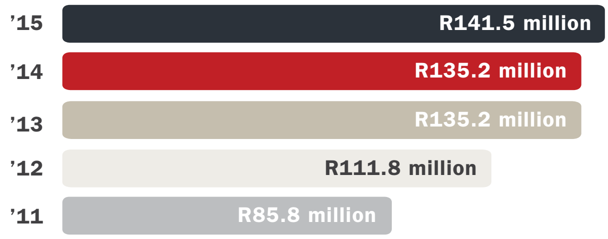
12.1%



HEADLINE EARNINGS

R141.5 million

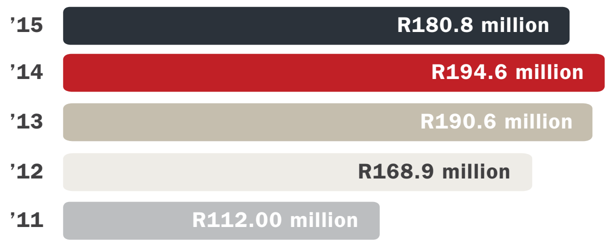
4.7%



OPERATING PROFIT BEFORE FINANCE INCOME (NOTE 1)

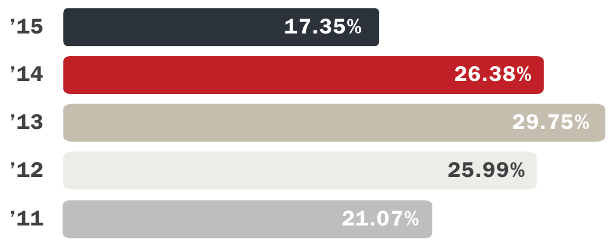
R180.8 million

7.1%



RETURN ON EQUITY

17.35%



Notes

1 Includes share of profit/loss of equity-accounted investee (net of income tax).
2 Operating profit (see note 1) adjusted for headline earnings adjustments and foreign exchange gain/loss.
3 Refer to note 10 of the group financial statements on page 103.
4 Operating profit before working capital changes plus net interest received/(paid) less tax paid divided by the weighted average number of shares in issue.
5 Net cash flow from operating activities divided by the weighted average number of shares in issue.
6 Net asset value divided by the number of shares in issue (net of treasury shares).
7 Interim and final distribution for the year to which it relates.
8 Headline earnings per share divided by distribution per share (see note 7).
9 Headline earnings per share divided by the closing share price.
10 Distribution per share divided by the closing share price.
11 Adjusted operating profit (see note 2) divided by revenue.
12 Profit for the year adjusted for headline earnings adjustments and foreign exchange gain/loss divided by equity.
13 Profit for the year adjusted for headline earnings adjustments and foreign exchange gain/loss divided by assets.
14 Current assets divided by current liabilities.

* Restated due to the adoption of *IFRS10 – Consolidated Financial Statements*. Information presented for the 2013 to 2015 financial years has been stated after taking into account the change in policy. Information relating to earlier periods is as previously reported and does not include the impact of the change in policy.

GROUP PROFILE

OUR MARKETS

Spur Corporation diversified its market exposure with strategic acquisitions to expand its reach to a range of appetites, in terms of menu and value. The group implements appropriate strategies to ensure local appeal in the international territories in which it trades.

FAMILY SIT-DOWN:
SPUR STEAK RANCHES, PANAROTTIS AND JOHN DORY'S

- Focus on family in restaurant design, marketing communication and product
- Structured to provide value to the local middle class

QUICK-SERVICE TAKEAWAYS:
CAPTAIN DOREGOS

- Focus on quality, quick service and affordability
- Structured to provide value to lower-LSM groups

UPMARKET STEAKHOUSE:
THE HUSSAR GRILL

- Focus on quality, premium offering
- Established brand servicing higher-LSM groups

GOURMET BURGERS, RIBS AND WINGS:
ROCOMAMAS

- Trendy, fast but personalised concept with an artisanal-style offering
- Well-positioned in the fast-growing local gourmet burger market

ABOUT US

1967 First *Spur Steak Ranch* opens in Newlands, Cape Town

1986 The Spur group lists on the Johannesburg Stock Exchange

1990 First *Panarottis Pizza Pasta* opened

1991 First international outlet opens (in Namibia)

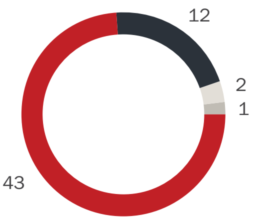
1996 First outlet opens in Australia

1999 Group restructures to form Spur Corporation

2001 First outlets open in the UK and Ireland

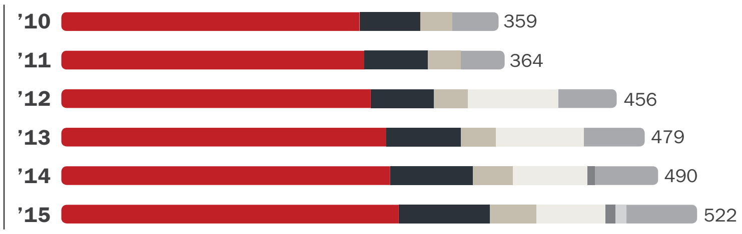
2004 Acquisition of 60% shareholding in *John Dory's Fish Grill Sushi* (and a further 5% in 2006)

INTERNATIONAL RESTAURANTS BY BRAND



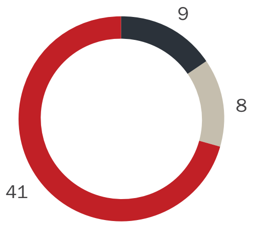
SPUR ■ PANAROTTIS ■ CAPTAIN DOREGOS ■ JOHN DORY'S

TOTAL RESTAURANTS



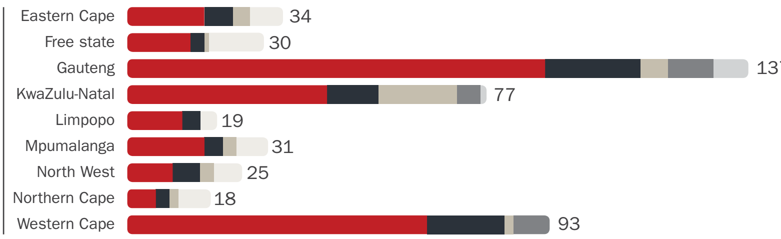
SPUR (SA) ■ PANAROTTIS (SA) ■ JOHN DORY'S (SA) ■ CAPTAIN DOREGOS (SA) ■ THE HUSSAR GRILL ■ ROCOMAMAS ■ INTERNATIONAL

INTERNATIONAL RESTAURANTS BY LOCATION



AFRICA AND MAURITIUS ■ AUSTRALIA ■ UK AND IRELAND

SOUTH AFRICAN RESTAURANTS BY PROVINCE



SPUR ■ PANAROTTIS ■ JOHN DORY'S ■ CAPTAIN DOREGOS ■ THE HUSSAR GRILL ■ ROCOMAMAS

Mauritius

2012 Group acquires *Captain DoRegos* franchise and distribution centre businesses

2012 Acquisition of the remainder of *John Dory's* shareholding

2014 Acquisition of Cape-based upmarket steakhouse *The Hussar Grill*

2014 Acquisition of 30% interest in start-up rib processing facility, *Braviz Fine Foods*

2015 B-BBEE deal concluded where Grand Parade Investments acquires a 10% shareholding locked in for five years

2015 Group acquires 51% of gourmet burger brand *RocoMamas*

2015 First pilot *Spur RBW* (Ribs Burgers Wings) opened in the UK

BUSINESS MODEL

Spur Corporation's business model is built on strong values and the core relationships between franchisor, franchisee, suppliers, service providers and customers. The group is driven to leverage its financial, manufactured, intellectual, human, social and relationship, and natural capital to achieve its strategic objectives of sustainably growing operations and maximising returns.

SPUR CORP.

Spur Corporation provides a range of centralised group services to support its local and international network of franchise and retail restaurant operations across its six brands, with franchise and procurement fees as key revenue drivers.

REVENUE DRIVERS

LOCAL FRANCHISE OPERATIONS

Predominantly franchised restaurants throughout South Africa

- Spur Corporation earns a franchise fee based on the turnover of each restaurant
- Restaurant footprint in South Africa:
  - 277 Spur Steak Ranches
  - 75 Panarottis
  - 38 John Dory's
  - 57 Captain DoRegos
  - 8 The Hussar Grill
  - 9 RocoMamas
- Operational support – monthly visits to assess food safety, product and service standards against group and regulatory requirements
- Store development – dedicated management of new franchises, relocations and refurbishments, including site selection, construction project management and store openings

INTERNATIONAL OPERATIONS

Spur Corporation's operations in Africa and abroad – retail and franchise outlets

- International head office in the Netherlands
- 41 franchise outlets in Africa and Mauritius
- 8 retail outlets in the UK and Ireland
- 9 franchise outlets in Australia (3 company-owned for part of the year)

PROCUREMENT, MANUFACTURING AND DISTRIBUTION

Sustainable supply chain relationships with outsourced logistics service provider, suppliers and franchisees

- Distribution – Spur Corporation's procurement function ensures food safety, quality and a stable supply for centrally procured items and earns a procurement fee based on the value of goods transported by its outsourced distribution network
- Secret sauce factory – over 400 000 litres manufactured per month
- Braviz Fine Foods – processing capacity of 700 metric tons of ribs per month
- Certain products are sold directly to consumers in major South African retailers, including sauces, ribs and burgers

GROUP FUNCTIONS

GROUP SERVICES

Providing franchisees with the resources to deliver a consistently high-quality product in line with each brand promise

- Group marketing
- Customer care centre
- Training – head office employees, franchisees and franchise employees, including Spur College of Excellence

CORPORATE SUPPORT SERVICES

Centralised functions at group level

- Facilities management
- Executive
- Human resources
- Export
- Information technology
- Finance and legal

OUR VALUES

- BRAND FAMILY
- SPIRIT OF GENEROSITY
- DAILY EXCELLENCE
- FIRED UP – PEOPLE WITH A TASTE FOR LIFE!

For a full description of our values, visit our website: **www.spurcorporation.com**

FRANCHISE AND RETAIL OUTLETS

Franchised restaurants are run by independent, entrepreneurial franchisees who are responsible for the day-to-day operations of the restaurants, with ongoing group support provided by experienced brand and regional specific operations teams. Spur Corporation owns three The Hussar Grill outlets locally and all the outlets in the UK and Ireland – the group is directly involved in the daily operations of these outlets.

FINANCIAL CAPITAL

- Equity raised and retained earnings
- Access to debt funding to fund operations (salaries, maintenance capital expenditure, operating costs, training costs, taxes, interest and capital distributions)
- Funding for future growth (organic growth, acquisitions, expansion and capital expenditure)

MANUFACTURED CAPITAL

- The land and buildings from which the group operates
- Furniture and fittings and computer equipment
- Vehicles
- Equipment in the sauce factory and décor manufacturing plant, including the finished stock of goods manufactured at these facilities

INTELLECTUAL CAPITAL

- The know-how, experience and operational knowledge the group has developed over the past 48 years in the family restaurant business
- The intellectual capital is used to support franchisees in running successful businesses and to identify new opportunities for growth

HUMAN CAPITAL

- Group employees, responsible for implementing strategy, supporting the franchisee network and meaningfully engaging with stakeholders
- Franchisee employees who ensure that the high standards are upheld and excellent customer relationships are maintained according to each brand character
- The group dedicates significant amounts of financial capital to the training of group employees and franchisee employees

SOCIAL AND RELATIONSHIP CAPITAL

- The relationships developed and maintained with customers through brand-building initiatives, excellent food and service, loyalty programmes and customer care centre
- The group's relationships with franchisees and suppliers
- The community work carried out through the activities of the Spur Foundation

NATURAL CAPITAL

- Environmental resources the group depends on in the form of clean air and water
- The group manages its impact through various programmes to increase energy efficiency, reduce water use and minimise waste

INVESTMENT CASE

Over 48 years of operating, Spur Corporation has demonstrated consistently strong revenue and operating profit growth, efficient capital management and a stable dividend policy, driven by the following core strengths and growing, diversified brand portfolio:

- Established local and international footprint in South Africa and on the African continent, Australia and the United Kingdom
- Spur Steak Ranches, Panarottis and John Dory's – three of South Africa's largest and best-established family sit-down restaurants
- Captain DoRegos – serving lower income sector and fast food market
- The Hussar Grill – established upmarket steakhouse brand
- RocoMamas – newly-acquired, gourmet burgers targeted at the young, affluent market

GROUP LEGAL STRUCTURE

- All entities are domiciled in South Africa unless otherwise stated
- All entities are wholly owned unless otherwise stated
- Excludes dormant and non-trading companies

Holding companies

Franchise companies

Retail outlet entities

Advertising companies

Other entities

% Interest in company

SPUR CORPORATION LTD

SPUR GROUP PROPERTIES (PTY) LTD
Property owning company

SHARE BUY-BACK (PTY) LTD
Treasury share company

SPUR GROUP (PTY) LTD
Franchisor for Spur, Panarottis, Captain DoRegos and The Hussar Grill in South Africa
The Hussar Grill was acquired with effect from 1 January 2014 (refer note 34.3 on page 132 of this report)

NICKILOR (PTY) LTD
The Hussar Grill, Rondebosch
Acquired effective 1 January 2014 (refer note 34.3 on page 132 of this report)

OPILOR (PTY) LTD
The Hussar Grill, Green Point
Acquired effective 1 January 2014 (refer note 34.3 on page 132 of this report)

OPISET (PTY) LTD
The Hussar Grill, Camps Bay
Acquired effective 1 January 2014 (refer note 34.3 on page 132 of this report)

30%
BRAVIZ FINE FOODS (PTY) LTD
Start-up rib processing facility
Acquired 30% on 18 March 2014 (refer note 33.1 on page 129 of this report)

SPUR INTERNATIONAL LTD BVI
British Virgin Islands
International holding company

STEAK RANCHES INTERNATIONAL BV
The Netherlands
International franchisor

SPUR CORPORATION UK LTD
United Kingdom

SPUR FRANCHISE NAMIBIA (PTY) LTD
Namibia

SPUR ADVERTISING NAMIBIA (PTY) LTD
Namibia

LARKSPUR ONE LTD
Cheyenne Spur O_2 Arena London, United Kingdom

LARKSPUR TWO LTD
Silver Lake Spur Lakeside London, United Kingdom

80%
LARKSPUR THREE LTD
Apache Spur Aberdeen, United Kingdom

LARKSPUR SIX LTD
Nevada Spur Belfast Ireland, United Kingdom

LARKSPUR SEVEN LTD
Two Rivers Spur Staines, United Kingdom

LARKSPUR EIGHT LTD
Rapid River Spur Dublin, Ireland

LARKSPUR NINE LTD
Soaring Eagle Spur Leicester, United Kingdom
Commenced trading 9 December 2013

LARKSPUR TEN LTD
Spur RBW Corby, United Kingdom
Commenced trading 26 June 2015

MOHAWK SPUR LTD
Mohawk Spur Wandsworth, United Kingdom
Ceased trading 28 February 2015 (refer note 36.2 on page 137 of this report)

SPUR ADVERTISING UK LTD
United Kingdom

TRINITY LEASING LTD
United Kingdom
Landlord for Spur Corporation UK Ltd and Larkspur Seven Ltd

CONSOLIDATED STRUCTURED ENTITIES

THE SPUR MANAGEMENT SHARE TRUST
Structured entity relating to employee incentive scheme (refer note 25 on page 125 of this report)

THE SPUR FOUNDATION TRUST
Benevolent foundation directing the group's corporate social investment initiatives

SPUR ADVERTISING (PTY) LTD

PANAROTTIS ADVERTISING (PTY) LTD

JOHN DORY'S ADVERTISING (PTY) LTD

THE AD WORKSHOP (PTY) LTD
t/a Captain DoRegos Advertising

ESTALOR (PTY) LTD
t/a The Hussar Grill Advertising

JOHN DORY'S FRANCHISE (PTY) LTD
Franchisor for John Dory's in South Africa.

51%
ROCOMAMAS FRANCHISE (PTY) LTD
Franchisor for RocoMamas in South Africa
Acquired effective 1 March 2015 (refer note 34.1 on page 130 of this report)

MAROCAP (PTY) LTD
t/a RocoMamas Advertising

SPUR CORPORATION AUSTRALIA PTY LTD
Australia

SPUR ADVERTISING AUSTRALIA PTY LTD
Australia

PANAROTTIS ADVERTISING AUSTRALIA PTY LTD
Australia

SPUR STEAK RANCHES UNIT TRUST
Silver Spur Penrith, Australia
Business disposed of 31 March 2015 (refer note 35.3 on page 135 of this report)

PANAWEST PTY LTD
Panarottis Blacktown, Australia
Sold effective 15 November 2014 (refer note 35.1 on page 133 of this report)

PANATUG PTY LTD
Panarottis Tuggerah, Australia
Previously the 80% partner in Panarottis in Tuggerah, Australia. Partnership dissolved and assets sold on 1 January 2014 (refer note 35.4 on page 136 of this report)

PANPEN PTY LTD
Panarottis Penrith, Australia
Acquired additional 50% effective 1 August 2015 and sold 100% on 31 March 2015 (refer notes 34.2 and 35.2 on pages 131 and 134 of this report)

BOARD AND MANAGEMENT

EXECUTIVE DIRECTORS

Allen Ambor (74)
EXECUTIVE CHAIRMAN
48 years' service
B.A. – University of Witwatersrand

Allen opened the first Spur Steak Ranch in 1967. He is the creative custodian for all TV, radio and print advertisements. He is involved in the interaction between group marketing and the brand agencies, and guides the board on issues that have substantive bearing on the future direction and strategy of the company.

Pierre van Tonder (56)
CHIEF EXECUTIVE OFFICER
33 years' service

Pierre joined the group in 1982 as a junior restaurant manager. He held several senior management positions before being appointed as director of Spur Steak Ranches Ltd and Spur Holdings in 1992. Pierre was appointed as managing director/chief executive officer in 1996.

Pierre is responsible for the group's overall strategy and operations. He is also the group's chief risk officer, the chairman of the risk, transformation, human resources productivity and treasury committees and a member of the social, ethics and sustainability committee.

Mark Farrelly (51)
CHIEF OPERATING OFFICER
25 years' service
B.A. – University of Cape Town

Mark joined Spur Corporation in 1990 as an operations manager and was promoted to regional operations manager in 1995. He was appointed to the board in 1999 and appointed as chief operating officer in 2012.

Mark is responsible for developing and implementing the local group strategy.

Ronel van Dijk (43)
CHIEF FINANCIAL OFFICER
12 years' service
B.Acc (Hons) – University of Stellenbosch; CA(SA)

Ronel joined Spur Corporation as group financial manager in 2003. In 2005, she was appointed as chief financial officer and company secretary, joining the board in 2006.

Ronel is responsible for the finance, administrative, legal and compliance functions of the group. She also fulfils a supervisory function for information technology, human resources and transformation. She has been involved in the international growth strategy of the group since 2008 and was appointed as the chairperson of the Spur Foundation Trust's board of trustees in 2014. She fulfilled the role of company secretary until 9 September 2015.

NON-EXECUTIVE DIRECTORS

Keith Getz (59)
NON-EXECUTIVE DIRECTOR
24 years' service
B.Proc; LLM – University of Cape Town

Keith is a practising attorney and a senior partner of Bernadt Vukic Potash & Getz, the group's principal legal counsel. He was appointed to the board in 1991. Keith is a director of various international subsidiaries of the group, and chairs the social, ethics and sustainability committee. He sits on the boards of Mr Price Group Ltd and various private companies.

Dean Hyde (48)
INDEPENDENT NON-EXECUTIVE DIRECTOR
21 years' service
B.Com (Legal) – University of Witwatersrand; Canadian Chartered Accountants' Board Examination

Dean joined Spur Corporation as financial manager and was the financial director for five years. He resigned in 2004 and was subsequently appointed as a non-executive director. Dean is currently the chief financial officer of Lombard Insurance Ltd. Dean chairs the audit committee.

Muzi Kuzwayo (47)
INDEPENDENT NON-EXECUTIVE DIRECTOR
7 years' service
B.Sc (Biochemistry and Microbiology) – Rhodes University; Executive MBA – University of Cape Town

Muzi is a visiting professor at the UCT Graduate School of Business. He is the founding chief executive officer of Ignitive, a marketing and advertising consulting company. Muzi is an author and a commentator on advertising and marketing. He was appointed to the board in 2008 and is a member of the group's audit, nominations and transformation committees. He chairs the remuneration committee.

Keith Madders MBE (67)
NON-EXECUTIVE DIRECTOR
20 years' service
B.Com (Economics) – University of Cape Town

Keith trained as an investment analyst before joining the music industry. He lectured and established various businesses and charitable organisations in the UK, where he was awarded an MBE in the Queen's 2002 Honours List for services to the Zimbabwe Trust.

NON-EXECUTIVE DIRECTORS

Dineo Molefe (38)
INDEPENDENT NON-EXECUTIVE DIRECTOR
2 years' service
B.Compt (Hons) – Unisa; Masters' in International Accounting – University of Johannesburg; CA(SA); Advanced Management Program – Wharton Business School, University of Pennsylvania

Dineo held various audit and finance positions at the Industrial Development Corporation, Eskom Holdings Ltd and Sizwe Ntsaluba VSP. She previously served as the group financial director of Thebe Investment Corporation (including as director of several of that company's subsidiaries, associates and investee companies) and is currently managing executive for financial planning and analysis at Vodacom. She was appointed to the board in September 2013 and is a member of the audit committee.

Mntungwa Morojele (56)
INDEPENDENT NON-EXECUTIVE DIRECTOR; LEAD INDEPENDENT DIRECTOR
5 years' service
CA (Lesotho); Higher National Diploma in Business Studies – Farnborough College of Technology, UK; Bachelor's of Business Administration – University of Charleston, USA; M.Acc – Georgetown University, USA; MBA – University of Cape Town

Mntungwa has established and managed various companies including Briske Performance Solutions and Motebong Tourism Investment Holdings (Pty) Ltd. He has served on the boards of Gray Security Services Ltd and the UCS Group Ltd. He was appointed to the Spur Corporation board in 2010 and appointed as lead independent director on 1 March 2011. He is also a member of the group's audit, remuneration and transformation committees and is chairman of the nominations committee.

Alan Keet (47)
NON-EXECUTIVE DIRECTOR
Appointed pursuant to the terms of the B-BBEE agreement with GPI
B.Compt (Hons) – Unisa; CA(SA)

Alan is the chief executive officer of Grand Parade Investments, a position which he has held since April 2012. He previously served as the chief executive officer of Nolands Cape Town and Nolands South Africa, where he completed his articles and subsequently became a partner in 1998.

Alan was appointed to the Spur Corporation board on 2 February 2015 and shareholders will be asked to confirm his appointment at the AGM on 4 December 2015.

KEY MANAGEMENT

Brian Altriche (45)
Chief operating officer: RocoMamas
Employed 1 March 2015

Samkelo Blom (43)
Group human resource and transformation executive
2 years of service

Robin Charles (41)
National procurement executive
7 years of service

Leonard Coetzee (42)
Chief operating officer: John Dory's
19 years of service

Sacha du Plessis (37)
Group marketing executive
8 years of service

Justin Fortune (43)
Chief operating officer: The Hussar Grill
15 years of service

Blaine Freer (50)
Group development executive
16 years of service

Tyrone Herdman-Grant (44)
Chief operating officer: Panarottis
17 years of service

Cobus Jooste (39)
National training executive
10 years of service

Derick Koekemoer (45)
Franchise executive: Africa
11 years of service

Patrick Lawson (44)
Group business intelligence executive
6 years of service

David Maich (43)
Franchise executive: UK
4 years of service

Phillip Matthee (37)
Group finance executive
8 years of service

Julian Odendaal (39)
Chief operating officer: Captain DoRegos
9 years of service

Kevin Robertson (49)
National franchise executive
24 years of service

José Vilar (57)
Franchise executive: Australia
24 years of service

Duncan Werner (55)
Group procurement and development executive
27 years of service

Peter Wright (64)
Group human resource executive
24 years of service

MATERIAL MATTERS

Spur Corporation's ability to create long-term sustainable value depends on how it responds to material risks and capitalises on opportunities in its operating environment.

The table below shows the economic, environmental and social matters the group believes are most material to the business – the matters that most substantively impact the group's ability to achieve its dual strategic objectives of growing revenue and maintaining a sustainable business.

These material matters were derived from a range of sources, including:
- Output of the annual group risk assessment
- Management and board discussions
- Feedback from stakeholder interactions
- Sustainability and integrated reporting guidelines

Each economic material matter is discussed in more detail as part of the strategy section from page 54, with social and environmental information available online.

		MATERIAL MATTER	COMMENT	MORE DETAIL
ECONOMIC	STRATEGIC	**Sustainable local franchise model**	Outlets need to be profitable to be attractive to franchisees. This requires constant refinement of the franchise model to maintain profitability in changing markets.	54
		Store design and specifications	Intelligent store design reduces set up costs, running costs and labour costs. It can increase efficiency and reduce the environmental impact of an outlet. Smaller format stores increase the range of potential locations available.	55
		Menu engineering	Menu engineering optimises sales mix, food cost and product range.	55
		International expansion	Growing the group's brands in new markets grows the group and its revenues, and diversifies its geopolitical risk across regions.	56
		Product responsibility (procurement)	Food quality and food safety are critical considerations in the restaurant industry. We have a number of initiatives in place to ensure that our food is of a consistent high quality.	56
	OPERATIONAL	**Efficient use of resources to reduce costs**	The rising cost of electricity and gas, and the increased incidence of load-shedding make it imperative that outlets explore innovative ways of increasing energy efficiency.	55

		MATERIAL MATTER	COMMENT	MORE DETAIL
SOCIAL	STRATEGIC AND OPERATIONAL	**Regulatory compliance**	As a responsible corporate citizen, Spur Corporation needs to ensure that it stays aware of developing legislation.	
		Health and safety	Ensuring the health and safety of employees, including franchisee employees, and customers is an important legal, ethical and reputational concern.	
		Customer service	Excellent customer service, rewarding loyalty programmes and a dedicated customer service centre build brand loyalty and encourage repeat business.	
		Community support	Spur Corporation aims to make a positive and lasting difference in the lives of its communities through the activities of the Spur Foundation.	
		Human capital and skills development	Investing in the skills and personal development of employees and those of franchisees ensures the long-term success of the group and its brands.	
		Transformation	Spur Corporation is committed to the principle of transformation. The new dti Codes of Good Practice will result in a fall in the B-BBEE rating of the group.	
ENVIRONMENTAL	STRATEGIC	**Strategic resource management**	While the group's direct environmental impact is relatively small, the broader impact of the group and its franchisees' outlets is significant and should be managed responsibly.	
		Procurement	Spur Corporation has a responsibility to ensure that raw materials are sourced from sustainable and ethical suppliers.	
	OPERATIONAL	**Operational resource management**	The group supports environmentally responsible franchisees through the use of the green operations report and monitoring of environmental key performance indicators ("KPIs").	

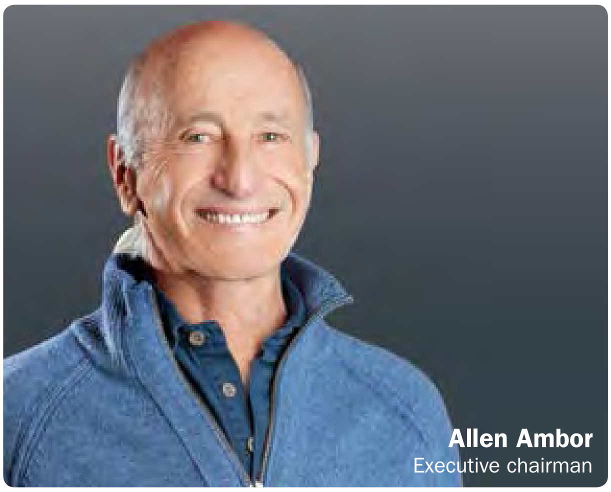
STAKEHOLDER MATRIX

Spur Corporation subscribes to the inclusive approach to stakeholder engagement as recommended by King III. Stakeholders are defined as any individual or group that has an impact on, or is affected by, the group's operations. The group aims to engage respectfully with stakeholders to understand their needs and concerns, and address these where possible.

STAKEHOLDER GROUP	ENGAGEMENT	KEY CONCERNS	RELATED MATERIAL MATTER	STRATEGIC RESPONSE
EMPLOYEES	HR road shows Intranet Company values Open-door policy	Fair remuneration Career opportunities Transformation Skills development	Human capital and skills development Transformation Health and safety	HR policies ensure employees are appropriately incentivised and remunerated, and have the opportunity to develop and progress in their careers. The group's transformation strategy supports the upliftment of historically disadvantaged individuals. Investment in skills development is ongoing.
SHAREHOLDERS	Analysts' presentations Annual general meeting SENS One-on-one meetings Website	Prudent capital allocation Return on investment Transformation	Sustainable local franchise model International expansion Regulatory compliance Transformation	Management's interests are aligned with shareholders' through the long-term incentive programme. The management team has experience in the restaurant industry and a conservative approach to international expansion.
FRANCHISEES	Road shows Extranet Advisory committees Restaurant visits Conversation cafés	Return on investment Ongoing support	Sustainable local franchise model Store design and specifications Menu engineering Efficient use of resources to reduce costs Operational resource management Procurement	Operations management teams interact with franchisees on an ongoing basis to offer support in running a successful business. The group offers training to franchisee employees on all aspects of running and managing a profitable restaurant. The outsourced distribution model enhances procurement efficiencies, while maintaining food safety standards and consistent product quality.

STAKEHOLDER GROUP	ENGAGEMENT	KEY CONCERNS	RELATED MATERIAL MATTER	STRATEGIC RESPONSE
SUPPLIERS	Day-to-day interaction Supplier audits Assessments Meetings	Fair payment terms Certainty of supply Fair treatment	Strategic resource management Procurement	The procurement team interacts with suppliers on a day-to-day basis to ensure a shared understanding of suppliers' concerns and group policies. Suppliers to the group operate according to normal contractual terms.
CUSTOMERS AND FUTURE CUSTOMERS	Customer care centre Social media Loyalty programmes Spur Secret Tribe *Totem* magazine	Excellent food Great service A welcoming family experience	Health and safety Customer service Community support	Operations management inspections cover food quality, customer service and restaurant management. Stringent food safety standards are applied to suppliers and the group's manufacturing facilities. The group takes resolving complaints seriously and has robust and formalised complaint handling procedures in place, and a 24-hour customer care line. The ongoing revamp programme ensures outlet design and specifications are kept up to date and in line with group quality standards.
POTENTIAL CUSTOMERS	Corporate social investment Outdoor events	Ongoing support	Customer service Community support	Corporate social investment ("CSI") initiatives are run through the Spur Foundation and aim to provide ongoing support for underprivileged youth. The group's sponsorship of a multitude of outdoor events encourages a healthy and fun lifestyle.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT



Allen Ambor
Executive chairman

Pierre van Tonder
Group chief executive officer

RESTAURANT TURNOVER

R6.2 billion

12.1%

DIVIDEND PER SHARE

132 cents

9.1%

The retail market and in particular the food sector, experienced another year of difficult local trading conditions. This was exacerbated by a slowdown in middle-income expenditure on the back of excessive borrowing. A year of social unrest, political turmoil, frequent power outages and other economic headwinds, such as rising fuel and energy costs compounded by the collapsing rand, resulted in plummeting consumer sentiment. The impact on consumer disposable income led to wholesale discounting by many restaurant and quick-service restaurant retailers to attract customers. These factors have created a market where sound operational disciplines and innovative marketing are necessary to remain competitive.

Nevertheless, Spur Corporation delivered another good set of results, growing total restaurant sales by 12.1% to R6.2 billion (2014: R5.5 billion), with sales from existing restaurants increasing by 7.8%. Restaurant sales in South Africa grew by 11.3%, while sales from international restaurants increased by 18.6% in rand terms – applying a constant exchange rate, international restaurant sales increased by 16.5%. Trading conditions were impacted by load-shedding, which reduced local restaurant sales by an estimated 3%.

One of our primary duties as a franchisor is to ensure that our franchisees can earn an acceptable return from their business.

Spur Steak Ranches had another good year in the difficult trading environment and Panarottis repeated its excellent growth of the year before. We refreshed John Dory's look and feel in keeping with the cosmopolitan nature of the brand. The Hussar Grill performed well in its first full financial year as part of the group as its higher income customer base proved more resilient to the current economic challenges. Two new franchised outlets were opened and plans are afoot to leverage the brand equity to expand nationally in the year ahead. RocoMamas has opened four stores since it was acquired in March 2015 and it contributed R1.4 million to group profit. Response to the brand is encouraging in Gauteng so far, which bodes well for our plans to add new outlets across the rest of the country.

While Captain DoRegos remains small in the context of the group, restaurant sales declined by 13.2% on the back of the closure of 16 underperforming stores during the year, as consumer spending among the lower income target market remains constrained. Despite the disappointing performance, we believe that the brand is starting to take steps in the right direction to improve growth. We have a number of partnerships in the pipeline and continue to receive enquiries to expand the brand in the rest of Africa.

The excellent growth of our outlets in the rest of Africa, and particularly in Mauritius, was a highlight. We sold off the last of the company-owned outlets in Australia and all operations in that country are fully franchised.

The disappointment of the year is Spur UK. The division has been impacted by increased competition in that market, escalating labour, occupancy and food costs, and some operational shortcomings. As previously reported, we are assessing the financial feasibility of each site with a view to dispose of certain of the leases as appropriate. Subsequent to year-end, we disposed of the leases in Lakeside and Aberdeen. The new Spur RBW (Ribs Burgers Wings) piloting in Corby is showing promise and may offer an alternative model for franchising in the UK due to the lower set up costs, focused menu and smaller store footprint, which make the concept more accessible to potential franchisees.

Procurement and distribution had another excellent year and our sauce manufacturing facility showed good operational recovery. Our investment in Braviz, the rib manufacturing facility, is taking longer than initially projected to bed down but we are confident that the model will prove itself in time. We continue to investigate potential new vertical integration acquisitions relating to core products, including the possibility of joint venture investments with our empowerment partner, GPI.

STRATEGIC OBJECTIVES

Our strategy has two legs: growing revenues and maintaining a sustainable business. We aim to:

- Grow revenues by increasing turnover at existing restaurants and growing our footprint, adding brands that broaden our market reach and expanding into new territories.
- Maintain a sustainable business by managing the material risks we face and taking advantage of opportunities where these make sense in terms of our long-term growth plans. These risks and opportunities arise from across the spectrum of economic, social and environmental considerations.

We recognise that good governance is a critical part of executing our strategy and building a sustainable business. Our governance structures align with the recommendations of King III and our board and board committees add value to our business through their experience, perspective and insight.

MATERIAL MATTERS

The most significant challenges and opportunities that affect our ability to execute our strategy are listed in the material matters table on page 14 and discussed in more detail throughout the report.

One of our primary duties as a franchisor is to ensure that our franchisees can earn an acceptable return from their business. Franchisees and locations are chosen to increase the likelihood that the restaurant will be well run and profitable. We continually review store design and specifications to ensure that these evolve to meet the changing needs of franchisees and improve efficient use of space and resources. The range of brands and formats increase the likelihood that a strong brand can be matched with a good site, even in smaller locations. We are excited by the potential of the new smaller format Spur and Spur Grill and Go models in smaller towns and transient locations.

Menu engineering helps us to make sure that we keep up with changing tastes and supports sales mix optimisation, maintaining restaurant gross margins and improved kitchen efficiencies.

Our expansion into the rest of Africa and Mauritius continues its positive trajectory, increasing the number of outlets in several of the countries in which we already trade. We have also opened our first John Dory's outlet outside of South Africa, in Zambia. We reached a notable milestone during this year by successfully executing our plan to have a franchise-only model in Australia. We will assess possible exit strategies for our existing UK company-owned restaurants, while at the same time monitor the performance of the pilot smaller format Spur RBW.

Cost management is a critical aspect of managing franchisee profitability and this includes investigating ways to improve the efficient use of resources including gas, electricity and water. Our centralised procurement model and vertical integration drive also ensure that outlets receive consistent and high-quality food at reasonable prices.

A fundamental aspect of Spur Corporation's social and legal licences to operate, is ensuring that the group complies with all applicable regulations and stays abreast of developments that may have an impact on the group or its franchisees.

Excellent customer service builds brands and encourages repeat visits. Where we go wrong, we want to ensure that the mistake is fixed as quickly as possible. We invest in training and development initiatives to upskill management in store to better handle complaints. We are proud of the fact that our customer service centre handles more than 7 000 enquiries a month, of which only 6% were complaints in 2015, down from 8% in 2014.

Transformation is something the group continues to focus on. We are committed to transformation and have invested in this through employment equity and skills development. The new B-BBEE codes will set our rating back and we are yet to reach our transformation targets. However, we believe we will get there over the next few years. We are also committed to supporting our franchisees in becoming B-BBEE compliant as they will increasingly be impacted by lease agreements, liquor licences and other regulations that take B-BBEE status into account.

Spur Corporation and many of its franchisees are active in their communities with various corporate social investment ("CSI") initiatives that aim to make a positive and lasting difference. The group's CSI activities are managed by the Spur Foundation and the donation of the first 100 000 Spur Corporation shares during the year is an important step on the way to the Foundation's self-sufficiency.

Our investment in human capital aims to enhance the skills base available to the group and our franchisees, and improve the transformation profile of our workforce.

While the group's direct environmental footprint is not material, we recognise our duty as corporate citizens to manage our use of energy and water, dispose of waste responsibly and do our best to demonstrate good environmental stewardship. Given the volume of goods that the group's franchised restaurants acquire and Spur Corporation's robust relationship with our franchisees, we have an opportunity to influence positive behaviour in the upstream and downstream supply chain.

OUTLOOK

Our focus in the short to medium term will be on continuing to ensure the local franchise model remains profitable across all brands, while developing markets in the rest of Africa to boost revenue growth. We will cement our relationship with GPI and continue exploring opportunities for acquisitions that will add value to the group.

The biggest risks to executing our strategy and achieving our revenue growth goals are a further devaluation of the rand, high food inflation and interest rate hikes that will further constrain consumer spending. Other risks include broader inflation in the economy, rapidly rising energy costs and continued uncertainty of energy supply.

Alongside these risks are a number of exciting opportunities for growth. We aim to increase outlets through an aggressive rollout of RocoMamas stores, the rollout of smaller format Spur stores locally, proving the Spur RBW concept in the UK, and expanding our African business (into existing countries and countries in which we do not currently trade). We believe that there are also good opportunities to progress our vertical integration plans.

THANKS

We thank our stakeholders and our highly motivated and focused franchisees for their support. We would also like to thank our co-directors for their guidance.

We conclude by thanking the management team and all the people that work at Spur Corporation for an extraordinary effort in an extraordinary time – it has not been easy. We look forward to the year ahead and the opportunities it holds.

Allen Ambor
Executive chairman

Pierre van Tonder
Group chief executive officer

Our investment in human capital aims to enhance the skills base available to the group and our franchisees, and improve the transformation profile of our workforce.

CHIEF FINANCIAL OFFICER'S REPORT

Ronel van Dijk
Chief financial officer

Spur Corporation delivered another strong performance despite a challenging economic and operating environment. While the results in the UK operation and at Captain DoRegos were disappointing, the group's expansion into Africa showed good progress and the contribution from Australia resumed its positive trend. The South African operations delivered solid results, despite pedestrian economic growth, and the group's new acquisitions exceeded our initial expectations.

Restaurant sales increased 12.1% to R6.2 billion (2014: R5.5 billion) due to growth in core brands, the inclusion of The Hussar Grill for 12 months (2014: six months) and RocoMamas for four months. Sales from existing restaurants increased 7.8%, a satisfactory result in a difficult trading environment.

Group revenue grew by 3.7% to R760.1 million (2014: R732.6 million) and group profit before income tax increased by 1.8% to R205.4 million (2014: R201.9 million).

COMPARABLE OPERATING PROFIT BEFORE INCOME TAX

10.8%

COMPARABLE HEADLINE EARNINGS PER SHARE

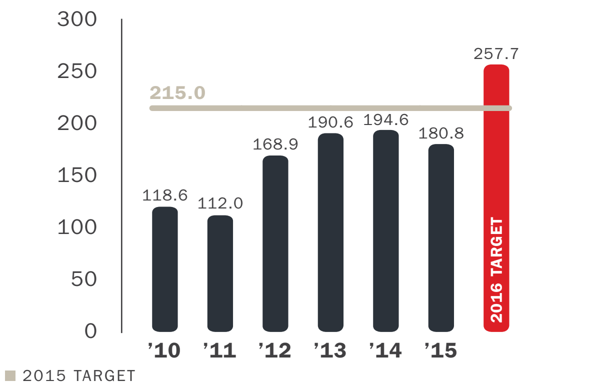
14.3%

The South African operations delivered solid results, despite pedestrian economic growth, and the group's new acquisitions exceeded our initial expectations.

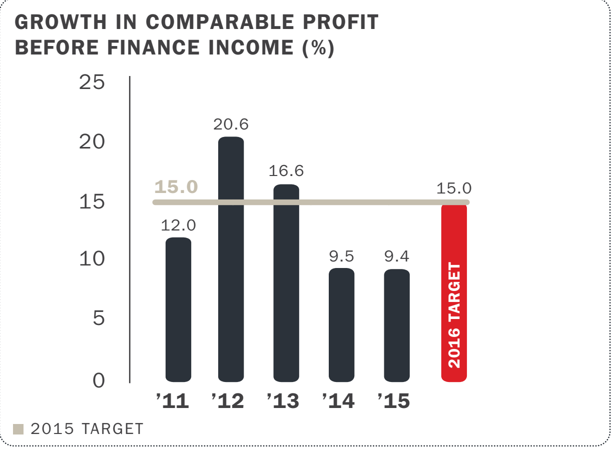
Group operating profit before finance income did not achieve the target of R215.0 million, primarily due to the IFRS2 share-based payment expense of R33.0 million relating to the GPI B-BBEE transaction concluded during the year.

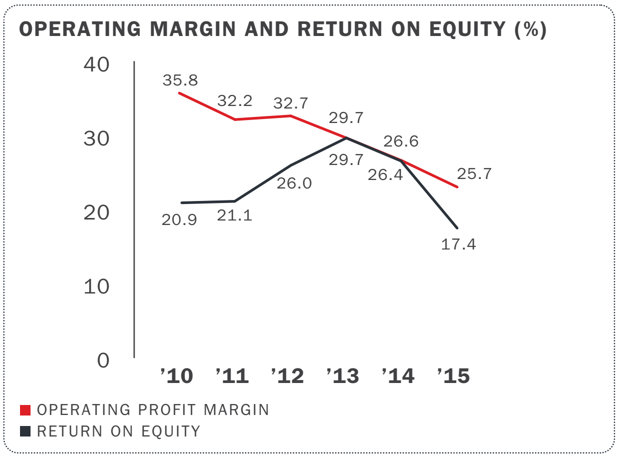
Comparability of group profit before income tax and headline earnings per share is distorted by a number of one-off and exceptional items that are reconciled in the tables on pages 24 and 26 of this section. Adjusting for these one-off and exceptional items, comparable profit before income tax increased by 10.8%, comparable profit before finance income increased by 9.4% and comparable headline earnings per share increased by 14.3%.

OPERATING PROFIT BEFORE FINANCE INCOME* (R'm)



* As defined in note 1 on page 5





The target of 15% growth in comparable profit before finance income was not achieved largely as a result of the disappointing performance in the UK region.

Operating margin and return on equity were negatively impacted by the share-based payment expense relating to the GPI B-BBEE transaction.

In addition, the decline in the operating margin in recent years is attributable to the inclusion of the Captain DoRegos depot from March 2012, and the increased number of company-owned restaurants in the UK and Australia which operate at substantially lower margins than the franchise businesses. The Captain DoRegos depot was closed in November 2013, the three remaining company-owned restaurants in Australia were disposed of during the year and a company-owned restaurant in the UK was closed in February 2015. All of these factors should have a favourable impact on the group's operating margin in the year ahead.

The return on equity is further negatively impacted in the current year by the issue of additional shares to GPI. In addition, a weakening rand increases the local currency equivalent asset base of the group's international operations, and the returns on those assets are relatively low (or loss making in the case of the UK), which has a double negative impact on the return on equity. Assuming that the rand stabilises, it is anticipated that return on equity will improve by a reasonable margin in the year ahead.

COMPARABLE OPERATING PROFIT RECONCILIATION

The table below reconciles profit before income tax to comparable profit before income tax. The table shows key items included in the calculation of profit and is not intended to indicate sustainable or maintainable profit.

	2015 R'000	2014 R'000	% change
Profit before income tax	**205 421**	201 871	1.8
Acquisition-related costs	**233**	1 620	
Captain DoRegos distribution centre closing costs	**–**	1 326	
Foreign exchange loss/(gain)	**21**	(2 616)	
GPI B-BBEE transaction	**19 554**	–	
Impairment and associated losses	**14 959**	5 974	
International structure and tax query costs	**1 310**	2 169	
Loss on disposal of subsidiary	**4 674**	–	
Profit on disposal of subsidiaries	**(4 954)**	(2 154)	
Release of non-controlling interest shareholder loan	**(5 173)**	–	
RocoMamas contingent consideration	**3 681**	–	
Share appreciation rights cost (net of related hedge)	**4 941**	10 195	
Share appreciation rights cost (actual net cost amortised on straight-line basis)	**(7 768)**	(6 073)	
Spur Foundation	**(1 761)**	(122)	
Comparable profit before income tax	**235 138**	212 190	10.8
Net finance income (excluding impact of GPI B-BBEE transaction)	**(10 912)**	(7 251)	
Comparable profit before finance income	**224 226**	204 939	9.4

ITEM	2015	2014
Acquisition-related costs	Legal, due diligence and consulting costs of R0.233 million were incurred in the acquisition of the RocoMamas franchise business during the year. These costs are required to be expensed in accordance with IFRS.	Legal, due diligence and consulting costs of R1.620 million were incurred in the acquisition of The Hussar Grill franchise and retail outlets during the year. These costs are required to be expensed in accordance with IFRS.
Captain DoRegos distribution centre closing costs	Rnil	Includes retrenchment costs of R0.238 million, the loss on asset sales of R0.329 million, and the increased cost of working (arising on the sale of assets while still operating) of R0.759 million.
Foreign exchange	A net loss of R0.021 million, which includes a gain of R1.899 million in realised and unrealised exchange differences and a loss of R1.920 million relating to translation differences of foreign operations (initially taken directly to equity) recycled to profit as the related foreign operations were deregistered or abandoned during the year.	A net gain of R2.616 million, which includes a loss of R0.770 million in realised and unrealised exchange differences and a gain of R3.386 million relating to translation differences of foreign operations (initially taken directly to equity) recycled to profit as the related foreign operations were deregistered or abandoned during the year.
GPI B-BBEE transaction	A net cost of R19.554 million which comprises an IFRS 2 share-based payment expense of R32.957 million, transaction costs of R0.301 million and an estimate of dividend and interest income of R13.704 million arising from the transaction.	Rnil
Impairment and associated losses	R13.905 million relates to the impairment of the Captain DoRegos trademark and related intellectual property intangible assets. R1.054 million relates to the impairment of property, plant and equipment of the Cheyenne Spur in the 0_2 Arena in London (UK).	R2.496 million relates to the impairment of property, plant and equipment of the Panarottis in Blacktown (Australia). R1.866 million relates to the impairment of the franchise rights intangible asset and R1.612 million relates to the accelerated amortisation of leasing rights relating to the Mohawk Spur in Wandsworth (UK).

ITEM	2015	2014
International restructure and tax query costs	Professional services costs of R1.310 million associated with defending assessments issued by SARS in respect of the group's controlled foreign companies and the assessments issued in respect of the group's 2004-2009 share incentive scheme as detailed in notes 45.1 and 45.2 on page 162, respectively, of the annual financial statements.	Professional services costs of R2.169 million associated with defending assessments issued by SARS in respect of the group's controlled foreign companies and the implementation of a restructure to facilitate the uninterrupted operation of the group's international franchise division as detailed in notes 45.1 and 36.1 on pages 162 and 137, respectively, of the annual financial statements.
Loss on disposal of subsidiary	The group realised a loss on the disposal of the Silver Spur business in Penrith (Australia) – see note 35.3 on page 135 of the annual financial statements.	Rnil
Profit on disposal of subsidiaries	The group realised a profit of R1.506 million on the sale of its 92.7% interest in the Panarottis in Blacktown (Australia) and a profit of 3.448 million on the sale of its 100% interest in the Panarottis in Penrith (Australia) – see note 35.1 and 35.2 on pages 133 and 134 respectively of the annual financial statements.	The group realised a profit of R2.154 million on the sale of its 80% interest in the Panarottis in Tuggerah (Australia) to the former operating partner of the outlet – see note 35.4 on page 136 of the annual financial statements.
Release of non-controlling shareholder loan	The group previously recognised a loan payable to the non-controlling shareholder of Larkspur Five Ltd, an entity in which the group held a 70.6% interest. The entity had previously operated the Golden Gate Spur in Gateshead (UK), which ceased trading in October 2013. The company was dissolved on 16 June 2015 and the group was effectively released of its liability to the non-controlling shareholder.	Rnil
RocoMamas contingent consideration	The purchase consideration for the acquisition of RocoMamas is determined as five times RocoMamas' profit before income tax in the third year following the date of acquisition. IFRS requires a liability to be recognised at fair value for this contingent consideration. Any change in the fair value is recognised in profit. The change in fair value for the period from 1 March 2015 to the reporting date amounted to R3.681 million.	Rnil
Share appreciation rights cost (net of related hedge) (long-term share-linked employee retention scheme)	Comprises a share-based payment expense of R19.735 million, net of a gain on the related hedging instrument of R14.794 million – see notes 23 and 17 on pages 123 and 117 respectively of the annual financial statements.	Comprises a share-based payment expense of R28.117 million, net of a gain on the related hedging instrument of R17.922 million – see notes 23 and 17 on pages 123 and 117 of the annual financial statements.
Share appreciation rights cost (long-term share-linked employee retention scheme) (actual net cost amortised on straight-line basis)	The vagaries of the IFRS treatment of the share appreciation rights and related hedging instruments create significant volatility in earnings. The purpose of the hedge is to fix the cost of the scheme at the commencement of each tranche of rights. The economic cost to the group of the scheme, should it be amortised on a straight-line basis over the vesting period of each tranche, amounts to R7.768 million for the year.	The vagaries of the IFRS treatment of the share appreciation rights and related hedging instruments create significant volatility in earnings. The purpose of the hedge is to fix the cost of the scheme at the commencement of each tranche of rights. The economic cost to the group of the scheme, should it be amortised on a straight-line basis over the vesting period of each tranche, amounts to R6.073 million for the year.
Spur Foundation	Profit of R1.761 million. While the Spur Foundation is required to be consolidated in terms of IFRS, the full profit/loss is attributable to non-controlling interest.	Profit of R0.122 million. While the Spur Foundation is required to be consolidated in terms of IFRS, the full profit/loss is attributable to non-controlling interest.

The effective tax rate was 34% (2014: 32%). The main reason for the increase relates to the share-based payment expense arising from the GPI B-BBEE transaction which is non-deductible. The effective tax rate is greater than the corporate tax rate of 28% in the current year because the impairment recognised in the UK is not tax deductible, the deferred tax adjustment arising on the Captain DoRegos intangible asset impairment is calculated at the effective tax rate attributable to capital gains, and no deferred tax assets are recognised in respect of the tax losses incurred in the UK.

COMPARABLE HEADLINE EARNINGS RECONCILIATION	2015 R'000	2014 R'000	% change
Headline earnings – as reported	**141 511**	135 203	4.7
Acquisition-related costs	**233**	1 620	
Captain DoRegos distribution centre closing costs	**–**	955	
Foreign exchange (gain)/loss	**(1 424)**	578	
GPI B-BBEE transaction	**22 236**	–	
Impairment and associated losses	**–**	1 612	
International structure and tax query costs	**973**	2 119	
Release of non-controlling interest shareholder loan	**277**	–	
RocoMamas contingent consideration	**3 681**	–	
Share appreciation rights cost (net of related hedge)	**3 558**	7 340	
Share appreciation rights cost (actual net cost amortised on straight-line basis)	**(5 594)**	(4 373)	
Comparable headline earnings	**165 451**	145 054	14.1
Weighted average number of ordinary shares (excluding GPI) ('000)	**85 429**	85 633	(0.2)
Comparable headline earnings per share (cents)	**193.67**	169.39	14.3

Earnings per share decreased 13.5% to 137.7 cents per share (2014: 159.2) and headline earnings per share decreased 3.2% to 152.8 cents per share (2014: 157.9). Headline earnings were impacted by the increased number of shares in issue and the costs and income arising from the GPI B-BBEE transaction. Comparable headline earnings per share increased by 14.3%. Distribution per share increased 9.1% to 132 cents (2014: 121); although, as a consequence of the increase in the number of shares, the gross dividend declared increased by 21.2% to R143.2 million (2014: R118.1 million). The group's dividend policy remains unchanged at a payout of 75% of headline earnings adjusted for exceptional and one-off items and our intention is to maintain this policy.

SEGMENTAL PERFORMANCE	REVENUE			PROFIT BEFORE INCOME TAX			OPERATING MARGIN		
	2015 R'000	2014 R'000	% change	2015 R'000	2014 R'000	% change	2015 R'000	2014 R'000	% change
Manufacturing and distribution	**173 924**	176 576	(1.5)	**67 083**	58 520	14.6	**38.6**	33.1	5.5
Spur	**217 276**	198 498	9.5	**194 037**	176 552	9.9	**89.3**	88.9	0.4
Panarottis	**27 575**	20 932	31.7	**18 904**	13 117	44.1	**68.6**	62.7	5.9
John Dory's	**16 220**	14 271	13.7	**9 119**	7 736	17.9	**56.2**	54.2	2.0
Captain DoRegos	**6 077**	8 185	(25.8)	**(11 821)**	2 158	(647.8)	**(194.5)**	26.4	(220.9)
The Hussar Grill	**2 417**	700	245.3	**1 298**	471	175.6	**53.7**	67.3	(13.6)
RocoMamas	**2 175**	–	–	**1 386**	–	–	**63.7**	–	–
The Hussar Grill retail	**30 760**	14 988	105.2	**4 645**	2 354	97.3	**15.1**	15.7	(0.6)
Other segments	**58 861**	44 958	30.9	**327**	(160)	304.4			
Unallocated	**1 720**	1 595	7.8	**(81 818)**	(60 020)	(36.3)			
Total South Africa	**537 005**	480 703	11.7	**203 160**	200 728	1.2	**37.8**	41.8	(4.0)
UK	**147 657**	157 565	(6.3)	**(4 714)**	(2 232)	(111.2)			
Australia	**55 729**	79 366	(29.8)	**4 488**	(157)	2 958.6			
Other segments	**19 668**	15 002	31.1	**10 616**	8 829	20.2			
Unallocated	**–**	–	–	**(6 496)**	(4 918)	(32.1)			
Total international	**223 054**	251 933	(11.5)	**3 894**	1 522	155.8	**1.7**	0.6	1.1
Total	**760 059**	732 636	3.7	**207 054**	202 250	2.4	**27.2**	27.6	(0.4)

Revenue declined in the manufacturing and distribution segment owing to the closure of the Captain DoRegos depot in November 2013. The depot's revenue amounted to R22.7 million in the prior year and the loss before income tax amounted to R1.4 million. The depot operated at a low margin and the exclusion of this business consequently resulted in the significant increase in the operating margin in the current year. Overall segment comparable revenue, which removes the depot from the prior year comparative number, increased by 13.0%. The margin further benefitted from the higher cost of integration (distribution fee) income which effectively realises a 100% margin, as the group's procurement basket and franchisee participation increases.

Franchise revenue in the Spur, Panarottis and John Dory's franchise brands increased in line with restaurant turnovers and the margins benefitted from increased revenues and the associated economies of scale.

The Captain DoRegos loss before income tax includes the impairment of the trademark and related intellectual property. Excluding this impairment, the brand actually increased its operating margin to 34.3%. As a consequence of the lower turnovers, cost cutting measures were implemented to "cut our cloth accordingly".

The Hussar Grill franchise margin declined due to travel and development costs incurred in exploring opportunities to expand the brand nationally.

Other local segments comprise the group's décor manufacturing, export, radio station, training and call centre businesses. The increase in revenue related largely to the increase in export business driven by store openings internationally. With the exception of the export business, the other businesses are not intended to make significant profits as they are largely support functions to franchisees.

Unallocated South Africa loss before income tax includes:
- net finance income of R24.4 million (2014: R7.1 million) (which includes interest and preference dividends relating to the GPI B-BBEE transaction in the current year);
- the impact of the long-term share-linked employee retention scheme;
- the net income of the Spur Foundation Trust;
- the share-based payment charge and transaction costs relating to the GPI B-BBEE equity transaction;
- professional fees related to the acquisition of RocoMamas in the current year and The Hussar Grill in the prior year;
- the fair value adjustment relating to the RocoMamas contingent consideration liability; and
- professional advisory fees of R0.5 million relating to defending the tax queries on the group's international structure and 2004 share incentive scheme in the current year, and the prior year includes costs of R0.4 million relating to a restructure of the group's international subsidiaries.

The UK segment comprises the franchise business and company-owned outlets. The Golden Gate Spur in Gateshead and Mohawk Spur in Wandsworth ceased trading in October 2013 and February 2015 respectively, which accounts for part of the reduction in revenue. The two outlets contributed revenue of R8.5 million for the year (2014: 18.5 million). The loss for the year includes the impairment loss on the Cheyenne Spur in the O_2 Arena and the gain on the release of the non-controlling shareholder's loan in Larkspur Five Ltd on dissolution of the entity. The prior year includes an impairment of franchise rights and the accelerated amortisation of leasing rights relating to Mohawk Spur. Excluding these exceptional and one-off items, as outlined in the table above, the region contributed a trading loss for the year of R8.7 million (2014: R1.3 million profit).

The Australia segment comprises the franchise business and company-owned outlets. The Panarottis in Blacktown was sold with effect from 15 November 2014 and the Silver Spur and Panarottis outlets in Perth were sold with effect from 31 March 2015. The Panarottis in Tuggerah was disposed of on 1 January 2014. Consequently, the region now operates on a fully franchised model. Revenue related to these company-owned outlets amounted to R49.3 million (2014: R76.0 million). Excluding the exceptional and one off items relating to the impairment and disposal of these outlets outlined in the comparable profit table above, the region returned a profit of R4.3 million relative to R0.3 million in the prior year, which is a positive indication of a sustained turnaround.

Revenue from other international segments, comprising largely the African operations, increased in line with improved trading in the region. The margin contraction is due to the significant increase in travel costs related to developing and expanding the group's footprint on the continent.

Unallocated international loss before income tax includes foreign exchange gains/losses and professional advisory costs of R0.8 million (2014: R1.7 million) relating to the group's international restructure and related tax matters, as outlined in the comparable profit table above.

	2011 %	2012 %	2013 %	2014 %	2015 %
Local franchise operating profit margin					
Manufacturing and distribution	45.5	39.0	27.9	33.1	**38.6**
Spur	86.6	87.8	88.5	88.9	**89.3**
Panarottis	59.3	60.7	59.2	62.7	**68.6**
John Dory's	46.4	52.5	56.6	54.2	**56.2**
Captain DoRegos	–	37.1	41.8	26.4	**(194.5)**
The Hussar Grill	–	–	–	67.3	**53.7**
RocoMamas	–	–	–	–	**63.7**

FINANCIAL POSITION

Group total assets increased to R1.1 billion from R738.0 million in 2014 due to the increase in cash of R222.3 million and increase in investments (comprising preference shares) of R72.3 million relating to the GPI B-BBEE transaction, and an increase in intangible assets and goodwill relating to the acquisition of RocoMamas of R49.6 million (of which only R2.0 million has been settled in cash).

Total loans receivable increased by R109.2 million. In addition to the GPI preference shares, with a carrying value at the reporting date of R76.7 million, the increase is attributable to the aggregate receivables of R14.4 million arising from the disposal of the Australian company-owned outlets, and an additional loan of R10.0 million advanced to Braviz Fine Foods as bridging finance to fund working capital during the start-up stage of operations.

A contingent consideration liability, measured at fair value of R47.3 million, has been recognised in relation to the acquisition of the RocoMamas business. The purchase consideration is determined as five times the profit before income tax of the business for the 12 month period ending 28 February 2018, with an initial payment of R2.0 million on the acquisition date of 1 March 2015. Interim payments (or refunds, as the case may be) will be made on the first and second anniversary dates of the acquisition date calculated as five times the profit before income tax of each anniversary period less any previous payments made. The total purchase consideration over the three-year period is estimated at R70.8 million, the present value of which amounted to R45.7 million at acquisition date.

During the year, the group acquired an additional 361 273 treasury shares at an aggregate cost of R11.4 million. The group intends continuing to repurchase shares in the year ahead. The group's financial position remains ungeared with no formal external borrowings.

Cash generated from operations increased 3.6% to R209.9 million (2014: R202.6 million). Working capital increased by R12.9 million, largely attributable to the timing of promotional marketing activities and the related receivables from franchisees.

	2015 R'000	2014 R'000
Capital expenditure		
Maintenance	**12 074**	9 298
Expansion	**18 711**	784
Total	**30 785**	10 082

Capital expansion in the current year includes R8.2 million for land and R5.1 million for buildings as the group has outgrown its office in Century City in Cape Town. The total contract value for the construction of the additional administrative building is R39.0 million. A further R5.4 million relates to the fit out of the pilot Spur RBW in Corby (UK). Maintenance capital expenditure is anticipated to remain consistent in the year ahead.

The board has approved an investment of R25.0 million in the construction of company-owned The Hussar Grill restaurants in order to establish the brand in Gauteng, with the first such outlet completed in September 2015. The board has furthermore approved an additional investment of R6.5 million for the relocation of the company-owned The Hussar Grill in Green Point (Cape Town) and the establishment of a company-owned RocoMamas outlet in the existing Green Point site.

In addition, the board has approved a further investment of £750 000 for the rollout of a further three company-owned Spur RBW restaurants in the UK. There is no obligation on the part of the group to proceed with the investment, and any decision in this regard will depend on the success of the Corby pilot.

TAX QUERIES

The South African Revenue Service ("SARS") has issued the group with additional assessments relating to the group's offshore controlled foreign companies amounting to R2.0 million. In a separate case, SARS has issued the group with additional assessments totalling R6.6 million, following the disallowance of a deduction claimed in respect of the group's 2004 share incentive scheme. Both amounts have been settled in cash, objected to and are the subject of alternate dispute resolution (ADR) proceedings.

Subsequent to year end, SARS issued further assessments in the second matter amounting to R15.4 million, which have been objected to. The board, in consultation with its tax advisors, remains confident that it will be able to prove that SARS has erred in disallowing the deductions and, consequently, no liability has been raised in respect of the assessments issued to date. More information on these matters is available in notes 45.1 and 45.2 on page 162 of the annual financial statements.

LONG-TERM SHARE-LINKED EMPLOYEE RETENTION SCHEME

In December 2010, the group implemented a long-term share-linked incentive scheme, in terms of which a maximum of 1.5 million cash-settled share appreciation rights are issued to senior management each year. To mitigate the liquidity risk associated with the share appreciation rights, the board requires that the obligation in respect of these rights is hedged to the extent possible. To hedge the possible cash outflow resulting from the rights, the group has concluded a number of forward purchase transactions. The hedge is only effective if the share price appreciates above the forward price of the contracts.

On the assumption that this is the case, the cost per tranche of rights issued is essentially fixed as the difference between the grant date strike price of the rights issued and the forward price of the contracts. In terms of IFRS, the share appreciation rights liability is fair valued at each reporting date and charged to profit over the vesting period of the rights; while the underlying economic hedging instrument is fair valued at each reporting date, with the full change in fair value immediately recognised in profit. This difference in accounting for the changes in fair values of the rights and hedging contracts creates an accounting mismatch, which is excluded in the comparable profit measures reported above. However, the scheme does have a cost to the group, which is added to the comparable profit measures referred to in the table above. The table below demonstrates the normalised impact of the scheme over the vesting periods of the respective rights.

Grant date	Dec 2010	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Total
Vesting date	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	
No. of rights granted ('000)	1 500	1 500	1 500	1 500	1 500	
Grant date strike price (R)	14.62	14.80	21.29	30.38	30.91	
Forward price (R)	17.10	17.76	25.64	37.57	35.94	
Total cost (R'000)	3 720	4 440	6 525	10 785	7 545	
Annualised cost (R'000)	1 240	1 480	2 175	3 595	2 515	
Annualised cost 2014 (R'000)	620	1 480	2 175	1 798	–	6 073
Annualised cost 2015 (R'000)	**–**	**740**	**2 175**	**3 595**	**1 258**	**7 768**

OUTLOOK

We do not expect the trading environment to improve markedly in the year ahead. However, we believe the group is well positioned to continue its expansion into new markets in Africa and to leverage new store formats and grow its new and existing brands. The group will continue to build on its current base and investigate potential acquisitions to increase vertical integration in the supply chain in order to enhance corporate and franchisee profitability.

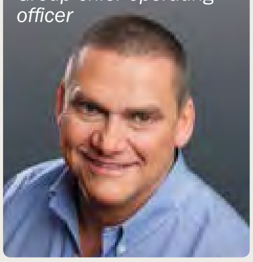
Ronel van Dijk
Chief financial officer

OPERATIONAL REPORTS

SPUR STEAK RANCHES

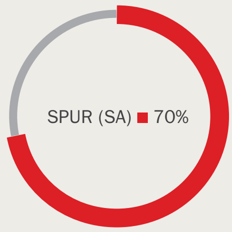
PEOPLE WITH A TASTE FOR LIFE

Mark Farrelly
Group chief operating officer



Spur Steak Ranches is a family-orientated chain of steakhouses that has been part of the South African family since 1967. We promise a warm, relaxed, family-friendly environment, generous portions of great tasting food and a hearty helping of quality.

CONTRIBUTION TO RESTAURANT TURNOVER



PROMOTIONS
– Spur's Unreal Breakfast
– Monday Burger (buy one get one free)
– Cheddamelt Wednesday
– 20% off all steaks on Thursdays

PERFORMANCE SCORECARD

RESTAURANT TURNOVER	FRANCHISE REVENUE	CONTRIBUTION TO GROUP PROFIT
R4.31bn	**R217.3m**	**R194.0m**
2014: R3.95 billion	2014: R198.5 million	2014: R176.6 million
⌃ 9.0%	⌃ 9.5%	⌃ 9.9%

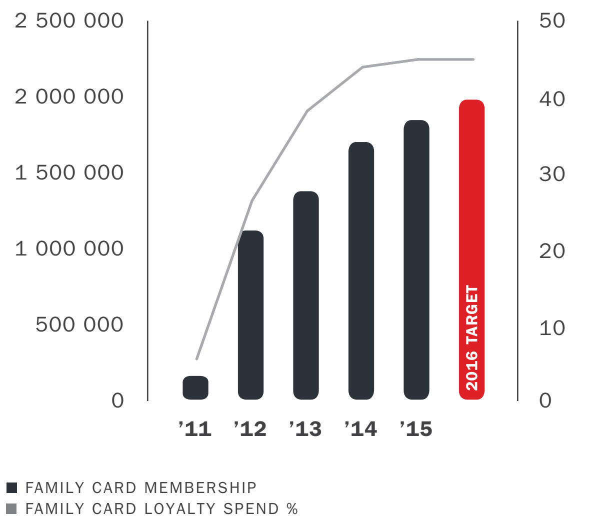
TOTAL RESTAURANTS IN SOUTH AFRICA	NEW OUTLETS / REVAMPS / RELOCATIONS	SPUR FAMILY CARD HOLDERS	CORPORATE EMPLOYEES
277	9 NEW OUTLETS	**1.85m**	**40**
2014: 270	32 REVAMPS	2014: 1.7 million	2014: 43 employees
	4 RELOCATIONS		

PERFORMANCE OVERVIEW

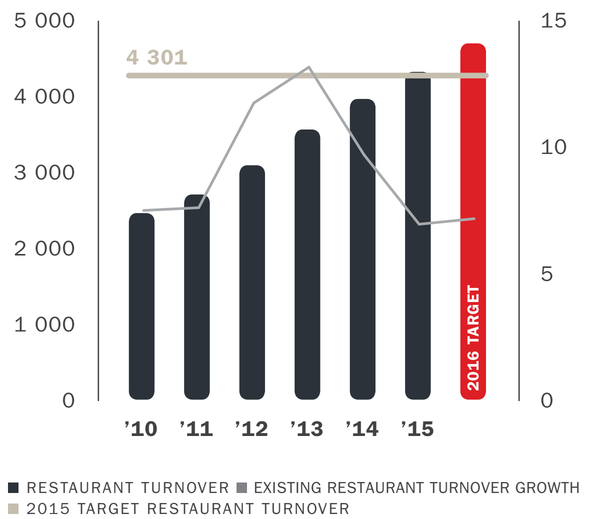
Total restaurant turnover increased 9.0% to R4.31 billion (2014: R3.95 billion). This is a satisfying performance given the challenging economic environment and highly competitive market in which we operate. We estimate that the impact of load-shedding cost the division an additional 3% in lost turnover growth. Existing restaurant turnover grew 7.3%.

Turnover growth was supported by strengthening our breakfast positioning and focusing on driving repeat weekday evening business by offering good value in our weekday specials. These received ongoing support by consumers and Spur once again won the *Sunday Times* Generation Next 2015 Survey Award for the "Coolest Place to Eat Out". Three quarters of Spur restaurants nationwide have generators in case of load-shedding.

SPUR FAMILY CARD MEMBERSHIP AND % SPEND



SPUR RESTAURANT TURNOVER (R'm) AND EXISTING RESTAURANT TURNOVER GROWTH (%)



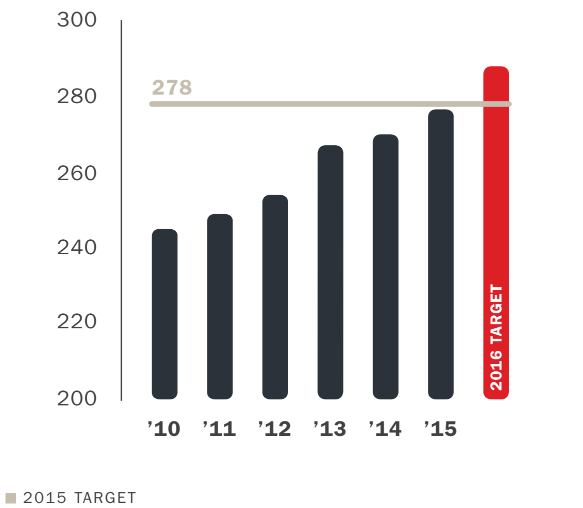
Training of franchisee staff continued to be a focus area for the brand and is a critical success factor in maintaining food quality and service standards. Training initiatives included the modular training programme and the Management Prestige programmes, which included widespread re-training and re-focusing of restaurant managers and operators.

The Spur Family Card grew strongly with over 1.85 million members transacting in the past 12 months (2014: 1.7 million members). Spur loyalty spend per invoice is 29% higher than non-loyalty spend. Customers see the value in the programme with 71% of the more than 100 000 vouchers (worth R50 each) distributed per month being redeemed.

The Spur eGift Card was successfully launched in September 2014 and is showing steady sales uptake. The card has enabled Spur to offer a business-to-business solution, allowing companies to buy them for their customers and employees as incentives and rewards. We are also partnering with a number of large corporates and have identified synergistic benefits in broadening the offer to a wider consumer base.

The year also saw the finalisation of two smaller concept Spur restaurants to increase potential outlets for the brand. The small format Spur suits locations in minor urban areas that can accommodate approximately 350m^2 and 140 seats and features lower setup costs and a reduced menu. The 'Spur Grill and Go' concept targets high foot traffic locations with floor space of around 150m^2 – such as filling station forecourts – and has a further reduced menu, dedicated takeaway counter and limited seating. We have identified target sites for these formats and intend rolling them out on a pilot basis in the year ahead.

SPUR SOUTH AFRICA RESTAURANTS



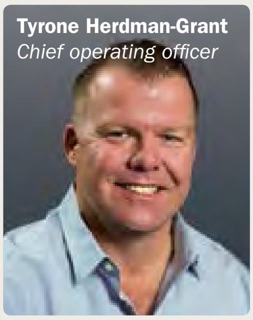
STRATEGIC OUTLOOK

We intend to remain competitive through entrenching our specials, supported by strong marketing campaigns. This will include ongoing re-evaluation of our offerings and menu content to ensure that we keep on giving our customers what they want, while ensuring franchisee profitability. We will continue growing our footprint through new store openings, relocations where necessary and rollout of the new smaller format and Spur Grill and Go models in suitable locations. Skills development within Spur Corporation and among our franchisees will continue to be a core focus area.

STRATEGIC GOALS	2015 GOALS AND ACHIEVEMENTS	2016 GOALS
OPEN NEW OUTLETS	9 new outlets (Goal: 10)	Open 11 new outlets
REVAMP EXISTING OUTLETS	32 revamps (Goal: 35)	Revamp 22 existing outlets
RELOCATE EXISTING OUTLETS	4 relocations (Goal: 5)	Relocate 2 existing outlets
REFINE AND ROLLOUT SMALLER FORMAT STORES	✔ A new smaller format Spur restaurant and the Spur Grill and Go concept were developed during the year	Open 4 Grill and Go's Open 3 new specification smaller format stores
ENHANCE LOYALTY OFFERING	✔ Spur Family Card App and Spur eGift Card launched Data mined to assist franchisees with targeted local store marketing to their loyal customers	Continue to investigate innovative ways to capitalise on data being collected
CONTINUE TO PROMOTE WEEKDAY SPECIALS	✔ Weekday specials continue to attract customers in quieter periods Weekday promotions revamped to ensure they remain topical to customers and financially feasible for franchisees	Continue to promote weekday specials and assess their effectiveness and financial feasibility
FURTHER ENTRENCH BREAKFAST MARKET PRESENCE	✔ Spur's Unreal Breakfast is now well established	
TRAIN AND UPSKILL EMPLOYEES	✔ Management Prestige Programme and Modular Training for franchise managers and employees	Continued focus on training and upskilling employees
INCREASE RESTAURANT EFFICIENCIES	✔ Pilot conveyor belt cooker and new self-filtering energy efficient fryers implemented in test store	Depending on findings of pilot, possible rollout to broader franchisee body
CONTINUED COMMUNITY INVOLVEMENT	✔ Many franchisees run CSI initiatives in their local communities	Continued community involvement

PANAROTTIS PIZZA PASTA

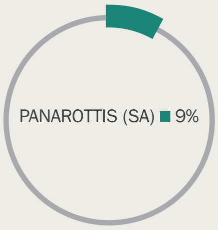
BIG ON FAMILY. BIG ON PIZZA.



Tyrone Herdman-Grant
Chief operating officer

Panarottis is an Italian-themed restaurant built around quality and the finest ingredients – including our award-winning 100% Italian imported pizza flour and 100% Durum wheat pasta.

CONTRIBUTION TO RESTAURANT TURNOVER



PROMOTIONS
- Panarottis Breakfast-on-Pizza
- Buy one Get one Free on Tuesdays
- Thursdays Eat as Much Pizza as You Like
- Sundays Kids Eat Free

PERFORMANCE SCORECARD

RESTAURANT TURNOVER	FRANCHISE REVENUE	CONTRIBUTION TO GROUP PROFIT
R565.0m	**R27.6m**	**R18.9m**
2014: R450.5 million	2014: R20.9 million	2014: R13.1 million
25.4%	31.7%	44.1%

TOTAL RESTAURANTS IN SOUTH AFRICA		CORPORATE EMPLOYEES
75	**11** NEW OUTLETS	**13**
2014: 68	**7** REVAMPS	2014: 13 employees
	3 RELOCATIONS	

PERFORMANCE OVERVIEW

Total restaurant turnover increased by 25.4% to R565.0 million (2014: R450.5 million). Existing restaurant turnover grew 15.8%, driven by the ongoing process of revamping existing outlets, upgrading kids' facilities and continuing to improve operational standards.

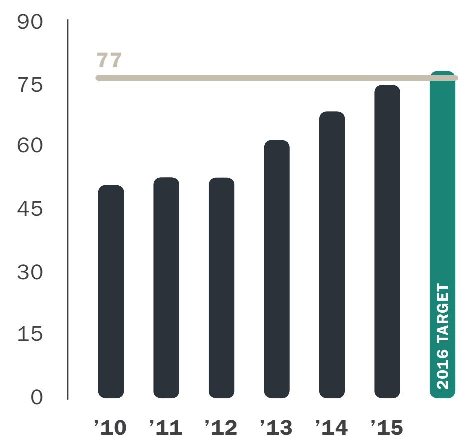
We continued our menu engineering project. This includes reducing our menu content and decreasing the number of stock items to make the menu more focused and profitable, while having a positive impact on turnover and average spend per head.

The market has responded well to our traditional Italian approach to making dough with high-quality imported Italian pizza flour which is free of preservatives and additives.

52% of Panarottis restaurants have generators so that customers are not inconvenienced by load-shedding.

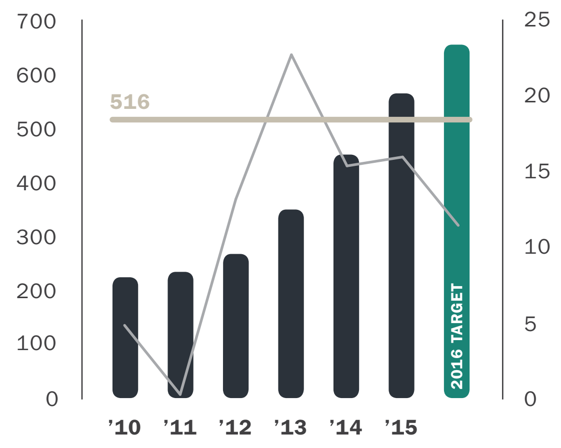
Panarottis held a six week "Panarottis Master Pizza Challenge", which saw the winner competing in Parma, Italy, at the 2014 International Master Pizza Championships. Following on the success of the Spur Family Card programme, the Panarottis Rewards Programme was launched after year-end.

PANAROTTIS SOUTH AFRICA RESTAURANTS



2015 TARGET

PANAROTTIS RESTAURANT TURNOVER (R'm) AND EXISTING RESTAURANT TURNOVER GROWTH (%)



RESTAURANT TURNOVER ■ EXISTING RESTAURANT TURNOVER GROWTH
2015 TARGET RESTAURANT TURNOVER

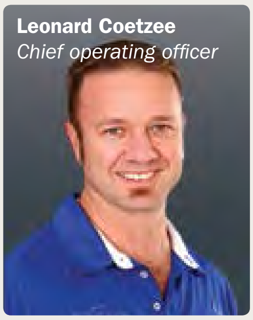
STRATEGIC OUTLOOK

The year ahead will see continued focus on operational fundamentals, service, improving the business model by implementing efficiencies and reducing labour costs, instilling increased financial disciplines and cementing the back-to-basics and great food quality strategy.

STRATEGIC GOALS	2015 GOALS AND ACHIEVEMENTS		2016 GOALS
OPEN NEW OUTLETS	11 new outlets (Goal: 10)	✔	Open 5 new outlets
REVAMP AND RELOCATE EXISTING OUTLETS	7 revamps and 3 relocations (Goal: 8)	✔	Revamp and relocate 5 existing outlets
CONTINUED EXPANSION OF DELIVERY	Deliveries now available from 52 outlets	✔	
CONTINUED EXPANSION OF SLICE BAR AND TAKEAWAY OFFERINGS	25 stores with slice bars or dedicated takeaway counters (although all stores offer takeaway business)	✔	
CONTINUED ROLLOUT OF KIDS FACILITIES	97% of outlets now have kids' facilities	✔	Kids' facilities at 11 stores to be revamped to improve offering
ROLLOUT LOYALTY PROGRAMME	Programme developed and launched after year end	✔	Entrench loyalty programme
CONTINUED COMMUNITY INVOLVEMENT	Many franchisees run CSI initiatives in their local communities and this is encouraged by regular communication of successful events	✔	Continued emphasis on community involvement
CONTINUE PROMOTING WEEKDAY SPECIALS AND BREAKFAST OFFERING	Weekday specials and Panarottis breakfast offering are well established and popular	✔	Continuing promoting weekday specials and breakfast offering

JOHN DORY'S

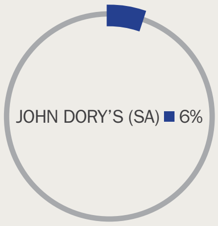
FISH. GRILL. SUSHI.



Leonard Coetzee
Chief operating officer

John Dory's is predominantly a seafood restaurant well known for its distinctly Mediterranean culture, charisma and family appeal.

CONTRIBUTION TO RESTAURANT TURNOVER



PROMOTIONS

- Tuesdays Hake and Chips
- Wednesday ½ Price Sushi and Graça
- Fabulous Fridays Sushi Platter and Free Captain's Cooler

PERFORMANCE SCORECARD

RESTAURANT TURNOVER **R335.0m** 2014: R299.2 million ▲ 12.0%	FRANCHISE REVENUE **R16.2m** 2014: R14.3 million ▲ 13.7%	CONTRIBUTION TO GROUP PROFIT **R9.1m** 2014: R7.7 million ▲ 17.9%

TOTAL RESTAURANTS IN SOUTH AFRICA **38** 2014: 33	**6** NEW OUTLETS **2** REVAMPS	JOHN'S CLUB CARD HOLDERS **137 000** 2014: 166 000	CORPORATE EMPLOYEES **8** 2014: 10 employees

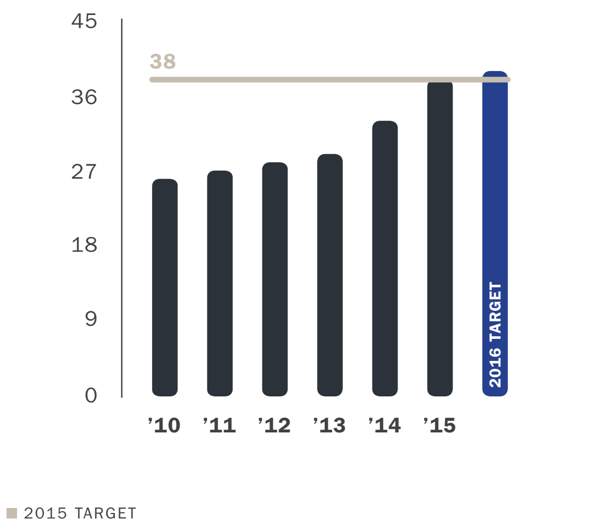
PERFORMANCE OVERVIEW

Total restaurant turnover increased 12.0% to R335.0 million (2014: R299.2 million) with existing restaurant turnover increasing by 5.7%. Turnover growth was negatively affected by the closing of the Pavilion outlet in Westville, the rebranding of the Somerset West outlet to The Hussar Grill, major revamps at several major shopping malls and the impact of load-shedding. However, 68% of our restaurants now have generators.

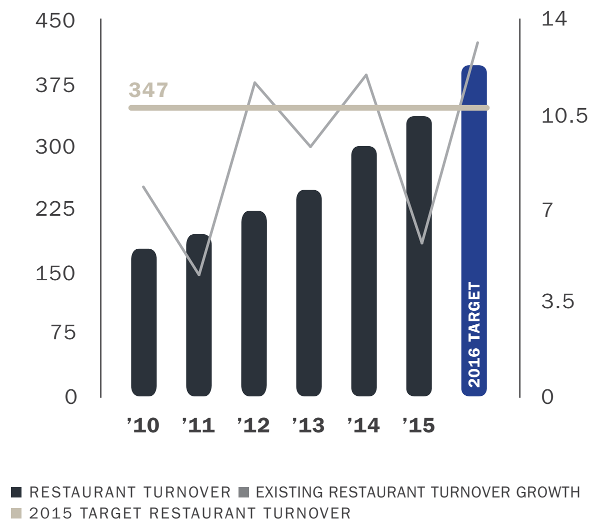
The John's Club Loyalty Programme now has 137 000 members and was simplified during 2015, increasing the cash back benefit from 3% to 5%. The decline in membership during the year arose from a clean-up of the membership database, where inactive or unknown members were removed from the system.

Our focus was on development and training to ensure that we continue delivering good customer service at existing and new restaurants. The ongoing rollout of our new look was well received by customers and franchisees and 87% of our restaurants have kids' areas.

JOHN DORY'S SOUTH AFRICA RESTAURANTS



JOHN DORY'S RESTAURANT TURNOVER (R'm) AND EXISTING RESTAURANT TURNOVER GROWTH (%)



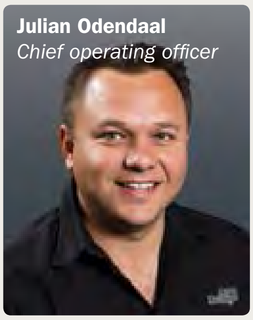
STRATEGIC OUTLOOK

We aim to grow our footprint and turnover while ensuring franchisee profitability is maintained.

STRATEGIC GOALS	2015 GOALS AND ACHIEVEMENTS		2016 GOALS
OPEN NEW OUTLETS, REVAMP AND RELOCATE EXISTING OUTLETS	**6 new outlets** (Goal: 7) **2 revamps** (Goal: 8 revamps and relocations)		**Open 3 new outlets** **Revamp and relocate** **3 existing outlets**
CREATE LOYALTY AROUND NEW MENU ITEMS	**New signature dishes created and well received**	✔	**Implement innovative new sushi offering**
ALL OUTLETS TO HAVE KIDS' FACILITIES	**87% of restaurants have kids' areas**	✔	**2 additional restaurants to ` have kids' areas installed**
CONTINUE IMPROVING THE BRAND'S VIBE AND SPIRIT OF GENEROSITY	**New look and brand refresh are reinvigorating the customer experience**	✔	**Continue encouraging franchisees in this regard**
LEVERAGE TV CAMPAIGN AND EXPAND TO OTHER CHANNELS, MAINTAIN CONSISTENT AND CLEAR BRAND MESSAGING	**Marketing campaigns and brand messaging expanded across channels, including social media and pay-TV channels**	✔	**Promotions to be marketed on television**
ONGOING IMPROVEMENT OF OPERATIONAL DISCIPLINES	**Training initiatives focused on customer service and operating disciplines**	✔	**Ongoing improvement of operational disciplines**
INCREASE PARTICIPATION IN LOYALTY PROGRAMME	**Loyalty programme revamped and simplified** **137 000 John's Club members account for 31% of total sales**	✔	**Continue to monitor usage and effectiveness of loyalty programmes**
EXPAND INTO NEW REGIONS OF SOUTH AFRICA	**6 new outlets opened in key areas** **Smaller metros more susceptible to economic changes and therefore higher risk**	✔	**Focus on expansion in key metros**
CONTINUED COMMUNITY INVOLVEMENT	**Many franchisees run CSI initiatives in their local communities**	✔	**Continued community involvement**

CAPTAIN DOREGOS

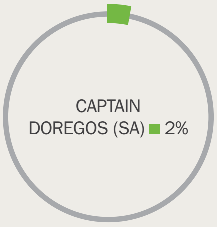
IT'S ALL GOOD



Julian Odendaal
Chief operating officer

Captain DoRegos serves quality, quick-service food at an affordable price. We are experts when it comes to whipping up value-for-money meals that you can enjoy as a takeaway or in a comfortable sit-down environment.

CONTRIBUTION TO RESTAURANT TURNOVER



PERFORMANCE SCORECARD

RESTAURANT TURNOVER	FRANCHISE REVENUE	CONTRIBUTION TO GROUP PROFIT
R143.0m	R6.1m	(R11.8m)*
2014: R164.8 million	2014: R8.2 million	2014: R2.2 million
↓ 13.2%	↓ 25.8%	↓ 647.8%

TOTAL RESTAURANTS IN SOUTH AFRICA		CORPORATE EMPLOYEES
57	12 NEW OUTLETS	3
2014: 61	1 REVAMP	2014: 9 employees
	1 RELOCATION	

* Includes impairment loss on intangible assets of R13.905 million.

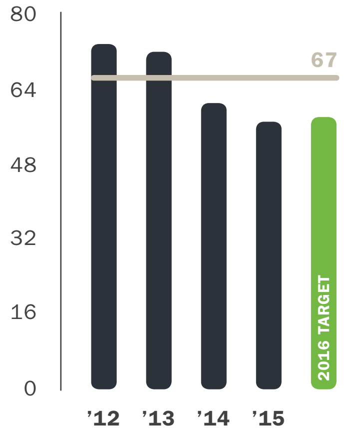
PERFORMANCE OVERVIEW

Captain DoRegos was negatively affected by the intense economic pressure evident in the lower-income consumers that represent its target market, and by increased competition. Total restaurant turnover declined by 13.2% to R143.0 million in 2015 (2014: R164.8 million). Existing store sales fell by 20.2%.

16 non-performing outlets were closed during the year while 12 new outlets were opened. We continue to refine the brand's business model and to assist franchisees in having stable businesses where necessary. The new point of sale system being rolled out allows tracking of sales mix and other business intelligence. The menu has been revised to improve in store efficiencies and to better address the needs of our target market. Training was integrated into Spur Corporation structures and we now have three dedicated training outlets.

We also restructured the operations team supporting the brand to maintain the division's margin in the context of lower revenue and rolled out a new store design that reduced set-up costs.

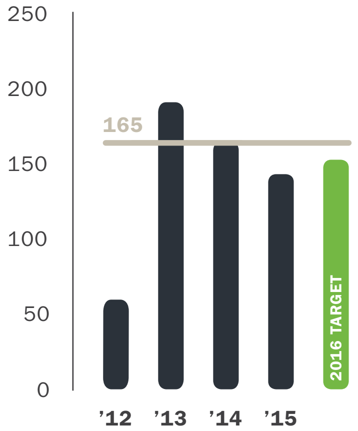
CAPTAIN DOREGOS SOUTH AFRICA RESTAURANTS*



2015 TARGET

* Acquired in March 2012

CAPTAIN DOREGOS RESTAURANT TURNOVER (R'm)*



2015 TARGET

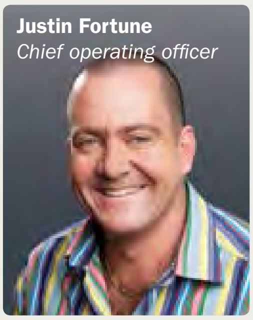
* Acquired in March 2012

STRATEGIC OUTLOOK

Our focus will be on maintaining product quality, improving service, standardising the brand's look and feel, focusing on value-added campaigns and introducing new quality products.

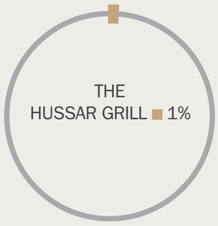
STRATEGIC GOALS	2015 GOALS AND ACHIEVEMENTS		2016 GOALS
OPEN NEW OUTLETS	12 new outlets (Goal: 8)	✔	Open 5 new outlets
REVAMP AND RELOCATE EXISTING OUTLETS	1 revamp, 1 relocation (Goal: 5)		Revamp/relocate 1 existing outlet
FURTHER ENTRENCH GROUP DISCIPLINES AND PROCEDURES	Servicing of outlets integrated into Spur Corporation operations	✔	No nonsense attitude to complying with group standards
UPGRADE AND STANDARDISE THE BRAND'S LOOK AND FEEL	Rollout of new signage and revamps ongoing Décor specification finalised	✔	Continue to rollout new signage where financial resources permit
CONTINUE TRAINING EMPLOYEES TO ENHANCE CUSTOMER EXPERIENCE	Training integrated into Spur Corporation – now have 3 training outlets	✔	Continue to train employees to enhance customer experience
CONTINUED ROLLOUT OF NEW POINT OF SALE SYSTEM TO IMPROVE RELEVANCE OF BUSINESS INTELLIGENCE	23 of 57 outlets have the new point of sale system	✔	All new stores and two existing stores to implement new point of sale system where financial resources permit
SIMPLIFY BRAND MENU AND OFFERING	Menu and offering simplified and reduced	✔	Launch new (replacement) innovative product every six months to ensure brand remains relevant

THE HUSSAR GRILL



The Hussar Grill is a chain of premier grillrooms offering speciality grills, an upscale yet comfortable and inviting ambience and a comprehensive wine selection. It has been operating since 1964 and has an excellent reputation in the Western Cape.

CONTRIBUTION TO RESTAURANT TURNOVER



PERFORMANCE SCORECARD*

RESTAURANT TURNOVER	FRANCHISE REVENUE	COMPANY-OWNED (RETAIL) RESTAURANT REVENUE
R72.0m	R2.4m	30.8m
2014: R29.1 million	2014: R0.7 million	2014: R15.0 million
147.4%	245.3%	105.2%

COMBINED FRANCHISE AND RETAIL CONTRIBUTION TO GROUP PROFIT	TOTAL RESTAURANTS IN SOUTH AFRICA	CORPORATE EMPLOYEES	COMPANY-OWNED (RETAIL) RESTAURANT EMPLOYEES
5.9m	8	3	91
2014: R2.8 million	2014: 6	2014: 2 employees	2014: 93 employees
110.4%			

* The Hussar Grill was acquired from 1 January 2014. Figures for the prior year therefore include only six months of trading.

PERFORMANCE OVERVIEW

The group acquired The Hussar Grill in January 2014. This enables it to compete in the sought after upmarket dining space in South Africa. The brand targets a higher-income market that is prepared to pay a premium for a quality offering and first-rate experience despite the current challenging economic climate. Five of the eight restaurants are franchised with the remaining three company-owned. Three of the eight restaurants already have generators in place to counter electricity supply interruptions.

Total restaurant turnover increased to R72.0 million compared to the six months from acquisition reported last year of R29.1 million. Two new restaurants were opened – one in Paarl and the other in Somerset West. A flagship company-owned restaurant in Johannesburg was opened in September 2015 to launch the expansion of the brand into Gauteng.

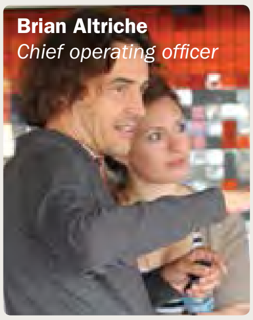
STRATEGIC OUTLOOK

We have created a refreshed brand look and our focus will be on establishing the brand in Gauteng, opening our first restaurant in Zambia, unifying back of house operational processes and systems, improving business intelligence systems and implementing local store marketing initiatives to entrench the brand in the areas in which we trade.

STRATEGIC GOALS	2015 GOALS AND ACHIEVEMENTS		2016 GOALS
OPEN NEW OUTLETS, REVAMP AND RELOCATE EXISTING OUTLETS	2 new outlets (Goal: 6)		Open 2 new outlets Revamp/relocate 1 existing outlet
GROW EXISTING BUSINESS	Existing business grew by 10.8% (Goal: between 8% and 10%)	✔	Grow existing business by between 8% and 10%
ESTABLISH THE HUSSAR GRILL BRAND IN NEW REGIONS	Implementation of expansion into new regions delayed	✔	2 outlets to be opened in Gauteng and first outlet outside of South Africa (in Lusaka, Zambia)

ROCOMAMAS

WE'RE NOT NORMAL



RocoMamas

RocoMamas is a trendy, personalised restaurant concept built around a customised but casual and affordable menu. RocoMamas offers handmade "smash-style" burgers, ribs and wings, with all orders prepared fresh on site.

PERFORMANCE SCORECARD*

RESTAURANT TURNOVER	CONTRIBUTION TO GROUP PROFIT	TOTAL RESTAURANTS IN SOUTH AFRICA
R24.3m	R1.4m	9

CORPORATE EMPLOYEES	FRANCHISE REVENUE
3	R2.2m

* Acquired 1 March 2015

PERFORMANCE OVERVIEW

The group acquired 51% of RocoMamas effective 1 March 2015. RocoMamas is categorised as a fast-casual dining restaurant and brings with it an unconventional social media marketing strategy designed to unnerve competitors and target the millennial customer.

Total restaurant turnover for the four months was R24.3 million and operating profit was R1.4 million. At acquisition, RocoMamas had five outlets in Gauteng. A further 4 were opened across Gauteng and KwaZulu-Natal to the end of June 2015. Outlets are planned for the Western Cape, North West Province, Eastern Cape and Free State in 2016. All nine outlets have generators in place to ensure trading can continue during power outages.

A training programme was implemented to enable franchisees to operate according to the standards set out by the group's operations manual and modules. Our executive chef provides skills training to refresh current techniques and recipes, and to provide training on new menu items and promotions. We are in the process of centralising our procurement and supply chain to align with the Spur Corporation model and are standardising point of sales systems to improve business analysis.

STRATEGIC OUTLOOK

The goal is to establish the brand's presence across the country through a calculated expansion programme. Response to the brand so far has been exceptional. This is supported by viral marketing campaigns on social media, and the model's low start-up, labour and running costs make it attractive for franchisees.

STRATEGIC GOALS	2016 GOALS
OPEN NEW OUTLETS	Open 15 new outlets
ESTABLISH THE BRAND THROUGH INNOVATIVE MARKETING	Establish centralised marketing fund to leverage off group infrastructure to maximise benefit to franchisees Implement innovative online ordering system and investigate customer loyalty programme

INTERNATIONAL

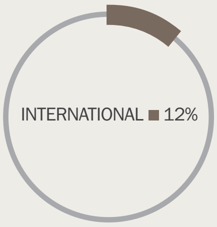
Derick Koekemoer
Franchise executive: Africa

David Maich
Franchise executive: United Kingdom

José Vilar
Franchise executive: Australia

Spur Corporation has 58 restaurants outside of South Africa's borders, primarily through the Spur and Panarottis brands and with growing representation across the portfolio. The international stores closely resemble their South African counterparts, with slight adaptations to appeal to the local market. The UK stores operate under a separate brand – Spur Steak and Grill – and the newly-launched pilot brand Spur RBW.

CONTRIBUTION TO RESTAURANT TURNOVER



PERFORMANCE SCORECARD

RESTAURANT TURNOVER	TOTAL REVENUE	CONTRIBUTION TO GROUP PROFIT*
R726.2m	R223.1m	R10.4m
2014: R612.1 million	2014: R251.9 million	2014: R6.4 million
↑ 18.6%	↓ 11.5%	↑ 61.3%

TOTAL RESTAURANTS OUTSIDE OF SOUTH AFRICA	NEW OUTLETS	CORPORATE EMPLOYEES	COMPANY-OWNED (RETAIL) RESTAURANT EMPLOYEES
58	8	13	193
2014: 52		2014: 15 employees	2014: 353 employees

* Excludes corporate services costs

Total restaurant turnover in the international division increased 18.6% to R726.2 million (2014: R612.1 million), representing 11.8% of total restaurant turnover (2014: 11.1%), while existing businesses increased turnover by 9.3%. Applying a consistent exchange rate, total restaurant sales increased by 16.5% and by 7.3% in existing outlets.

The eight restaurants in the UK and Ireland are company-owned, and include the first pilot Spur RBW restaurant, while those in Africa and Mauritius are all franchised. Three of the restaurants in Australia were company-owned at the start of the year, but these were sold to franchisees. This means that all outlets in Australia are now franchised.

STORE FOOTPRINT

	Spur	Panarottis	John Dory's	Captain DoRegos	Total stores
Africa and Mauritius	**30**	**8**	**1**	**2**	**41**
Botswana	3	–	–	–	3
Kenya	2	–	–	–	2
Lesotho	1	–	–	–	1
Malawi	1	–	–	–	1
Namibia	9	1	–	1	11
Nigeria	2	–	–	–	2
Swaziland	2	–	–	–	2
Tanzania	3	1	–	–	4
Uganda	1	–	–	–	1
Zambia	2	–	1	–	3
Zimbabwe	1	1	–	–	2
Mauritius	3	5	–	1	9
Australia	**5**	**4**	**–**	**–**	**9**
United Kingdom	**8**	**–**	**–**	**–**	**8**
England	6	–	–	–	6
Northern Ireland	1	–	–	–	1
Ireland	1	–	–	–	1
Total international	**43**	**12**	**1**	**2**	**58**

AUSTRALIA

Trading was positive despite the challenge of managing high labour costs. There was a marked downturn in the Western Australian economy due to the slowdown in the mining sector. However, the opening of a new Spur franchise in Perth was well received and another is planned for the second quarter of the 2016 financial year. The group sold off its remaining interests in Panarottis Blacktown, Panarottis Penrith and Silver Spur Penrith to franchisees and the focus will be on pursuing further franchising opportunities.

THE UK AND IRELAND

Total restaurant turnover in company-owned restaurants decreased due to intense competition which, along with continued high labour, occupancy and raw material costs, negatively affected profitability.

Following a sustained period of losses, Mohawk Spur in Wandsworth (which had previously been impaired for accounting purposes) was closed on 28 February 2015.

The long-term viability of a number of the existing outlets is uncertain due to the operating challenges and tough economic conditions. Where practical and economically feasible, the group will look to exit from these businesses.

The first of the new concept restaurants, Spur RBW (Ribs Burgers Wings), was launched in Corby on 26 June 2015 and initial turnover is encouraging. The trimmed-down menu and reduced size of this model reduces set-up costs, rentals and labour costs. It appears to be a more attractive franchising opportunity. The board has approved a total facility of GBP1 million to expand this pilot concept to four company-owned outlets in order to assess the feasibility of the rollout.

AFRICA AND MAURITIUS

Total restaurant sales for franchised restaurants in Africa and Mauritius grew by more than 25%, confirming the potential for strong growth in the region. The group opened three more Spurs in Namibia and a Spur and a Panarottis in Tanzania. The opening of the first international John Dory's restaurant in Lusaka, Zambia, has been well received and is a good indicator of the potential for this brand in African markets. The first international The Hussar Grill is set to open in the second quarter of the 2016 financial year in Lusaka, Zambia and the group will pursue further opportunities in selective locations throughout the continent. Enquiries for Captain DoRegos outlets in the region are received on a regular basis due to their low set-up cost.

Spur Corporation has planned openings of further new restaurants in Zambia, Namibia, Kenya, Nigeria, Botswana and Ethiopia. Area Development Agreements have been signed in Ethiopia, Angola and Mozambique and plans are underway to develop our brands in these territories.

INTERNATIONAL STRATEGIC OUTLOOK

STRATEGIC GOALS	2015 GOALS AND ACHIEVEMENTS		2016 GOALS
OPEN NEW OUTLETS	7 new restaurants opened (excluding Spur RBW)	✓	Open 14 new outlets (excluding Spur RBW)
EXPAND INTO NEW TERRITORIES	First international John Dory's opened (in Zambia)	✓	Expand into Ethiopia, Angola and Mozambique Open first international RocoMamas and The Hussar Grill outlets in Africa
ESTABLISH SMALLER FORMAT CONCEPT IN THE UK	Pilot Spur RBW established in the UK	✓	Assess results of pilot and, if appropriate, open a further 3 outlets
CONVERT AUSTRALIA TO FULLY FRANCHISED MODEL	Achieved during the year, following disposal of three company-owned restaurants	✓	Open 2 new franchised outlets in Australia

MANUFACTURING AND DISTRIBUTION

Revenue declined by 1.5% to R173.9 million (2014: R176.6 million). The decline is largely attributable to the closure of the Captain DoRegos depot in November 2013. Excluding the revenue contributed by the depot in the prior year, comparable revenue increased by 13.0%.

MANUFACTURING

The manufacturing division includes the sauce and décor manufacturing operations in Cape Town. The sauce manufacturing facility manufactures more than 400 000 litres of sauce per month. This includes certain of the group's unique sauces and sauces for external parties under licence.

Developments at the sauce manufacturing facility included a new management team, improved stock control, reduced wastage, securing of a consistent supply of raw material and the implementation of a new costing system. These changes led to considerable operational improvements at the facility. There was also an increased focus on food safety and employee health and safety.

High food inflation and exchange rate pressures on imported inputs affected margins as price increases were limited to support franchisee profitability.

DISTRIBUTION

Group supply chain logistics is outsourced to a third party, which coordinates transactions between suppliers, the group's manufacturing facilities and franchisees. This allows the group to negotiate better prices on core items in the basket, and ensures security and consistent quality of supply.

The group's procurement department manages the relationship between the outsourced distributor, suppliers and franchisees, audits suppliers and facilitates third-party food safety audits on suppliers and the outsourced distributor. The group charges franchisees a margin of, on average, 3% on the volumes sold through the distributor. This is known as the cost of integration.

Volumes shipped through the distributor increased 3.9% to 43 209 tonnes (2014: 41 603 tonnes) as new products were added to the basket, franchisee participation increased, new restaurants opened and overall restaurant turnover grew.

The main focus was on ensuring that inbound and outbound service levels were maintained. In the year ahead, the group aims to deepen its understanding of suppliers' capabilities and prioritise demand planning to improve the flow of goods.

STRATEGY

OVERVIEW

Spur Corporation's goal is to generate sustainable returns for providers of financial capital, and its strategic drive to achieve this is built around two complementary objectives:

- Growing revenue
- Maintaining a sustainable business

To grow revenue, the group is focused on expanding into new territories and acquiring new businesses – including restaurant brands and vertical integration opportunities – in addition to growing the footprint of existing brands. Expanding revenues in existing restaurants is enhanced by excellent marketing support and the customer loyalty created by positive interactions with the brands and real value in loyalty programmes.

Maintaining a sustainable business starts with ensuring that franchisees are able to make a reasonable return by ensuring that the franchise model works, and continues working as the operating environment evolves. It also extends into the broader social and environmental risks and opportunities the company faces. These include the group's commitment to responsible environmental behaviour, the need to keep investing in skills retention and development, and the desire to make a difference by investing in supporting local communities. Failure to ensure regulatory compliance, treating customers unfairly or not clearly

The effective execution of the strategy is supported by management and governance structures that facilitate and monitor economic, social and environmental performance.

demonstrating the group's commitment to transformation would result in the group losing the trust of consumers, communities and government.

The effective execution of the strategy is supported by management and governance structures that facilitate and monitor economic, social and environmental performance.

An overview of the material matters of Spur Corporation is provided on page 14, followed by an analysis of the group's main stakeholder groups. These material matters are discussed in more detail in this section of the report, including the group's strategic response to the opportunities and risks associated with each.

RELATED MATERIAL MATTERS

GROWING REVENUES	
Store design and specifications	55
International expansion	56
Customer service	
Strategic resource management	
Procurement	

MAINTAINING A SUSTAINABLE BUSINESS	
Sustainable local franchise model	54
Menu engineering	55
Efficient use of resources to reduce costs	55
Product responsibility	56
Regulatory compliance	
Health and safety	
Community support	
Human capital and skills development	
Transformation	
Operational resource management	

KEY PERFORMANCE INDICATORS

The following key performance indicators ("KPIs") table provides information which is intended to communicate a holistic overview of the business. KPIs relevant to economic, social and environmental aspects of the business are reported.

	2012	2013*	2014
Financial performance			
Operating profit before finance income (R'm) (as defined on page 5)	168.9	190.6	194.6
Growth in adjusted operating profit (as defined on page 5)	26.6%	21.1%	(2.3%)
Operating profit margin (as defined on page 5)	32.7%	29.7%	26.6%
Return on equity (as defined on page 5)	26.0%	29.7%	26.4%
Return on investment (dividends per share plus change in share price for the year expressed as a percentage of share price at the beginning the year)	35.5%	59.3%	22.2%
Restaurants			
New local restaurants			
– Spur	12	14	9
– Panarottis	3	10	8
– John Dory's	1	2	5
– Captain DoRegos	2	11	4
– The Hussar Grill			–
– RocoMamas			
Closed local restaurants			
– Spur	7	1	6
– Panarottis	3	1	1
– John Dory's	–	1	1
– Captain DoRegos	6	13	15
– The Hussar Grill			–
– RocoMamas			
Total local restaurants			
– Spur	254	267	270
– Panarottis	52	61	68
– John Dory's	28	29	33
– Captain DoRegos	74	72	61
– The Hussar Grill			6
– RocoMamas			
Relocated#/revamped local restaurants			
– Spur	64	58	68
– Panarottis	8	7	11
– John Dory's	1	9	3
– Captain DoRegos		–	2
– The Hussar Grill			–
– RocoMamas			
Total restaurant turnover			
Spur (R'm)	3 085	3 554	3 954
Percentage growth in restaurant turnover	14.2%	15.2%	11.3%
Percentage growth in existing restaurant turnover	11.7%	13.0%	9.8%
Panarottis (R'm)	268	352	450
Percentage growth in restaurant turnover	14.7%	31.4%	28.2%
Percentage growth in existing restaurant turnover	13.0%	22.4%	15.2%
John Dory's (R'm)	222	247	299
Percentage growth in restaurant turnover	14.2%	11.4%	21.0%
Percentage growth in existing restaurant turnover	11.7%	9.3%	12.0%

Target 2015	2015	Target 2016	Target 2020
215.0	180.8	257.7	450.7
11.4%	0.4%	14.8%	15.0%
28.0%	25.7%	32.0%	34.0%
27.0%	17.4%	27.0%	28.0%
15.0%	18.0%	15.0%	15.0%
10	9	11	10pa^
10	11	5	6pa^
7	6	3	4pa^
8	12	5	6pa^
6	2	2	3pa^
	9	15	10pa^
	2		
	4		
	1		
	16		
	–		
278	277	288	320
77	75	79	100
38	38	39	51
67	57	59	75
12	8	10	22
	9	24	64
40	36	24	
8	10	5	
8	2	3	
5	2	1	
–	–	1	
	–	–	
4 301	4 309	4 682	6 661
8.8%	9.0%	8.7%	
7.7%	7.3%	7.5%	
516	565	654	1 008
14.7%	25.4%	15.8%	
10.5%	15.8%	11.3%	
347	335	396	602
16.1%	12.0%	18.2%	
8.5%	5.7%	13.2%	

Notes

- * Restated due to adoption of IFRS10.
- ^ Average per annum over the period to 2020.
- # A relocation of a restaurant to a new site in the same general geographical area and where the franchisee remains the same is not considered a closure. Relocations are necessary as circumstances in areas change over time.

	2012	2013*	2014
Total restaurant turnover continued			
Captain DoRegos (R'm)	60	191	165
Percentage growth in restaurant turnover			(13.8%)
Percentage growth in existing restaurant turnover			(16.2%)
The Hussar Grill (R'm)			29
Percentage growth in restaurant turnover			
Percentage growth in existing restaurant turnover			
RocoMamas (R'm)			
Total worldwide (R'm)	4 048	4 859	5 509
Loyalty			
Family Card loyalty spend (Rbn)	0.8	1.1	1.7
Family Card membership (million)	1.1	1.4	1.7
Secret Tribe membership (million)	0.9	1.1	1.1
John's Club loyalty spend (R'm)	36	42	71
John's Club membership	50 753	119 891	166 000
International expansion			
Percentage of international revenue to total group revenue	28.6%	31.3%	34.4%
Percentage of international profits to total group profit before income tax	1.9%	(3.7%)	0.8%
Number of international outlets	48	50	52
Sustainable supply of raw materials			
Percentage of suppliers managed by the group that have adequate and appropriate sustainability plans in place	64%	83%	97%
Percentage of seafood products managed by the group that comply with SASSI guidelines	95%	95%	100%
Product responsibility			
Percentage of suppliers managed by the group that are HACCP/ISO 22000 compliant	91%	97%	100%
Percentage of menu items that are rBST and MSG free	93%	93%	98%
Community support			
Contribution to JAM or similar organisation (R)	95 000	582 749	1 309 901
Contribution to FoodBank (employees) (R)	21 060	49 300	49 340
Skills development			
Number of people trained	5 171	7 220	8 565
Number of successful graduates of Spur College of Excellence	6	13	13
Corporate employees			
Corporate employee rotation	10%	8%	17%
Employee loans (R)	275 682	499 319	412 957
Employee training costs (including dependents' bursaries) (R)	499 942	684 303	1 053 145
Environmental sustainability			
Corporate			
Carbon footprint (Energy kWh)	445 267	475 739	401 028
Percentage of waste recycled or composted	70%	91%	85%
Percentage water usage reduction^Δ	0%	10%	15%
Percentage travel reduction		22.1% increase on 2012	15.6% decrease on 2013
Procurement			
Percentage takeaway packaging made from renewable materials◊			58%

Target 2015	2015	Target 2016	Target 2020
165	143	153	252
0.0%	(13.2%)	6.7%	
(5.7%)	(20.2%)	2.0%	
81	72	99	291
		37.5%	
		12.3%	
	24	203	768
6 145	6 174	7 015	10 896
1.9	1.8	2.0	3.1
1.9	1.9	2.0	2.6
1.1	1.1	1.1	1.3
85	104	124	196
199 000	137 000	150 000	200 000
33.3%	29.3%	21.0%	22.0%
3.4%	1.9%	4.0%	7.0%
62	58	66	90
100%	100%	100%	100%
100%	100%	100%	100%
100%	100%	100%	100%
100%	98%	98%	100%
1 900 000	1 500 534	2 426 000	3 000 000
52 000	34 160	20 000	30 000
8 800	11 627	9 650	11 712
24	13	36	54
10%	17%	15%	15%
500 000	663 142	500 000	500 000
1 470 000	1 406 684	2 000 000	2 525 000
401 000	388 105	383 000	370 000
90%	90%	90%	95%
15%	15%	15%	15%
5%	27%	5%	10%
decrease on 2014	decrease on 2014	decrease on 2015	decrease on 2015
60%	49%	55%	60%

Notes

* Restated due to adoption of IFRS10.

∆ Cumulative percentage reduction compared to baseline audit benchmark at July 2011.

◊ Total weight of packaging amounted to 1 403 tons (a decrease of 2% on the prior year) of which 692 tons were made from renewable materials and 711 tons were made from non-renewable materials.

ECONOMIC MATERIAL MATTERS

SUSTAINABLE LOCAL FRANCHISE MODEL

As a franchising company, Spur Corporation can only generate a sustainable return for its investors if the franchise model allows franchisees to earn a reasonable return. In other words, group revenue growth is directly linked to the collective revenue growth of franchisees across the group.

STRATEGIC RESPONSE

A profitable outlet starts with the selection of suitable franchisees, and the identification of sites that are appropriate for the target market of the brand and attract sufficient foot traffic. Consumer awareness of the brands is raised by effective and innovative marketing, which drives customers to the outlets. Ensuring high standards of food quality, restaurant finishes and good service, through training and regular monitoring, supports repeat visits, as does a compelling loyalty offering. The group's centralised procurement strategy ensures that food supply and quality are consistently excellent and input prices competitive.

Spur Corporation has added brands in the last three years to complement the middle-market target family-oriented consumer served by the established brands Spur Steak Ranches, Panarottis and John Dory's. Captain DoRegos caters for the lower-income market, serving quick affordable meals. The Hussar Grill operates at the other end of the economic spectrum, offering an upmarket dining experience and a comprehensive wine selection. The group's latest acquisition, RocoMamas, offers a trendy alternative for a younger demographic.

This range of brands allows the group to access a broader target market and gain market share.

The new small format Spur concept has lower set-up and running costs and is well suited to smaller urban areas which cannot sustain a full-sized restaurant. The new Spur Grill and Go concept aims to deliver the Spur experience to South African consumers in a smaller, more efficient counter-service model that shows excellent potential for high traffic locations where consumers demand quick service. The group is planning to rollout three small format Spur outlets and four Spur Grill and Go's in the coming year.

The new Spur RBW (Ribs Burgers Wings) concept is a smaller format outlet designed specifically for the UK market. The first pilot outlet opened in Corby in the UK in June 2015 and early trading has been encouraging. This model has potential for expansion in other, non-South African markets.

Franchise models are continually reviewed and revised to ensure that franchisee profitability is supported. This includes store designs that reduce set-up costs, improve kitchen efficiencies and flows, use space more effectively, and introduce more energy-efficient technology in the kitchens.

		2015 target	Achieved	2016 target
Number of local outlets				
Spur Steak Ranches	Most of the group brands materially achieved their targets, but Captain DoRegos closed more outlets than anticipated, and the national rollout of The Hussar Grill was delayed.	278	277	288
Panarottis		77	75	79
John Dory's		38	38	39
Captain DoRegos		67	57	59
The Hussar Grill		12	8	10
RocoMamas		N/A	9	24
Existing restaurant turnover growth percentage				
Spur Steak Ranches	Panarottis achieved its turnover growth target, but Spur and John Dory's did not – due largely to the impact of load-shedding. Captain DoRegos did not achieve its target due to the impact of the economic downturn on its target market.	7.7	7.3	7.5
Panarottis		10.5	15.8	11.3
John Dory's		8.5	5.7	13.2
Captain DoRegos		(5.7)	(20.2)	2.0
The Hussar Grill		N/A	N/A	12.3
Total restaurant sales (R'm)				
Spur Steak Ranches	John Dory's did not achieve its sales targets due to store closures, shopping centre revamps and load-shedding. Captain DoRegos closed more stores than anticipated. The opening of a new The Hussar Grill in Johannesburg was delayed until September 2015.	4 301	4 309	4 682
Panarottis		516	565	654
John Dory's		347	335	396
Captain DoRegos		165	143	153
The Hussar Grill		81	72	99
RocoMamas		N/A	24	203

STORE DESIGN AND SPECIFICATIONS

Standardising store design and specifications across a brand creates a consistent customer experience and ensures consistency across all operations in terms of buildings, kitchens, service and food offerings. This also supports franchisees' ability to maintain the consistently high standards required by the group.

STRATEGIC RESPONSE

A regular upgrade cycle of revamps and refurbishments ensures outlets stay topical and appealing to their target markets and has a direct and demonstrable impact on franchisee turnover.

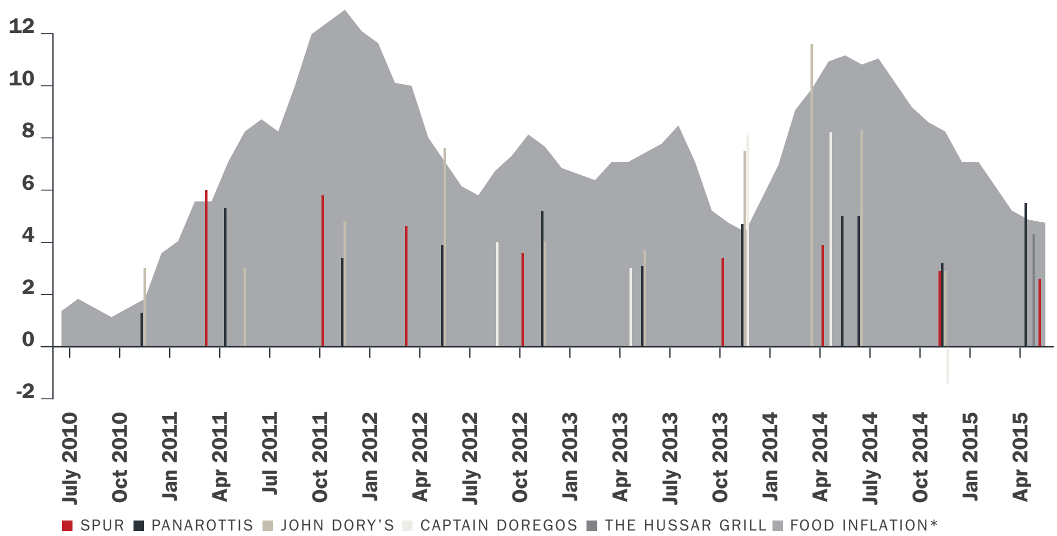
MENU ENGINEERING

Refining the menu on an ongoing basis ensures that each brand accurately takes account of their customers' taste profiles, identifies opportunities for promotions and ensures competitive offerings at each restaurant. Menu engineering helps to optimise sales mix, food cost and product range and supports kitchen redesigns and process efficiencies to enhance the brands' appeal to their target markets while supporting margins.

STRATEGIC RESPONSE

Promotions have to be priced competitively enough to appeal to consumers while not eroding franchisee profitability. This is especially important in an environment of high food inflation, when menu engineering assists in maintaining franchisee gross margins while ensuring that menu prices remain competitive.

LOCAL MENU PRICE INFLATION AND FOOD INFLATION (%)



* Source: STATSSA

EFFICIENT USE OF RESOURCES TO REDUCE COSTS

Electricity supply interruptions had a negative impact on operations, particularly in the five months from November 2014 to March 2015. Many restaurants have generators; however, turnover is still affected when the rest of a shopping centre or shopping precinct is not trading due to load-shedding.

STRATEGIC RESPONSE

While the direct environmental impact of Spur Corporation is relatively small, the combined footprint of franchisees' restaurants is significant and the group focuses on identifying ways to improve the efficiency of energy and water use.

The rising costs of electricity and gas, as well as electricity supply interruptions, have made the efficient use of energy critical to franchisee profitability. The group continues investigating opportunities to improve back-of-house layout and introduce innovative technology solutions to improve efficiency of energy and water usage, and product consistency.

Some franchisees have invested in environmentally friendly solutions to reduce energy costs in stores and have seen favourable returns on their investment. The economic return on investment for environmental initiatives will be highlighted through various sustainability initiatives.

INTERNATIONAL EXPANSION

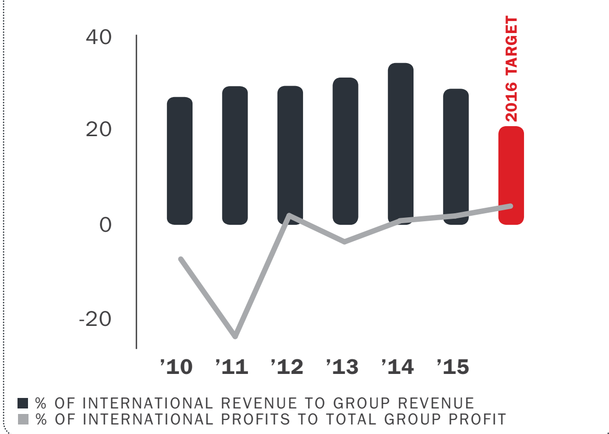
Expansion into other territories offers the opportunity to grow the group and its revenues while diversifying geopolitical risk. However, expansion plans must take the unique market dynamics of different geographies into account to mitigate risk.

STRATEGIC RESPONSE

Expansion into the developed markets of the UK, Ireland, and Australia has been challenging mainly due to high occupancy and labour costs. The last three remaining company-owned restaurants in Australia have been sold and all outlets in that country are now franchised.

The focus in the UK and Ireland will be on exiting unprofitable company-owned restaurants and piloting the smaller format Spur RBW (Ribs Burgers Wings) high street model. This model is based on lower set-up costs, reduced occupancy and labour costs, and a streamlined menu, and should be a more compelling investment proposal for prospective franchisees.

% OF INTERNATIONAL REVENUE AND PROFIT



The group's brands have been well received in the rest of Africa and Mauritius. These markets offer excellent opportunities for growth with the challenge of securing suitable sites while managing occupancy costs, placing skilled employees and ensuring consistent supply of quality ingredients.

2015 targets		Achieved in 2015	2016 target
International revenue 33.3% of total group revenue	International revenue was impacted by the closure of the company-owned Mohawk Spur in Wandsworth (UK) and the disposal of company-owned Australian restaurants.	**29.3%**	21.0%
International profits 3.4% of total group profit	International profits fell due to the poor performance in the UK. Logistical challenges, particularly in Africa, prevented the opening of more international outlets.	**1.9%**	4.0%
62 international outlets		**58 outlets**	66 outlets

PRODUCT RESPONSIBILITY

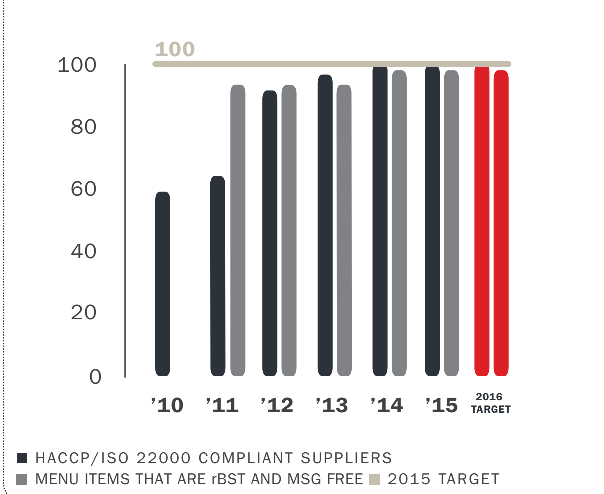
The group is acutely aware of the importance of establishing a procurement process that supports product responsibility. The various strategies undertaken to maintain high standards are summarised below:

- Training of franchisees' employees in food preparation, customer service, food safety and the other relevant areas.
- Regular visits and assessments to each restaurant by dedicated operations managers to monitor quality and adherence to food preparation and presentation specifications.
- Hazard Analysis and Critical Control Points ("HACCP") compliance has been implemented at the sauce manufacturing facility.
- A capability assessment process is applied to all new suppliers, which includes a HACCP and/or ISO 22000 review component.
- Regular auditing of major suppliers against HACCP and/ or ISO 22000 standards, and ongoing encouragement of all suppliers to achieve compliance.
- Specialised food safety audits of suppliers through an independent third party.

While 100% of Spur Corporation's seafood is sourced through suppliers that comply with SASSI and Marine Stewardship Council ("MSC") guidelines, a large portion of fish supplies are secured from Namibia, where compliance in this area is currently under review by the WWF and MSC. The group's ability to comply with its 100% stated target is therefore dependent on the outcome of this review.

Monosodium glutamate ("MSG") was removed from all Spur Corporation products during the year. Unfortunately, the MSG flavour profile is difficult to match, and, following a significant number of customer complaints, the group took the decision to re-introduce a nachos and boerewors product that includes MSG. Spur Corporation continues to investigate alternatives in line with its commitment to product responsibility.

HACCP/ISO 22000 COMPLIANCE AND MENU ITEMS (%)



CORPORATE GOVERNANCE

Spur Corporation appreciates that formal corporate governance structures and procedures are critical in maintaining ethical and balanced decision-making practices that consider the interests of all stakeholders. The board and management are committed to ensuring that these structures and procedures are implemented in such a manner that supports the entrepreneurial characteristics that have been fundamental to the success of the group.

The board has considered the King Report on Governance for South Africa 2009 ("King III") and is confident that the fundamental objectives and spirit of King III are being achieved within Spur Corporation Ltd.

CONTENT DASHBOARD

The following content dashboard provides an overview of the governance information reported on by Spur Corporation in 2015:

GOVERNANCE ASSESSMENT

The board has adopted the Institute of Directors of South Africa's ("IoDSA") Governance Assessment Instrument ("GAI") process to assess the group's governance practices. The GAI assesses the extent to which an organisation has applied the recommended practices of King III. The organisation, in turn, is able to assure the validity of the results by reviewing the explanation register, exceptions listing and detailed breakdown of all King III practices provided by the GAI.

In accordance with King III's "apply or explain" principle for recommended practices, where a practice is not applied, an explanation is given of a compensating practice or, alternatively, the reason for non-application is provided. The GAI rates the extent to which the King III principles have been applied on the following scale:

AAA	Highest application
AA	High application
BB	Notable application
B	Moderate application
C	Application to be improved
L	Low application

The group's overall GAI score at 30 June 2015 was AAA.

The table below is the summary application register resulting from the GAI process in respect of the principles contained in chapter 2 of King III, which lists material departures from the recommended practices. The detailed King III application register (all 75 principles) is available on the company's website at **www.spurcorporation.com**.

PRINCIPLE	DESCRIPTION	APPLICATION LEVEL	IODSA GAI SCORE	NOTE
2.1	The board acts as the focal point for, and custodian of, corporate governance.	Applied	AAA	1
2.2	The board appreciates that strategy, risk, performance and sustainability are inseparable.	Applied	AAA	
2.3	The board provides effective leadership based on an ethical foundation.	Applied	AAA	
2.4	The board ensures that the company is, and is seen to be, a responsible corporate citizen.	Applied	AAA	
2.5	The board ensures that the company's ethics are managed effectively.	Applied	AAA	
2.6	The board ensures that the company has an effective and independent audit committee.	Applied	AAA	2
2.7	The board is responsible for the governance of risk.	Applied	AAA	3
2.8	The board is responsible for information technology ("IT") governance.	Applied	AAA	4
2.9	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	AAA	
2.10	The board ensures that there is an effective risk-based internal audit.	Applied	AAA	
2.11	The board appreciates that stakeholder perceptions affect the company's reputation.	Applied	AAA	5
2.12	The board ensures the integrity of the company's integrated report.	Applied	AAA	
2.13	The board reports on the effectiveness of the company's system of internal controls.	Applied	AAA	
2.14	The board and its directors act in the best interests of the company.	Applied	AAA	
2.15	The board will consider/has considered business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Companies Act (Act No. 71 of 2008) ("Companies Act").	Applied	AAA	
2.16	The board has elected a chairman of the board who is an independent non-executive director, failing which a lead independent director. The chief executive officer of the company does not also fulfil the role of chairman of the board.	Applied	AA	6
2.17	The board has appointed the chief executive officer and has established a framework for the delegation of authority.	Applied	AAA	
2.18	The board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent.	Applied	AAA	
2.19	Directors are appointed through a formal process.	Applied	AAA	
2.20	The induction of, and ongoing training and development of, directors are conducted through formal processes.	Applied	AAA	
2.21	The board is assisted by a competent, suitably qualified and experienced company secretary.	Applied	AAA	
2.22	The evaluation of the board, its committees and its individual directors is performed every year.	Applied	AAA	
2.23	The board delegates certain functions to well-structured committees without abdicating from its own responsibilities.	Applied	AAA	7

PRINCIPLE	DESCRIPTION	APPLI-CATION LEVEL	IODSA GAI SCORE	NOTE
2.24	A governance framework has been agreed upon between the group and its subsidiary boards.	Applied	AAA	
2.25	The company remunerates its directors and executives fairly and responsibly.	Applied	AAA	
2.26	The company has disclosed the remuneration of each individual director and certain senior executives.	Applied	AAA	
2.27	The shareholders have approved the company's remuneration policy.	Applied	AAA	

NOTE 1 – PRINCIPLE 2.1

REGARDING FREQUENCY OF BOARD MEETINGS

King III recommends that the board meets four times per year. The Spur Corporation board meets formally twice a year to attend to governance matters and discuss operations, strategy, risk and other key issues. Additional meetings are convened at short notice, as necessary, to discuss urgent business. The directors participate with management in various other *ad hoc* strategy and planning sessions. The board is of the view that two full-length meetings a year are sufficient to address matters within its ambit of responsibility. Should urgent matters arise between meetings, these are addressed via email or conference call.

NOTE 2 – PRINCIPLE 2.6

REGARDING THE CHAIRMAN OF THE AUDIT COMMITTEE ATTENDING THE ANNUAL GENERAL MEETING ("AGM")

King III recommends that the chairman of the audit committee attends the AGM. The chairman of the audit committee is not resident in the Western Cape. Historically, a limited number of questions have been raised at the AGM that required a response specifically from the chairman of the audit committee, and the board has therefore determined that the cost of the chairman attending would exceed the benefit to shareholders. However, the chairman of the committee avails himself to be contacted telephonically if necessary for the duration of the AGM.

NOTE 3 – PRINCIPLE 2.7

REGARDING RISK MANAGEMENT

At the request of the audit committee, internal audit conducted a detailed review of the group's risk management process during the 2013 financial year. The review confirmed that the group had an adequate risk management process in place but identified areas that required improvement to increase the efficacy of the process. Follow up reviews were conducted during the 2014 and 2015 financial years and efforts in this area are ongoing.

NOTE 4 – PRINCIPLE 2.8

REGARDING INFORMATION SECURITY MANAGEMENT

King III recommends that the board ensures an information security management system is implemented. With the assistance of internal audit, IT risks and security concerns were documented in February 2014. The review concluded that, while security measures had been implemented, there were areas that required improvement. Consequently, the board approved a road map for implementing remedial action and continues to monitor progress against it. During the year, the board approved necessary IT policy revisions in accordance with the identified remedial actions.

King III recommends that management demonstrates to the board that adequate disaster recovery arrangements are in place. In this regard, an IT disaster recovery plan is in place but it has not been thoroughly tested – this is anticipated to take place in due course, with necessary improvements to be implemented thereafter.

NOTE 5 – PRINCIPLE 2.11

REGARDING STAKEHOLDER RELATIONSHIPS

King III recommends that management develops strategies and policies for the management of relationships with each stakeholder group. Spur Corporation has a corporate communication policy in place that governs who is authorised to communicate with stakeholders. However, the policy does not include specific strategies for maintaining relationships with each group. Stakeholder engagement takes place in a formalised manner in certain cases (for franchisees and shareholders) and in an *ad hoc* manner in others (for customers, suppliers and employees). For other stakeholder groups, there are no formal strategies and policies for engagement. The board will consider this recommended practice in due course.

Significant issues or concerns raised by stakeholders are brought to the attention of the group chief executive officer who will consider if the matter should be addressed at board level.

NOTE 6 – PRINCIPLE 2.16

REGARDING THE INDEPENDENCE AND ASSESSMENT OF THE CHAIRMAN

King III recommends that the chairman be an independent non-executive director. Where this is not the case, an independent non-executive director should be appointed as lead independent director ("LID"). The LID acts in the chairman's stead in situations where the chairman is conflicted or otherwise cannot fulfil his obligations. The board has therefore appointed Mntungwa Morojele to the role of LID, the responsibilities and requirements of which are outlined in a formalised charter.

King III further recommends that the chairman's performance be assessed on a formal and regular basis. The chairman, Allen Ambor, is the founder of the group and is an executive director.

The board considers his holistic understanding of the group's brands, his unparalleled experience in the franchise industry and his insight into the customer psyche to be invaluable to the group. In light of this, the board does not formally assess Mr Ambor's performance on a regular basis.

NOTE 7 – PRINCIPLE 2.23

REGARDING THE COMPOSITION OF BOARD COMMITTEES

King III recommends that board committees (other than the risk committee) comprise a majority of non-executive directors (the majority of whom should be independent) and be chaired by an independent non-executive director. This is the case in all of the group's committees, with the exception of the social, ethics and sustainability committee and the transformation committee.

The social, ethics and sustainability committee does not comprise a majority of non-executive directors and is not chaired by an independent non-executive director. However, the composition of the committee complies with the Companies Act. Furthermore, the board is satisfied that the committee comprises the necessary skills to fulfil its responsibilities in terms of its charter and statutory requirements, and that the chairman is capable of acting independently and objectively in the execution of the role.

The transformation committee comprises a majority of executive directors and is chaired by the chief executive officer. This committee, though not a formal requirement of King III, was established to drive the board's transformation imperatives and reports to the board. Its composition reflects the operational nature of the committee and is deemed appropriate by the board.

GOVERNANCE STRUCTURE

CHANGES TO THE BOARD

In accordance with the terms of the broad-based black economic empowerment ("B-BBEE") transaction concluded with Grand Parade Investments Ltd ("GPI") in October 2014, Alan Keet, in his capacity as a representative of GPI, was appointed as a non-executive director effective 2 February 2015.

CHAIRMAN AND LEAD INDEPENDENT DIRECTOR

In light of the fact that the chairman is an executive director, the board appointed a lead independent director ("LID"), as recommended by King III. The appointment of the LID is for a period of three years. The role of the LID, currently fulfilled by Mntungwa Morojele, is formalised in a charter that includes, *inter alia*:

- Performing all such functions that cannot be performed by the chairman due to potential conflict of interest.
- Leading the board of directors in the annual assessment of the independence of the independent non-executive directors and of the ability of the non-independent non-executive directors to act independently.
- Overseeing the process of evaluating the chairman's performance as chairman of the board.
- Serving as principal liaison between the independent non-executive directors and the chairman.

DIRECTORS' RESPONSIBILITY

Management reports to the board on the material risks and opportunities that have an impact on the group's performance. This enables directors to have the necessary information to make objective judgements and effective decisions regarding the group's affairs.

Directors have unrestricted access to all the company's information, records, documents, property, management and employees to fulfil their legal duties. Non-executive directors have direct access to management and may meet with management without 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 group chief executive officer.

DIRECTORS' APPOINTMENTS

The board adopted a policy detailing the process and procedures, which are formal and transparent, for the appointment of board directors. While recommendations are made by the nominations committee, the appointment of directors is a matter for the board as a whole. All appointments are subject to shareholder approval.

As Alan Keet was appointed to the board after the AGM on 5 December 2014, he will retire at the AGM on 4 December 2015 and shareholders will be asked to confirm his appointment.

DIRECTORS' ROTATION

In terms of the company's Memorandum of Incorporation and in compliance with the JSE Listings Requirements, no less than one third of the non-executive directors retire by rotation each year at the AGM. Consequently, at the forthcoming AGM, Mntungwa Morojele and Dineo Molefe (in addition to Alan Keet) will retire. The nominations committee has nominated the directors in question for re-election to the board. The re-election will be tabled at the AGM for shareholder approval.

COMPANY SECRETARY

The company secretary assists the chairman in coordinating 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.

For the period under review, the company secretary was Mrs Ronel van Dijk. While Mrs Van Dijk is a director and therefore not able to maintain an arm's length relationship with the board, the board is satisfied that she was able to act as the gatekeeper of good governance. In addition to being bound by the company's code of ethics and conduct, as a chartered accountant (South Africa), Mrs Van Dijk is also bound by professional ethics.

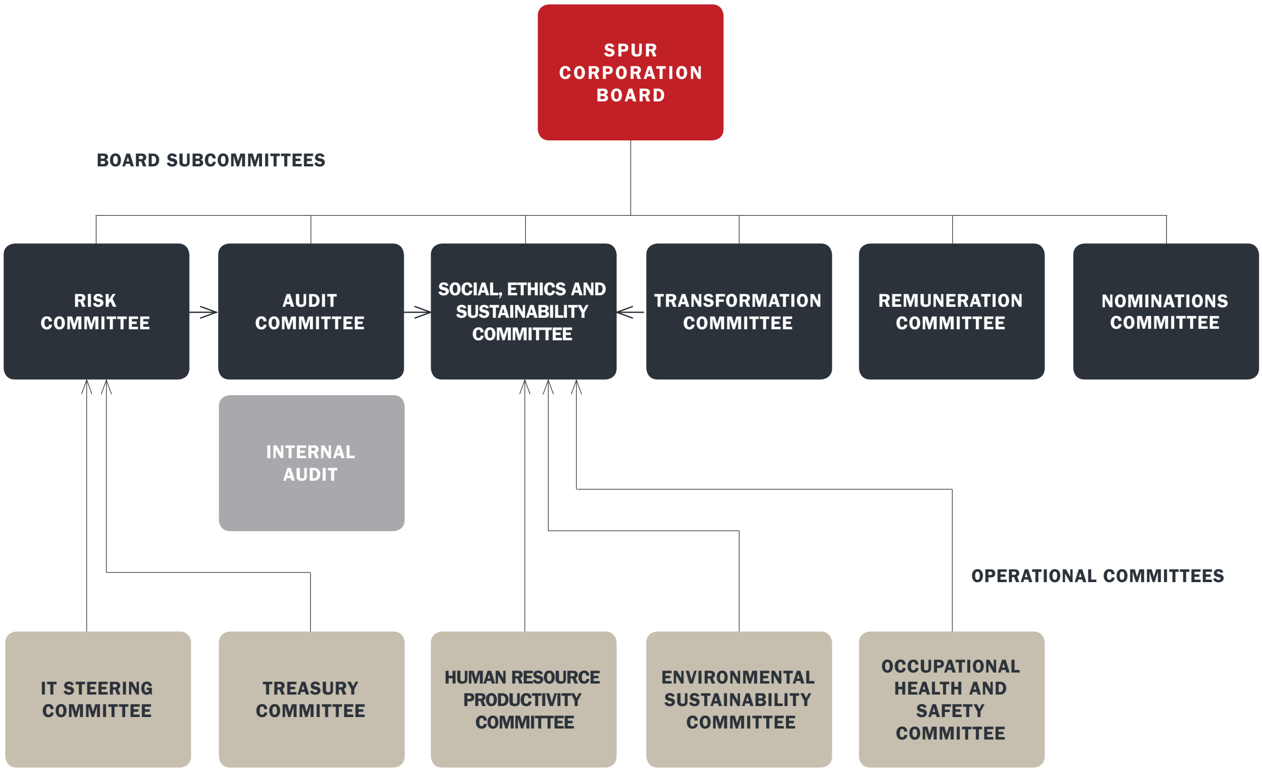
The board has assessed the competence and expertise of Mrs Van Dijk, in her capacity as company secretary for the period under review, and is satisfied in this regard.

At its meeting on 9 September 2015, the board appointed Nazrana Hawa as the incoming company secretary. Mrs Hawa holds a BA (Hons) LLB from UCT and was admitted as an attorney on 4 December 2009. She commenced her articles at Bowman Gilfillan before spending three years at a litigation practice. She joined the group in May 2011 as the group's legal and compliance officer and has assisted the group chief financial officer in fulfilling the duties of company secretary.

The board has the utmost confidence in Mrs Hawa's ability to fulfil the role of independent gatekeeper of governance and, as company secretary, to assist the board in fulfilling its mandate.

GOVERNANCE ORGANOGRAM

The following organogram provides insight into the governance structures at Spur Corporation. The composition, and roles and responsibilities of the board and subcommittees are described on pages 63 to 66 of this report, and further detail regarding the operational committees is available online at **www.spurcorporation.com**.



BOARD AND SUBCOMMITTEES

ROLES AND RESPONSIBILITIES

While the board ultimately retains responsibility for the proper fulfilment of all functions, it delegates authority to the group chief executive officer, executive directors and senior management for the implementation of the strategy and the ongoing management of the business on a day-to-day basis. The executive chairman and the group chief executive officer have clearly defined and separate roles.

The board delegates powers to elected subcommittees, each with defined roles and responsibilities in accordance with their respective formal charters.

Each committee conducts an informal self-evaluation on an annual basis, the results of which are reported by the committee chairman to the board for review. The board evaluated the performance of the committees and was satisfied that they were functioning well and meeting their obligations in terms of their respective charters.

The board conducted a self-evaluation in August 2015. The directors noted no material issues that have an adverse impact on the efficacy of the board's operations in meeting its statutory and other obligations.

The table below provides the roles and responsibilities of the board and the other committees.

Committee	Roles and responsibilities
Board	– Being the focal point and custodian of corporate governance and ethics. – Developing and adopting strategic plans that align with stakeholder interests and expectations, result in sustainable outcomes and do not give rise to risks that have not been thoroughly assessed by management. – Ensuring that the company is, and is seen to be, a responsible corporate citizen by having regard to the financial aspects of the business and the impact the business has on the environment and society. – Ensuring that the company has effective and independent board and statutory committees. – Approving financial objectives and targets. – Monitoring operational performance and management. – Ensuring effective risk management and internal controls (including an effective risk-based internal audit). – Ensuring IT governance is managed. – Ensuring effective management of reputational risk. – Ensuring legislative and regulatory compliance. – Monitoring solvency and liquidity and considering remedial responses in the event of indicators of financial distress. – Ensuring the integrity of integrated and interim reports and approving the integrated report (including the annual financial statements).
Audit	**Statutory duties** – Nominating the appointment of the external auditor for approval by shareholders at the AGM. – Assessing the independence of the external auditor. – Determining the fees paid to the external auditor. – Determining the nature and extent of any non-audit services that the external auditor may provide and pre-approving any proposed engagement for such services. – Ensuring that the Companies Act provisions are complied with in terms of appointing the external auditor. – Preparing a report, as part of the annual financial statements of the company for the relevant financial year, that addresses the items listed in the Companies Act. – Receiving and dealing appropriately with any concerns or complaints in relation to matters as set out in the Companies Act. – Making submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting. **Other duties** – Reviewing the independence, objectivity and effectiveness of the external auditor. – Discussing the nature and scope of the audit (including key audit risks) with the external auditor before the audit commences and ensuring coordination with other group entity auditors. – Reviewing and commenting on all financial reporting, including the interim and annual financial statements, provisional results announcements, trading statements, circulars and the release of price sensitive information before submission to the board for approval. – Discussing any problems or issues arising from the audit and any matters incidental thereto with the external auditor. – Reviewing various documents generated by the internal and external audit service providers. – Approving the appointment of the outsourced internal audit service provider. – Reviewing the performance and objectivity of the internal auditor annually and approving the charter and fee structure. – Reviewing the functioning of internal audit. – Receiving and reviewing all internal audit reports and management's responses thereto. – Overseeing integrated reporting and recommending the approval of the integrated report to the board for approval. – Reviewing the expertise, resources and experience of the group chief financial officer and finance function annually.

Committee	Roles and responsibilities
Risk	– Overseeing the development and annual review of a policy and plan for risk management. – Assisting management in identifying major risk areas affecting the sustainability of the group's operations. – Assessing and reviewing the risk management process and related activities. – Making recommendations to the board concerning the group's levels of tolerance and risk appetite and monitoring that these risks are managed within the levels of tolerance and appetite as approved by the board. – Overseeing that the risk management plan is widely disseminated throughout the company and integrated into the day-to-day activities of the company. – Ensuring that management considers and implements appropriate risk responses. – Ensuring that risk assessments are performed on a regular basis and that management monitors risk continuously. – Assessing and reviewing compliance with applicable laws, regulations and supervisory requirements. – Liaising with the audit committee to exchange relevant risk information. – Expressing the committee's formal opinion to the board on the effectiveness of the system and process of risk management. – Reviewing reporting concerning risk management.
Remuneration	– Establishing a formal and transparent procedure for developing, reviewing and amending the policy on executive remuneration. – Determining, agreeing upon and developing remuneration policies for all levels of employees, with a focus on executive directors. – Determining remuneration packages for executive directors. – Considering criteria to measure the performance of executive directors in discharging their functions and responsibilities. – Approving the award of shares/options to executives and employees. – Reviewing and approving all profit share or share-linked incentive allocations and the terms thereof. – Regularly reviewing incentive schemes to ensure continued contribution to shareholder value.
Social, ethics and sustainability	– Assisting the board with the monitoring and reporting of social and ethical matters in relation to Spur Corporation according to the Companies Act. – Statutorily, the committee is responsible for monitoring the group's social impact in the following material areas: • social and economic development; • good corporate citizenship; • labour and employment practices; • employment equity and B-BBEE legislation; • consumer relationships; and • environment, health and public safety. – Additional duties include monitoring the company's governance of ethics. – The committee assists the board in the monitoring and reporting of strategies implemented to address economic, social and environmental sustainability issues, and is assisted in this regard by the environmental sustainability operational committee.
Transformation	– Reviewing the adequacy of the group's compliance with B-BBEE legislation and regulations. – Reviewing management's monitoring of employment equity throughout the group. – Reviewing the promotion of managerial control by previously disadvantaged individuals. – Ensuring that the B-BBEE plan is dynamic and flexible. – Reviewing the promotion of human resource development through employment equity and skills development initiatives. – Reviewing indirect empowerment and corporate social responsibility initiatives. – Reviewing legislation and making relevant recommendations to the board if appropriate. – Reviewing the findings of any examination by verification agencies. – Establishing special investigations and, if appropriate, hiring special counsel or experts to assist. – Reviewing policies on sensitive issues or practices. – Reviewing and proposing the group's transformation initiatives in line with the Codes of Good Practice for B-BBEE, industry and other charters.
Nominations	– Ensuring the establishment of a formal process for appointing directors to the board. – Identifying and recommending directorship candidates. – Assessing the board's balance of skills, experience and diversity. – Advising on the composition of the board, ensuring a balance between executive and non-executive directors. – Ensuring inexperienced directors are developed through a mentorship programme (where applicable). – Making recommendations in respect of directors retiring by rotation, or by contract, to be put forward for re-election.

COMPOSITION AND ATTENDANCE

BOARD

The board is satisfied that the balance of power and authority is appropriate, with no one individual or block of individuals being able to dominate the board's decision-making.

A formal limits of authority policy is in place, which grants specific levels of management (including individual directors and groups of directors) authority to commit the group to financial obligations of set limits. This policy prohibits a veto by any one director. Other policies grant specific directors and senior managers with specific decision-making powers.

The group has no controlling shareholder and there is no shareholder with the right/power to appoint a director to the board (other than in accordance with the Companies Act). The B-BBEE transaction concluded with GPI grants it the right to nominate one non-executive director to the board, but the appointment of such a director remains subject to the provisions of the Companies Act and JSE Listings Requirements.

The group has a unitary board structure comprising:

- Four independent non-executive directors, including the LID
- Three non-executive directors who, in the opinion of the board, act independently
- Four executive directors

The board is of the opinion that the non-independent, non-executive directors are sufficiently objective and have the necessary integrity to act independently as required by the Companies Act. The board is of the opinion that the value gained from these directors exceeds the perceived potential risk of them not being independent.

The board met formally three times during the year. In future, the board will meet formally twice a year. Additional meetings are convened, as necessary, to discuss urgent business. Further commentary on the frequency of board meetings is provided in note 1 on page 59.

The attendance at board meetings for the period 1 July 2014 to 30 June 2015 was as follows:

DIRECTOR	28 – 29 AUGUST 2014	9 SEPTEMBER 2014	24 – 25 FEBRUARY 2015
Allen Ambor (Chairman) (Executive)	✓	✓	✓
Pierre van Tonder (Executive)	✓	✓	✓
Mark Farrelly (Executive)	✓	✓	✓
Ronel van Dijk (Executive)	✓	✓	✓
Keith Madders (Non-executive)	✓	✓	✓
Keith Getz (Non-executive)	✓	✓	✓
Dean Hyde (Independent non-executive)	✓	✓	✓
Muzi Kuzwayo (Independent non-executive)	✓	✓	✓
Mntungwa Morojele (Independent non-executive) (Lead independent director)	✓	✓	✓
Dineo Molefe (Independent non-executive)	✓	✓	✓
Alan Keet (Non-executive)	N/A	N/A	✓

✓ – Present; N/A – Not applicable

AUDIT COMMITTEE

Meetings are scheduled semi-annually and attendance at the two formal meetings held during the financial year was as follows:

DIRECTOR	29 AUGUST 2014	24 FEBRUARY 2015
Dean Hyde (Chair) (Independent non-executive)	✓	✓
Muzi Kuzwayo (Independent non-executive)	✓	✓
Mntungwa Morojele (Independent non-executive)	✓	✓
Dineo Molefe (Independent non-executive)	✗	✓

✓ – Present; ✗ – Absent

RISK COMMITTEE

Meetings are scheduled semi-annually and attendance at the two formal meetings held during the financial year was as follows:

DIRECTOR	29 AUGUST 2014	23 FEBRUARY 2015
Pierre van Tonder (Chair) (Executive)	✓	✓
Mark Farrelly (Executive)	✓	✓
Ronel van Dijk (Executive)	✓	✓
Keith Getz (Non-executive)	✓	✓

✓ – Present

REMUNERATION COMMITTEE

Meetings are scheduled semi-annually and attendance at the two formal meetings held during the financial year was as follows:

DIRECTOR	29 AUGUST 2014	23 FEBRUARY 2015
Muzi Kuzwayo (Chair) (Independent non-executive)	✓	✓
Dean Hyde (Independent non-executive)	✓	✓
Mntungwa Morojele (Independent non-executive)	✓	✓

✓ – Present

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

Meetings are scheduled semi-annually and attendance at the two meetings held during the financial year was as follows:

DIRECTOR	9 SEPTEMBER 2014	24 FEBRUARY 2015
Keith Getz (Chair) (Non-executive)	✓	✓
Pierre van Tonder (Executive)	✓	✓
Ronel van Dijk (Executive)	✓	✓

✓ – Present

Further explanation of the composition of the committee is provided in note 7 on page 60.

TRANSFORMATION COMMITTEE

Two meetings were held during the financial year and attendance was as follows:

DIRECTOR	25 AUGUST 2014	23 FEBRUARY 2015
Pierre van Tonder (Chair) (Executive)	✓	✓
Mark Farrelly (Executive)	✓	✓
Ronel van Dijk (Executive)	✓	✓
Muzi Kuzwayo (Independent non-executive)	✓	✓
Mntungwa Morojele (Independent non-executive)	✓	✓

✓ – Present

NOMINATIONS COMMITTEE

Two meetings were held during the financial year and attendance was as follows:

DIRECTOR	25 AUGUST 2014	23 FEBRUARY 2015
Mntungwa Morojele (Chair) (Independent non-executive)	✓	✓
Keith Getz (Non-executive)	✓	✓
Muzi Kuzwayo (Independent non-executive)	✓	✓

✓ – Present

IT GOVERNANCE

The board adopted a new IT charter in February 2014 to address the requirements of King III. IT governance risk items are reported to the risk committee, which presents feedback to the board at each board meeting. The group business intelligence executive – assisted by the IT steering committee – is responsible for the general management of the IT function. Together, they serve as a proxy for a chief information officer as contemplated by King III.

In terms of its charter, general management of the IT function includes the following broad responsibilities:

- Optimisation of the value contributed by IT to the business in a cost-effective manner.
- Ensuring that adequate and appropriate IT resources are available to support the group's objectives.
- IT risk management.

IT risks, controls and governance are incorporated in the IT strategic plan developed and approved by the IT steering committee and the board. The findings of comprehensive risk analysis and prioritisation exercises conducted by the internal auditor during 2013, and regularly updated since then, are incorporated in an IT risk register and IT governance work plan and progress against this is monitored by the board.

Given the limited complexity of the group's IT infrastructure insofar as it relates to the provision of financial reporting information, the board does not consider the risk of integrity of financial information produced from IT systems to be high. The board relies on internal audit and the skills, expertise and integrity of finance employees to assure the accuracy of information provided. The board also reviews and makes judgements on the findings of the external auditor regarding the integrity of IT systems. To date, the board has had no reason to believe that information provided is not complete, timely, relevant or accurate.

An IT disaster recovery plan is in place, which management intends to test and update in due course.

RISK COMMITTEE REPORT

FUNCTIONING OF THE COMMITTEE

The board acknowledges that it is responsible for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks. It also acknowledges and recognises the importance of an effective risk management process.

The board has approved a formally documented risk management policy, as recommended by King III, which sets out the following:

- The responsibilities of employees, management, the risk committee and the board
- The definition of risk and risk management
- Risk management objectives
- The board's risk approach and philosophy
- The risk management process and structures

Risks are identified, assessed and managed as part of the day-to-day operations at various levels of management, who are empowered to deal with risks in an efficient manner according to formal policies and protocols.

The risk committee serves an oversight role in respect of risk management, reviewing risks identified and risk ratings, assessing the appropriateness of response strategies, and monitoring the implementation of these strategies. Each functional executive is responsible for identifying, evaluating and managing risk on a daily basis in their respective functional areas and reporting the results of this process to the risk committee on a rotational basis.

The risk committee reports at each board meeting on the effectiveness of the risk management process and provides an analysis of the residual risk rating of each risk (using a traffic light dashboard system). In determining these assessments, the committee considers assurance provided by internal audit, management, and any relevant external assurance provider, using the combined assurance approach.

The committee works closely with internal audit to enhance the existing risk management process on a continuous basis.

MATERIAL LOSSES

The group incurred no material losses during the financial year.

RISK APPETITE AND TOLERANCE

The board is risk averse. General authority limits have been determined for various functional department heads, individual directors and groups of directors. It is the general policy of the board that any action that is not considered to have a negligible degree of risk and may potentially expose the group to material financial or other consequences will only be taken after consultation with other board members.

The board is satisfied that no member of management has exceeded his or her authority or acted contrary to the board's stated risk appetite and in so doing, has exposed the group to unnecessary risk during the financial year and up to the time of approval of this integrated report.

ASSURANCE

At the request of the audit committee, the internal audit function reviewed the group's risk management process during the 2013 financial year and recommended several enhancements to the risk management process. These included enhancing reporting efficiency, accountability in formulating response strategies and effective progress monitoring. Internal audit performed follow up reviews during 2014 and 2015, and concluded that the risk management process adds value to the organisation, and that the group effectively applies the King III principles relating to risk management.

The audit committee provides guidance to the internal audit function on the priority of risks to be reviewed and the internal audit function provides assurance in this regard. The board is satisfied that an adequate process for identifying, evaluating and managing significant risks is in place for the financial year and until the time of the approval of the integrated report.

The group's sustainability reporting is in the early stages of development and assurance in this area forms part of the internal risk management process described above. King III recommends that a formal external assurance process regarding sustainability-specific reporting should be established. However, the board believes that the cost of such an assurance engagement would far exceed the benefit to stakeholders at this time. Furthermore, the board is of the opinion that there is sufficient integrity within the group's reporting process to rely on the sustainability disclosures.

INSURANCE

Insurance is reviewed on an annual basis by senior management, including the group chief financial officer and group chief executive officer.

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 risk committee reviews the insurance cover, the insurance broker's recommendations and management's recommendations before assuring the board that the appropriate insurance cover is in place.

CURRENT AND IMMINENT SUSTAINABILITY RISKS

Management is empowered to respond to the day-to-day risks affecting the group within certain limits of authority. Longer-term implications for the sustainability of the group are mitigated by implementing medium to long-term risk management strategies under the supervision of the board.

The top inherent risks that may impact the long-term sustainability of the group as at June 2015 are discussed in the table below.

RISK	MITIGATION	MORE DETAIL
B-BBEE – franchisees and corporate Franchisees' ability to secure new leases and operating licences (for example, liquor licences) may be linked to their B-BBEE compliance in future. Non-B-BBEE-compliant franchisees increase the group's risk of not achieving its strategy in terms of restaurant openings and revenue growth. The group's commitment to B-BBEE has an effect on market and customer perceptions and results in possible reputational risk. Non-B-BBEE accreditation could affect the group's ability to transact with suppliers, resulting in difficulty sourcing the new locations required to achieve future growth.	– Workshops with franchisees to highlight risks and concerns, explain the need to prepare a B-BBEE scorecard and conduct a verification process, and provide practical guidance on measures to improve B-BBEE ratings. – Encouraging franchisees to include black equity operating partners. – Engagement with banks to facilitate financing of black equity transactions. – Engagement with the dti regarding proposed new liquor licence regulations. – Conclusion of B-BBEE transaction with GPI to improve black ownership.	Transformation
Sustainable supply of raw material Climate change, coupled with the growth in world population and associated urbanisation, is expected to have a negative impact on raw material supplies in the long term. This is likely to affect the availability and pricing of food items, which will affect franchisee profitability and customers' disposable income.	– Engagement with suppliers regarding their sustainability programmes and considering termination of relationships where requirements are not met. – Tracking and measuring suppliers to ensure adequate sustainability plans are in place. – Compliance with South African Sustainable Seafood Initiative ("SASSI") guidelines in procurement of seafood supplies.	Procurement
Lack of skills – existing and future management Inadequate restaurant management skills at middle management could inhibit the achievement of the group's growth strategies and damage the reputation and public perception of its brands. A lack of core literacy and numeracy skills at emerging restaurant management level could lead to mismanagement and underperformance, thereby jeopardising the future integrity of the group's brands.	– Continuous training of franchisee employees. – Continuous enhancement of training material. – Continuous support for Spur College of Excellence and increasing number of candidates. – Implementation of numeracy and literacy courses.	Human capital and skills development
Franchisee profitability Franchisees are exposed to above-inflationary increases in minimum wage rates, occupancy costs, energy costs, utilities and food prices, which can affect the viability of the brands' respective franchise models. If the franchise models are not regularly reviewed and managed, this could result in business failures, which would have an adverse impact on the profitability of the group.	– Continuous and regular reviews of franchise business and financial model. – Continuous engagement with franchisees. – Continuous reviews of store design and specifications to improve efficiency and reduce costs. – Management of selling prices to ensure brands remain both competitive and profitable. – Expansion of centralised procurement and outsourced distribution model.	Sustainable local franchise model Page 54
Competition Well-established brands could enter the sit-down and takeaway restaurant markets in which the group operates, resulting in erosion of the group's market share and a negative impact on the group's financial performance.	– Continued focus on operational excellence, marketing exposure, brand recognition and value proposition to grow market share and minimise the impact of new entrants.	Operational reports Page 31
Geopolitical risk The prospects for the South African economy remain uncertain in light of a lack of clear political leadership and government policies that are at odds with encouraging foreign investment and economic growth. The majority of the group's profits are generated from operations sourced in South Africa and a sustained decline in the local economy could have a detrimental impact on the group.	– Sustained focus on operational efficiency, diversification into new target markets and aggressive local marketing campaigns to mitigate subdued consumer activity. – Continued presence in Australia with cautious growth plans. – Pilot of Spur RBW model in the UK to test market reception and assess future prospects of remaining in the region. – Expansion of all brands in Africa.	International expansion Page 56

Pierre van Tonder
Group chief executive officer and chief risk officer

REMUNERATION COMMITTEE REPORT

This report and the recommendations of the remuneration committee have been approved by the board and will be tabled to shareholders for a non-binding advisory vote at the forthcoming AGM.

Details of the directors' and prescribed officer's remuneration, and the remuneration of the three most highly paid employees who are not directors, are disclosed in note 42 to the annual financial statements on page 151 of this report.

REMUNERATION PHILOSOPHY

The group's remuneration philosophy aims to reward employees in such a way as to attract and retain talented individuals and to motivate employees to contribute continuously to the success of the group. The group targets remuneration at the upper quartile of benchmarked remuneration levels for each individual's area of expertise and responsibility. Total remuneration packages are structured in such a way as to ensure that the interests of employees and shareholders are aligned.

The group also aims to strike a balance between guaranteed remuneration, short-term incentives and long-term incentives for executive and senior management. For these individuals, multiple metrics are used to determine performance criteria, which are aligned with the group's strategy and shareholder interests, including short and long-term profit growth and long-term share price appreciation.

Remuneration levels are influenced by a scarcity of skills and work performance. Performance-related incentives form a material part of remuneration packages, and therefore, ongoing feedback is vital. Employees participate in annual one-on-one evaluations with their line managers to give feedback, discuss career development opportunities and encourage further performance.

REMUNERATION STRUCTURES

Remuneration consists of the following three elements.

BASIC COST TO COMPANY PACKAGE

The basic cost to company package of each employee is linked to individual performance, expertise and knowledge required in the position and competitive benchmarking undertaken from time to time. Broadly, it consists of the following components:

BASIC SALARY	The employee's basic salary is fixed for a period of 12 months and is subject to an annual review each year with effect from 1 July. Increases are discretionary and granted after a formal performance evaluation has been conducted with each individual. Increases are based on inflation, individual key performance indicators, benchmarking exercises, core skills, changes in responsibilities and financial performance measures. Increases are proposed by line managers and reviewed and approved by the group chief executive officer and chairman of the board. Executive directors' increases are proposed by the chairman of the board and the group chief executive officer on the same basis as for other employees. These proposals are subject to the prior review and recommendation of the remuneration committee and final approval by the board before being adopted.
MEDICAL AID CONTRIBUTION	All local employees must to be covered by medical aid, the cost of which is to be borne by the employee.
PROVIDENT FUND CONTRIBUTION	Local employees must contribute a minimum of 15% of their cost to company to the group's externally administered provident fund. The contribution includes group life cover and income protection cover in the event of incapacity. The fund comprises commercially available investment funds managed independently by reputable financial services providers. A committee comprising group chief executive officer, group chief financial officer, and other senior managers consults with an independent broker on at least an annual basis to review the performance of the fund and consider the choice of investments.
TRAVEL ALLOWANCE	A travel allowance is provided for those required to travel routinely for business purposes. Travel allowances are reviewed on a three-year cycle and are fixed for the period between review dates. Travel allowances are determined based on the cost of financing, insuring and maintaining a certain level of vehicle depending on the seniority of the individual involved. Travel allowances were last adjusted to be effective 1 July 2014.

PROFIT SHARE/THIRTEENTH CHEQUE SCHEME

Employees participate in either a discretionary thirteenth cheque scheme, or a profit share scheme, depending on their position and seniority.

Thirteenth cheque scheme

The scheme operates by way of a discretionary, performance-related annual thirteenth cheque, which is paid to the participating individuals in the event that they achieve certain performance criteria and the group achieves the requisite financial performance parameters set by the board. Depending on the extent to which financial performance parameters are met, a full or partial thirteenth cheque may be declared.

Each individual's participation is limited to a maximum of one month's cost to company (excluding travel allowance).

Profit share scheme

The bonus pool for the profit share scheme is calculated with reference to the dividends received by the Spur Management Share Trust on the 6 688 698 Spur Corporation shares held by the Trust pursuant to the shareholders' resolution of 10 December 2010. The bonus pool is allocated to participating individuals based on growth in group profit and their division's contribution to group profit on the prior year (both relative to inflation), salary level and personal key performance indicators. The quantum of the bonus pool, calculated with reference to the dividends on the Spur Corporation shares, is linked directly to group performance, as the dividend is a direct result thereof. Refer to note 25 in the annual financial statements on page 125 for further information.

Profit share bonus payments are determined by the group chief executive officer and chairman of the board according to the rules of the scheme approved by the remuneration committee. The group chief executive officer has the right to make certain adjustments to individual payments within certain limits under certain circumstances. Payments to executive directors are reviewed and approved by the remuneration committee in advance.

The rules of the scheme currently include:

- The maximum aggregate bonus payable to all participants may not exceed 125% of the pre-tax equivalent of the dividends received by the Trust in respect of the financial year for which the bonuses are to be determined ("the bonus pool").
- The maximum bonus payable to each participant is a *pro rata* share of the bonus pool based on the ratio of each participant's cost to company to the aggregate of all participants' costs to company ("the maximum bonus").
- 20% of each participant's maximum bonus is subject to the group's performance (the average of growth in year-on-year undiluted earnings per share and undiluted headline earnings per share ("group performance measure")) ("the group bonus").
- 80% of each participant's maximum bonus is subject to the participant's divisional performance (the year-on-year growth in operating profit of that division ("divisional performance measure")). In the case of participants who do not work in a profit-generating unit, the divisional performance measure is the weighted average divisional performance measure of all profit-generating units. In the case of directors, the divisional performance measure is the same as the group performance measure ("the divisional bonus").
- The group bonus and divisional bonus of each participant are each multiplied by the following factors and then aggregated to determine a "financial performance bonus":

  - **100%** where the group performance measure and divisional performance measure respectively is more than 8% above the rate of inflation.
  - **Between 80% and 100%** (determined *pro rata*) where the group performance measure and divisional performance measure, respectively, is between 5% above the rate of inflation and 8% above the rate of inflation.
  - **Between 50% and 80%** (determined *pro rata*) where the group performance measure and divisional performance measure, respectively, is between the rate of inflation and 5% above the rate of inflation.
  - **0%** where the group performance measure and divisional performance measure, respectively, is less than the rate of inflation.

- Each participant's financial performance bonus is then multiplied by a factor based on their individual performance evaluation to calculate their "actual bonus payment".
- In the event that the above calculations indicate that no actual bonus payment is due to a participant, the remuneration committee may nevertheless exercise its discretion to pay a bonus of up to 20% of the maximum bonus based on the participant's individual performance.

At its meeting on 9 September 2015, the board, upon the recommendation of the remuneration committee, amended the scheme rules such that the group performance and divisional performance measures referred to above will be calculated with reference to budget (as opposed to growth on the prior year relative to inflation). The board is of the view that these amendments will allow management to track and report the likelihood and value of possible incentive bonuses to the participants on a monthly basis, which will serve to motivate management to achieve the group's financial objectives more effectively.

LONG-TERM SHARE-LINKED EMPLOYEE RETENTION SCHEME

The executive directors and certain members of senior management participate in a share-linked retention scheme in the form of a cash-settled share appreciation rights scheme. The scheme is a three-year rolling scheme, in terms of which a maximum of 1 500 000 share-linked rights become available for allocation each year. The rights are granted each year in the period following the publishing of year-end results up to 31 December of that same year.

The number of rights to be allocated depends on the group's financial performance and the participant's expertise, knowledge, sphere of responsibilities, seniority and personal performance. These rights vest and are compulsorily exercisable three years after the date of issue. The strike price is determined as the 50-day volume-weighted average price of the Spur Corporation share on the grant date.

Gains on the rights, calculated as the difference between the 50-day volume-weighted average price of the Spur Corporation share on the vesting date and the strike price, are settled to the participant in cash. In terms of the rules of the scheme, the group's upside exposure to the share price and its impact on the liability arising from these share appreciation rights shall be hedged.

The number and terms of rights granted each year are determined according to the rules of the scheme, which are reviewed by the remuneration committee from time to time.

The maximum number of rights that any participant may benefit from at any point in time is 1 500 000. A total of 4 500 000 rights are currently in issue. The second tranche of 1 500 000 share appreciation rights (granted in December 2011) vested and was settled in cash in December 2014. The fifth tranche of 1 500 000 share appreciation rights was allocated at the same time.

The group has entered into a hedge to mitigate the liquidity risk relating to upside movement in the share price.

The charge to profit before income tax of the value of the rights for the year under review is R19.735 million (2014: R28.117 million) and the credit to profit before income tax in respect of the hedge for the year under review is R14.794 million (2014: R17.922 million) (refer to notes 23 and 17 to the annual financial statements on pages 123 and 117, respectively). As there are no potential dilutive ordinary shares in respect of the scheme, other than the impact on profit disclosed above, there is no dilutionary impact on existing shareholders. While the hedge mitigates the group's liquidity risk of the scheme, the group is exposed to downside price risk on the Spur Corporation share as described in note 37.3.2 on page 144.

King III recommends that vesting of share incentive awards should be conditional to achieving performance conditions and should be on a sliding scale. The current scheme does not comply with these recommendations in that performance conditions are applied at grant date (as opposed to upon vesting). The board has, upon the recommendation of the remuneration committee, agreed to replace the existing scheme with two new long-term share-linked schemes: an employee retention scheme and a share appreciation rights incentive scheme. These are outlined in the table below.

	RETENTION SCHEME	SHARE APPRECIATION RIGHTS INCENTIVE SCHEME
STRUCTURE	Granting of free shares Equity-settled	Granting of share appreciation rights with benefits dependent on the increase in the value of the rights awarded Equity-settled
PERIOD	Ownership, voting rights and dividends will vest with the beneficiaries after three years, but participants will be restricted from trading in the shares for a further two years Performance conditions will be applied at grant date only	Ownership, voting rights and dividends will vest with the beneficiaries after three years, but participants will be restricted from trading in the shares for a further two years Performance conditions will be applied at the vesting date
AVAILABLE TO	Executives Senior managers Junior managers	Executives Senior managers
PERFORMANCE CONDITIONS	Personal key performance indicators	Return on equity and compounded annual growth in comparable headline earnings per share relative to inflation over the vesting period

The necessary resolutions to give effect to the proposed schemes will be tabled for approval by shareholders at the AGM on 4 December 2015.

EXECUTIVE SERVICE CONTRACTS

In terms of their employment contracts, executive director Allen Ambor has a 12-month notice period, executive directors Pierre van Tonder and Mark Farrelly have three-month notice periods and Ronel van Dijk has a one-month notice period. The executive directors are restrained by agreement from any involvement in businesses associated with competing brands for the duration of their employment and for a period of two years following their termination of employment.

No contracts provide for termination settlements, other than those required in terms of law.

NON-EXECUTIVE DIRECTORS' FEES

The board as a whole determines fees to non-executive directors for membership of the board and board committees. The board is of the opinion that such fees are market-related and commensurate with the time and effort required by the directors to undertake their duties.

Such remuneration is not linked to the performance of the group or its share performance.

At the AGM on 5 December 2014, shareholders approved (by way of special resolution) the remuneration of directors for services as directors at R375 000 per annum with effect from 1 July 2014. The shareholders' resolution remains in effect until 4 December 2016, unless modified by a further special resolution. A resolution is to be tabled at the forthcoming AGM for shareholders to approve the proposed directors' fees for the 2016 financial year, which amounts to a 6.7% increase to R400 000 per annum.

In addition to the fees detailed in the table below:

- Keith Getz is a director of two of the international subsidiary companies of the group. A related entity is paid a fee of €2 500 and €1 500 per meeting for the services of Mr Getz in chairing the board meetings of Steak Ranches International BV and Spur International Ltd BVI, respectively. Ordinarily, three meetings of both boards are scheduled annually.
- Keith Madders is a director of Steak Ranches International BV. A related entity is paid a fee of €2 500 per meeting for the services of Mr Madders in attending board meetings of that company.

King III recommends that non-executive director fees should comprise a base fee, which may vary according to factors including the level of expertise of each director, as well as an attendance fee per meeting. Given the size and nature of the group, and the informal involvement of all non-executive directors in key decisions, the board is of the opinion that an equitable flat rate is appropriate for all non-executive directors.

With the exception of Mr Madders, none of the non-executive directors has a specific service contract or notice period. The group had entered into a contract with a company for Mr Madders' services, which provided for a three-month notice period and services rendered at an agreed hourly rate, escalating by the rate of inflation on the anniversary date of the agreement. This contract was applicable only to services other than services as a director as contemplated by the Companies Act. The contract was terminated during the year to avoid any potential for conflict of interest arising from the arrangement.

No non-executive directors participate in any incentive schemes. Details of fees paid to directors and to related parties for the services of directors and other consulting fees are included in notes 42 and 43 to the annual financial statements on pages 151 and 155, respectively.

The following table indicates the fees paid to each of the non-executive directors over the past five years. This relates to all board members, including members of committees, chairmen of committees and the LID.

	PROPOSED 2016	2015	2014	2013	2012	2011
Non-executive directors' fees	R400 000	**R375 000**	R375 000	R350 000	R350 000	R250 000

Muzi Kuzwayo
Remuneration committee chairman

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

The social and ethics committee was constituted in compliance with the requirements of the Companies Act (Act No. 71 of 2008, as amended) and operates in terms of a formal charter. The charter contains detailed provisions relating to the terms of reference, duties, composition, role and responsibilities of the committee.

At its meeting in September 2014, the board agreed to rename the committee to the social, ethics and sustainability committee and to extend the ambit of its responsibility to include sustainability matters. The requisite changes to the committee's charter have been formally applied.

FUNCTIONING OF THE COMMITTEE

The committee met twice during the financial year. Meetings are convened and conducted in terms of a detailed agenda accompanied by supporting documents and reports, in particular the reports of the permanent attendees. These presentations cover the core mandate of the committee and represent a material methodology used by the committee to monitor its responsibilities. The committee actively engages with management during these presentations.

Permanent invitees include the group human resource and transformation executive, national procurement executive, legal and compliance officer, group finance executive, chief audit executive, group finance manager, and environmental sustainability committee chairperson.

Matters considered by the committee (and reported to the board) include:

- Reviewing the company's code of conduct to determine compliance with statutory requirements, its alignment with the culture of the company and its coverage of ethical matters.
- Reporting on the company's compliance with all applicable legislation and Codes of Good Practice.
- Monitoring the company's transformational progress (including consideration of the Employment Equity Act (Act No. 55 of 1998) and the Broad-based Black Economic Empowerment Act (Act No. 53 of 2003)).
- Reviewing the corporate social initiatives undertaken by the Spur Foundation Trust.
- Reviewing sustainability initiatives.
- Monitoring further areas relating to its statutory obligations and related good corporate governance and corporate citizenship.

The committee believes that the group is substantively addressing the issues monitored by the committee in terms of its statutory mandate in a beneficial and positive manner. Shareholders are referred to further reports on key aspects of the committee's mandate elsewhere in this integrated report. The committee recognises that issues within its mandate are constantly evolving and challenging but it is satisfied that management of the company is dedicated to this and positive in its responses. Further information regarding the group's management of its social and environmental material matters is available online at **www.spurcorporation.com**.

As chairman of the committee, Keith Getz will be available at the AGM to answer any questions relating to the statutory obligations of the committee.

Keith Getz
Social, ethics and sustainability committee chairman

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

ABOUT THESE FINANCIAL STATEMENTS

The consolidated and separate financial statements on pages 86 to 184 of this report have been audited in accordance with the requirements of section 30 of the Companies Act of South Africa (Act No. 71 of 2008, as amended) and have been prepared under the supervision of the group chief financial officer, Ronel van Dijk CA(SA).

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

AUDIT COMMITTEE REPORT

COMPANIES ACT COMPLIANCE

The company has complied with section 94 of the Companies Act relating to audit committees. In addition, the board is of the opinion that the requirements of regulation 42 of the Companies Act, which require at least one-third of the members of a company's audit committee to have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management, are complied with.

FUNCTIONING OF THE COMMITTEE

The committee operates within formal terms of reference approved by the board. The committee is satisfied that it has met its responsibilities as stipulated in the terms of reference. The committee is also satisfied that it has complied with its legal, regulatory and other responsibilities.

The committee discharges its responsibilities by meeting formally at least twice a year to review the group's interim and annual results before publication, and to receive and review internal audit reports, external audit reports and the written report from the board's risk committee. It also meets with management to review their progress on key issues relating to financial controls and risks, and deals with other matters falling within its terms of reference. Committee members review company trading statements on an *ad hoc* basis. The findings and recommendations of the committee are reported to the board at the following board meeting, which is typically 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 plan and internal audit conclusions are similarly reviewed and approved by the committee.

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

Management presents the chairman of the committee and the external auditor with summarised financial information relating to the performance of the group 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.

CHAIRMAN'S ATTENDANCE AT THE ANNUAL GENERAL MEETING

King III recommends that the chairman of the committee be present at the annual general meeting ("AGM") to answer questions on the integrated report, the committee's activities and matters within the scope of the committee's responsibilities.

The chairman of the audit committee is not ordinarily resident in the Western Cape. Given the limited attendance by shareholders at the AGM, the board is of the opinion that the cost of making the chairman of the committee available at the AGM is not warranted. The chairman of the committee has agreed to be available telephonically in the event that any shareholder wishes to address him at the AGM. In addition, a member of the committee will be available at the AGM to address questions raised.

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The audit committee has satisfied itself that the external auditor is independent of the company, as set out in section 94(8) of the Companies Act, which includes considering previous appointments of the auditor, the extent of other work undertaken by the auditor for the company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee ensured that the appointment of the auditor complied with the Companies Act and any other legislation relating to the appointment of auditors. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services. In general, the auditor is not engaged for non-audit services, unless, in the opinion of the committee, it is appropriate to do so and the extent of the service is not significant. The committee recognises that there may be circumstances where it would be to the group's advantage to engage the auditor for non-audit services that are significant and these will be considered on a case-by-case basis. Minimal pre-approved non-audit services were provided by the auditor for the year under review.

The audit committee has satisfied itself that the audit firm and designated auditor are accredited on the JSE's list of auditors and their advisors.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The audit committee has reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

The audit committee has established a formal process to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the company. No such matters were brought to the attention of the committee during the year under review.

INTERNAL FINANCIAL CONTROLS

In considering the integrity of the company's financial information and the effectiveness of internal financial controls, the committee relies on the work performed by internal audit, representations by management and the external auditor's management report. The committee acknowledges that it is not the external auditor's responsibility to identify control deficiencies, but considers the content of the report to be a key indicator of the effectiveness of the general financial control environment.

Based on these interactions, nothing has come to the committee's attention that would lead it to believe that an adequate and appropriate system of internal control is not in place. The committee has advised the board accordingly.

INTEGRATED REPORTING AND COMBINED ASSURANCE

King III recommends that the committee should recommend that the board engage an external service provider to provide assurance over material elements of the sustainability part of the integrated report. The board has considered this recommendation and determined that the cost of such an assurance exercise would exceed any benefits to stakeholders. As the group progresses its journey towards more enhanced sustainability reporting, the board will review this decision.

The audit committee has considered the company's sustainability information as disclosed in the integrated report and has assessed its consistency with operational and other information known to audit committee members, and for consistency with the annual financial statements. Nothing has come to the audit committee's attention, which would lead it to conclude that the sustainability information is not reliable.

The committee has reviewed this integrated report and recommended it to the board for approval.

GOING CONCERN

The audit committee has considered the going concern status of the company and of the group and has made recommendations to the board in this regard. The board's statement on the going concern status of the company and of the group is supported by the audit committee.

GOVERNANCE OF RISK

The risks identified by the risk committee insofar as they relate to financial and integrated reporting or internal controls are highlighted to the audit committee in a formal report from the risk committee. The audit committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

INTERNAL AUDIT

The board has outsourced the internal audit function to an independent, reputable service provider. The committee is responsible for overseeing the internal audit function.

The audit committee is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

The audit committee considered and recommended the internal audit charter for approval by the board. The charter governs the authority and responsibilities of the various role players. The engagement partner of the outsourced service provider has been appointed as the chief audit executive in terms of the charter and reports directly to the audit committee.

The audit committee has approved a five-year risk-based audit programme in terms of which the outsourced service provider will address, *inter alia*, those risks and controls identified by the committee as being key to financial reporting, operational sustainability and stakeholder reporting. Deliverables will include written reports to the committee on the respective audit areas.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

In accordance with the JSE Listings Requirements, the committee must consider and be satisfied, on an annual basis, of the appropriateness of the expertise and experience of the financial director. The committee has concluded that Ronel van Dijk, the group chief financial officer and financial director, possesses the appropriate expertise and experience to meet her responsibilities in that position. The committee has further assessed the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function and concluded that these are adequate.

OTHER CONCLUSIONS BY THE COMMITTEE

The committee is satisfied that to the date of this report:

- Financial reporting risks have been identified and mitigated
- A satisfactory system of internal financial controls is in place
- Fraud risks relating to financial reporting have been considered and mitigated
- IT risks relating to financial reporting have been considered and mitigated

No material weaknesses in financial controls that resulted in material financial loss, fraud or errors were identified during the year under review.

Dean Hyde
Audit committee chairman

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Spur Corporation Ltd, comprising the statements of financial position at 30 June 2015, the statements of comprehensive income, changes in equity and 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, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

Based on the results of reviews of the design, implementation and effectiveness of the internal financial controls conducted by the internal audit function during the 2015 financial year and considering information and explanations given by management and discussions with the external auditor on the results of the audit, assessed by the audit committee, nothing has come to the attention of the board that caused it to believe that the company's system of internal controls and risk management, to the extent this has any impact on this integrated report, is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is supported by the audit committee.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

The board of directors furthermore acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its mind to the integrated report in its entirety and in the opinion of the board the integrated report addresses all material issues, and presents fairly the integrated performance of the group and its impacts. The integrated report has been prepared in line with best practice pursuant to the recommendations of King III.

The consolidated and separate annual financial statements of Spur Corporation Ltd, as identified in the first paragraph, as well as the integrated report in its entirety, were approved by the board of directors on 5 October 2015 and are signed on its behalf by

Allen Ambor
Executive chairman

Pierre van Tonder
Group chief executive officer

DECLARATION BY COMPANY SECRETARY

In terms of Section 88(2)(e) of the Companies Act 2008, as amended, I certify that the Company has lodged with the Commissioner all such returns and notices as required by the Companies Act and that all such returns and notices appear to be true, correct and up to date.

Nazrana Hawa
Secretary
5 October 2015

DIRECTORS' REPORT

The directors present their sixteenth annual report for the year ended 30 June 2015.

NATURE OF THE BUSINESS

Spur Corporation Ltd (company registration number: 1998/000828/06), which is domiciled and incorporated in the Republic of South Africa and listed on the JSE Ltd, 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, RocoMamas Franchise Co (Pty) Ltd, Steak Ranches International BV, Spur Franchise Namibia (Pty) Ltd, Spur Corporation UK Ltd and Spur Corporation Australia Pty Ltd, the group carries on the business of franchisor in predominantly the family sit-down and quick service restaurant markets. Through subsidiaries, Spur Advertising (Pty) Ltd, Panarottis Advertising (Pty) Ltd, John Dory's Advertising (Pty) Ltd, The Ad Workshop (Pty) Ltd (trading as Captain DoRegos Advertising), Marocap (Pty) Ltd (trading as RocoMamas Advertising), Estalor (Pty) Ltd (trading as The Hussar Grill Advertising), Spur Advertising Namibia (Pty) Ltd, Spur Advertising UK Ltd, Spur Advertising Australia Pty Ltd, Panarottis Advertising Australia Pty Ltd and Steak Ranches International BV (operating separate divisions as marketing funds for African territories), 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. A subsidiary, Share Buy-back (Pty) Ltd, holds treasury shares as authorised by shareholders by way of special resolution on an annual basis. The company also has indirect interests in various companies in the United Kingdom which own and operate retail Spur restaurants in that territory as well as three local entities that operate three The Hussar Grills in South Africa.

FINANCIAL REVIEW

The group's statement of comprehensive income is presented on page 86 and reflects the group's financial results.

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.

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 Arena 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 employee 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%.

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.

AUDIT AND RISK COMMITTEES

Pages 77 to 78 and 67 to 68 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 2015.

On 3 October 2014, shareholders approved the issue of 10 848 093 new ordinary shares pursuant to a broad-based black economic empowerment deal (refer note 21.2 of the consolidated financial statements), increasing the total number of shares in issue from 97 632 833 to 108 480 926.

On 3 October 2014, shareholders further approved the donation of 500 000 (100 000 per annum) shares by Share Buy-back (Pty) Ltd (a wholly-owned subsidiary of the company) to The Spur Foundation Trust, a benevolent foundation that is a consolidated structured entity. The first donation of 100 000 shares was made in October 2014.

During the year, Share Buy-back (Pty) Ltd purchased 361 273 shares at an average cost of R31.52 per share, totalling R11.387 million taking the total number of treasury shares held by the group to 5 572 401 (2014: 5 311 128). In addition, 6 688 698 (2014: 6 688 698) shares are held by The Spur Management Share Trust and, as noted above, 100 000 (2014: nil) shares are held by the Spur Foundation Trust (refer note 21 of the consolidated financial statements). The Spur Management Share Trust and The Spur Foundation Trust are special purpose entities that are required to be consolidated by the group for financial reporting purposes only. Consequently, the net number of shares in issue at 30 June 2015 was 96 119 827 (2014: 85 633 007).

INTEREST IN SUBSIDIARY COMPANIES

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

	Country of incorporation/ place of business	Issued capital R'000	Loans to subsidiaries R'000	% interest in company
Trading				
– Estalor (Pty) Ltd* trading as The Hussar Grill Advertising Company	South Africa	0.1		100.0
– John Dory's Advertising (Pty) Ltd*	South Africa	0.1		100.0
– John Dory's Franchise (Pty) Ltd*	South Africa	0.1		100.0
– Marocap (Pty) Ltd* trading as RocoMamas Advertising	South Africa	0.1		100.0
– Nickilor (Pty) Ltd* trading as The Hussar Grill Rondebosch	South Africa	0.1		100.0
– Opilor (Pty) Ltd* trading as The Hussar Grill Green Point	South Africa	0.1		100.0
– Opiset (Pty) Ltd* trading as The Hussar Grill Camps Bay	South Africa	0.1		100.0
– Panarottis Advertising (Pty) Ltd*	South Africa	0.1		100.0
– RocoMamas Franchise Co (Pty) Ltd*#	South Africa	0.1		51.0
– Share Buy–back (Pty) Ltd	South Africa	0.1		100.0
– Spur Advertising (Pty) Ltd*	South Africa	0.1		100.0
– Spur Group (Pty) Ltd	South Africa	0.1	277 893	100.0
– Spur Group Properties (Pty) Ltd	South Africa	0.1	3 265	100.0
– The Ad Workshop (Pty) Ltd* trading as Captain DoRegos Advertising	South Africa	0.1		100.0
– Spur International Ltd*	British Virgin Islands	1.4		100.0
– Steak Ranches International BV*	The Netherlands	156 493.6		100.0
– Spur Advertising Namibia (Pty) Ltd*	Namibia	0.1		100.0
– Spur Franchise Namibia (Pty) Ltd*	Namibia	0.1		100.0
– Caspur Pty Ltd*	Australia	772.0		100.0
– Panarottis Advertising Australia Pty Ltd*	Australia	0.6		100.0
– Panatug Pty Ltd*	Australia	0.6		100.0
– Panhold Pty Ltd*	Australia	5.0		100.0
– Spur Advertising Australia Pty Ltd*	Australia	0.6		100.0
– Spur Corporation Australia Pty Ltd*	Australia	16 129.1		100.0
– Spur Steak Ranches Unit Trust*	Australia	0.1		100.0
– Spurcentral Pty Ltd*	Australia	0.6		100.0
– Larkspur One Ltd*	United Kingdom	1.4		100.0
– Larkspur Two Ltd*	United Kingdom	1.4		100.0
– Larkspur Three Ltd*	United Kingdom	1.3		80.0
– Larkspur Six Ltd*	United Kingdom	0.1		100.0
– Larkspur Seven Ltd*	United Kingdom	0.1		100.0
– Larkspur Nine Ltd*	United Kingdom	0.1		100.0
– Larkspur Ten Ltd*	United Kingdom	1.8		100.0
– Mohawk Spur Ltd*	United Kingdom	15.1		100.0
– Spur Advertising UK Ltd*	United Kingdom	1.3		100.0
– Spur Corporation UK Ltd*	United Kingdom	3.5		100.0
– Trinity Leasing Ltd*	United Kingdom	13.0		100.0
– Larkspur Eight Ltd*	Ireland	0.1		100.0
Dormant		1.4		100.0
			281 158	

* Indirect

\# Acquired on 1 March 2015

The group disposed of its interests in Australian subsidiaries Panpen Pty Ltd and Panawest Pty Ltd during the year. Vantini Spur Ltd (Gibraltar) and Larkspur Five Ltd (United Kingdom) were deregistered during the year.

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

	2015 R'000	2014 R'000
Profits	**144 554**	149 545
Losses	**(12 888)**	(11 142)

The group also consolidates The Spur Management Share Trust and the Spur Foundation Trust, both consolidated structured entities in which it does not hold shares, but which it controls as determined in accordance with IFRS.

CASH DIVIDEND

A final cash dividend in respect of the 2014 financial year of 64.0 cents per share was paid to shareholders on 6 October 2014. An interim cash dividend in respect of the 2015 financial year of 62.0 cents per share was paid to shareholders on 30 March 2015.

The directors declared a final cash dividend in respect of the 2015 financial year of 70.0 cents per share, funded by income reserves, on 9 September 2015, to be paid on 5 October 2015 to those shareholders of the company who are recorded in the company's register on 2 October 2015. As this dividend was declared after the reporting date, it will only be accounted for in the 2016 financial year.

SPECIAL RESOLUTIONS

At a general shareholders meeting held on 3 October 2014, special resolutions were passed in terms of which, pursuant to the Broad-based Black Economic Empowerment deal concluded with Grand Parade Investments Ltd ("GPI"), the directors were authorised to: provide financial assistance to a wholly-owned subsidiary of GPI for the purposes of acquiring shares in the company; and reacquire up to a maximum of 10 848 093 shares from the same entity, subject to applicable statutory and regulatory requirements.

On 5 December 2014, 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. At the same meeting, special resolutions were passed in terms of which the directors were granted the authority to cause the company to provide financial assistance to any entity which is related or inter-related to the company, and to remunerate non-executive directors for their services in their capacity as directors.

Full details of the special resolutions 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 the inside back cover of this report.

On 9 September 2015, the board appointed Nazrana Hawa as company secretary. Ronel van Dijk served as company secretary until this date. Nazrana Hawa has certified that the company has lodged with the Companies and Intellectual Property Commission ("CIPC") all such returns as required by a public company in terms of the Companies Act and that all such returns appear to be true, correct and up to date.

Pursuant to the Broad-based Black Economic Empowerment transaction with GPI referred to above, Alan Keet, as representative of GPI, was appointed to the board on 2 February 2015.

In terms of the company's Memorandum of Incorporation, Mr Mntungwa Morojele and Ms Dineo Molefe, as well as Mr Alan Keet, 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 or the directors in question.

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:

	2015			2014		
	Direct beneficial	Indirect beneficial	Held by associates	Direct beneficial	Indirect beneficial	Held by associates
Allen Ambor	**3 086 685**	**464 609**	**–**	3 086 685	464 609	–
Ronel van Dijk	**73 244**	**–**	**–**	73 244	–	–
Keith Madders	**779 372**	**332 650**	**–**	–	1 112 022	–
Keith Getz	**2 491**	**–**	**820**	2 491	–	820
Total	**3 941 792**	**797 259**	**820**	3 162 420	1 576 631	820
% interest*	**3.8**	**0.8**	**0.0**	3.4	1.7	0.0

* These percentages are based on shares in issue less shares repurchased by a subsidiary company, Share Buy-back (Pty) Ltd.

The transfer of Keith Madders' shares resulting in the change from indirect beneficial to direct beneficial was executed on 17 December 2014.

There have been no changes in directors' interests in share capital from 30 June 2015 to the date of issue of this annual report.

SHAREHOLDERS' INTEREST IN SHARES

Major shareholders

The following are shareholders (excluding directors) holding 3% or more of the company's issued share capital at 30 June 2015:

	No. of shares	%*
Allan Gray	12 732 611	12.4
Grand Parade Investments	10 848 093	10.5
Investec	10 033 051	9.7
Coronation Fund Managers	9 197 694	8.9
Fidelity	8 915 491	8.7
Spur Management Share Trust**	6 688 698	6.5
State Street Bank & Trust Co	3 894 317	3.8

* These percentages are based on shares in issue less shares repurchased by a subsidiary company, Share Buy-back (Pty) Ltd.

** This holding relates to shares utilised in the group's short-term profit share incentive scheme, details of which are disclosed in note 25 to the consolidated financial statements on page 125 of this report.

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	7	4 739 871	4.4
Subsidiary holding treasury shares	1	5 572 401	5.1
Spur Management Share Trust	1	6 688 698	6.2
Spur Foundation Trust	1	100 000	0.1
Major shareholders	2	23 580 704	21.7
Public shareholders	2 870	67 799 252	62.5
Total	2 882	108 480 926	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	2 434	84.5	4 586 406	4.2
10 001 – 25 000 shares	202	7.0	3 331 123	3.1
25 001 – 50 000 shares	90	3.1	3 273 063	3.0
50 001 – 100 000 shares	62	2.1	4 449 170	4.1
100 001 – 500 000 shares	65	2.3	13 405 138	12.4
500 001 – 1 000 000 shares	8	0.3	5 833 404	5.4
1 000 001 shares and over	21	0.7	73 602 622	67.8
	2 882	100.0	108 480 926	100.0

	No. of shareholders	%	No. of Shares	%
Distribution of shareholders				
Banks and nominees	26	0.9	8 197 495	7.6
Endowment funds	24	0.8	772 376	0.7
Individuals	2 181	75.7	12 155 648	11.2
Insurance companies	21	0.7	2 847 034	2.6
Investment companies	8	0.3	158 832	0.1
Medical funds	11	0.4	797 757	0.7
Mutual funds	74	2.6	41 175 068	38.0
Own holdings	1	0.0	5 572 401	5.1
Pension and retirement funds	83	2.9	9 215 637	8.5
Spur Management Share Trust	1	0.0	6 688 698	6.2
Other corporate bodies	452	15.7	20 899 980	19.3
	2 882	100.0	108 480 926	100.0

BORROWINGS
In terms of the Memorandum of Incorporation 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 decreased from R29.8 million to R18.8 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 company and its subsidiaries' ability to continue trading as going concerns 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, save for those disclosed in note 45 to the consolidated financial statements on page 162 of this report.

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 44 to the consolidated financial statements on page 161 of this report.

COMPANY INFORMATION
The company's registration number and registered address are presented on the inside back cover of this report. 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.

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated and separate financial statements of Spur Corporation Ltd, which comprise the consolidated and separate statements of financial position at 30 June 2015, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated and separate financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 86 to 184.

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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 Ltd at 30 June 2015, 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 the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 30 June 2015, we have read the Directors' Report, the Audit Committee Report and the Declaration by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per BR Heuvel
Chartered Accountant (SA), Registered Auditor, Director
8th Floor, MSC House, 1 Mediterranean Street
Cape Town, 8001

Cape Town, 5 October 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

	Note	2015 R'000	2014 R'000
Revenue	5	**760 059**	732 636
Cost of sales		**(210 468)**	(210 640)
Gross profit		**549 591**	521 996
Other income	6	**49 879**	40 606
Administration expenses		**(146 539)**	(148 375)
Franchise operations expenses		**(57 088)**	(46 201)
Distribution expenses		**(4 202)**	(8 841)
Impairment losses	7	**(14 959)**	(4 362)
Other non-trading losses	7	**(41 183)**	–
Retail operating expenses		**(153 061)**	(159 824)
Operating profit before finance income	7	**182 438**	194 999
Net finance income	8	**24 616**	7 251
Interest income	8	**24 681**	7 476
Interest expense	8	**(65)**	(225)
Share of loss of equity-accounted investee (net of income tax)	13	**(1 633)**	(379)
Profit before income tax		**205 421**	201 871
Income tax expense	9	**(69 768)**	(64 638)
Profit for the year		**135 653**	137 233
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
Profit attributable to:			
Owners of the company		**127 555**	136 331
Non-controlling interest		**8 098**	902
Profit for the year		**135 653**	137 233
Total comprehensive income attributable to:			
Owners of the company		**124 634**	142 932
Non-controlling interest		**7 732**	(78)
Total comprehensive income for the year		**132 366**	142 854

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

	Note	2015	2014
Earnings per share (cents)			
Basic earnings	10	**137.69**	159.20
Diluted earnings	10	**137.69**	159.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE

	Note	2015 R'000	2014 R'000
ASSETS			
Non-current assets		**632 409**	512 900
Property, plant and equipment	11	**86 481**	77 289
Intangible assets and goodwill	12	**384 610**	359 742
Interest in equity-accounted investee	13	**–**	21
Loans receivable	14	**142 996**	53 450
Deferred tax	15	**4 446**	6 536
Leasing rights	16	**2 855**	3 352
Derivative financial assets	17	**11 021**	12 510
Current assets		**473 875**	225 071
Inventories	18	**11 729**	12 132
Tax receivable		**17 164**	10 719
Trade and other receivables	19	**97 828**	82 650
Loans receivable	14	**25 143**	5 447
Derivative financial asset	17	**17 160**	22 157
Cash and cash equivalents	20	**304 851**	91 966
TOTAL ASSETS		**1 106 284**	737 971
EQUITY			
Total equity		**854 095**	519 620
Ordinary share capital	21	**1**	1
Share premium	21	**294 663**	6
Shares repurchased by subsidiaries	21	**(88 622)**	(77 235)
Foreign currency translation reserve	21	**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 interests	22	**7 064**	(4 057)
LIABILITIES			
Non-current liabilities		**108 440**	82 526
Contingent consideration liability	34.1	**31 409**	–
Employee benefits	23	**8 826**	10 909
Derivative financial liability	17	**–**	319
Operating lease liability	24	**1 200**	1 776
Deferred tax	15	**67 005**	69 522
Current liabilities		**143 749**	135 825
Bank overdrafts	20	**3 557**	539
Tax payable		**1 893**	4 559
Trade and other payables	25	**83 235**	78 453
Loans payable	26	**18 818**	29 846
Contingent consideration liability	34.1	**15 974**	–
Employee benefits	23	**19 790**	22 017
Shareholders for dividend		**482**	411
TOTAL EQUITY AND LIABILITIES		**1 106 284**	737 971

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

	Note	Number of shares (net of treasury shares) 000	Ordinary share capital R'000
Balance at 1 July 2013		**85 633**	**1**
Total comprehensive income for the year			
Profit for the year		**–**	**–**
Other comprehensive income		**–**	**–**
Foreign currency translation differences for foreign operations		–	–
Reclassification of foreign currency gain from other comprehensive income to profit or loss on abandonment of foreign operations	36.1	–	–
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 interests		–	–
Total comprehensive income for the year		**–**	**–**
Transactions with owners recorded directly in equity			
Contributions by and distributions to owners		**–**	**–**
Distributions to equity holders	27	–	–
Changes in ownership interests in subsidiaries		**–**	**–**
Acquisition of non-controlling interest in subsidiary without a change in control		–	–
Derecognition of non-controlling interest in subsidiary resulting in loss of control	35.4	–	–
Total transactions with owners		**–**	**–**
Balance at 30 June 2014		**85 633**	**1**
Total comprehensive income for the year			
Profit for the year		**–**	**–**
Other comprehensive income		**–**	**–**
Foreign currency translation differences for foreign operations		–	–
Reclassification of foreign currency loss from other comprehensive income to profit or loss on disposal/abandonment/deregistration of foreign operations	35 & 36	–	–
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 interests		–	–
Total comprehensive income for the year		**–**	**–**
Transactions with owners recorded directly in equity			
Contributions by and distributions to owners		**10 487**	**–**
Issue of ordinary shares	21.2	10 848	–
Equity-settled share-based payment	21.2	–	–
Purchase of treasury shares	21.3	(361)	–
Distributions to equity holders	27	–	–
Changes in ownership interests in subsidiaries		**–**	**–**
Acquisition of subsidiary with non-controlling interest	34.1	–	–
Acquisition of non-controlling interest in subsidiary without a change in control	34.2	–	–
Derecognition of non-controlling interest in subsidiary resulting in loss of control	35.1	–	–
Total transactions with owners		**10 487**	**–**
Balance at 30 June 2015		**96 120**	**1**

Attributable to owners of the company						
Share premium R'000	Shares repurchased by subsidiaries R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
6	**(77 235)**	**18 634**	**536 060**	**477 466**	**(4 940)**	**472 526**
–	**–**	**–**	**136 331**	**136 331**	**902**	**137 233**
–	**–**	**6 601**	**–**	**6 601**	**(980)**	**5 621**
–	–	8 348	–	8 348	–	8 348
–	–	(3 386)	–	(3 386)	–	(3 386)
–	–	879	–	879	–	879
–	–	(220)	–	(220)	–	(220)
–	–	980	–	980	(980)	–
–	**–**	**6 601**	**136 331**	**142 932**	**(78)**	**142 854**
–	**–**	**–**	**(96 766)**	**(96 766)**	**–**	**(96 766)**
–	–	–	(96 766)	(96 766)	–	(96 766)
–	**–**	**–**	**45**	**45**	**961**	**1 006**
–	–	–	45	45	(45)	–
–	–	–	–	–	1 006	1 006
–	**–**	**–**	**(96 721)**	**(96 721)**	**961**	**(95 760)**
6	**(77 235)**	**25 235**	**575 670**	**523 677**	**(4 057)**	**519 620**
–	**–**	**–**	**127 555**	**127 555**	**8 098**	**135 653**
–	**–**	**(2 921)**	**–**	**(2 921)**	**(366)**	**(3 287)**
–	–	(11 756)	–	(11 756)	–	(11 756)
–	–	2 215	–	2 215	–	2 215
–	–	8 338	–	8 338	–	8 338
–	–	(2 084)	–	(2 084)	–	(2 084)
–	–	366	–	366	(366)	–
–	**–**	**(2 921)**	**127 555**	**124 634**	**7 732**	**132 366**
294 657	**(11 387)**	**–**	**(82 450)**	**200 820**	**–**	**200 820**
294 657	–	–	(991)	293 666	–	293 666
–	–	–	32 957	32 957	–	32 957
–	(11 387)	–	–	(11 387)	–	(11 387)
–	–	–	(114 416)	(114 416)	–	(114 416)
–	**–**	**–**	**(2 100)**	**(2 100)**	**3 389**	**1 289**
–	–	–	–	–	3 135	3 135
–	–	–	(2 100)	(2 100)	108	(1 992)
–	–	–	–	–	146	146
294 657	**(11 387)**	**–**	**(84 550)**	**198 720**	**3 389**	**202 109**
294 663	**(88 622)**	**22 314**	**618 675**	**847 031**	**7 064**	**854 095**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE

	Note	2015 R'000	2014 R'000
Cash flow from operating activities			
Operating profit before working capital changes	28	**222 786**	198 644
Working capital changes	29	**(12 883)**	3 971
Cash generated from operations		**209 903**	202 615
Interest income received	30	**16 890**	6 538
Interest expense paid		**(65)**	(225)
Tax paid	31	**(83 666)**	(66 891)
Dividends paid	32	**(114 345)**	(96 682)
Net cash flow from operating activities		**28 717**	45 355
Cash flow from investing activities			
Acquisition of interest in associate	33	**–**	(36 650)
Acquisitions of subsidiaries and business combinations	34.1 & 34.3	**(1 382)**	(35 380)
Additions of property, plant and equipment	11	**(30 785)**	(10 082)
Cash inflow from share-based payment hedge	17	**20 961**	21 364
Decrease in loans receivable	14	**8 712**	6 479
Disposals of subsidiaries	35	**(653)**	–
Investment in preference shares relating to GPI B-BBEE equity transaction	14.7	**(72 613)**	–
Loan advanced to associate company	14.3	**(10 000)**	–
Loans advanced to Captain DoRegos and Spur Marketing Funds	14.4 & 14.11	**(500)**	(8 103)
Loans advanced to franchisees	14.5 & 14.6	**(11 161)**	(2 303)
Proceeds from disposal of property, plant and equipment		**79**	1 191
Net cash flow from investing activities		**(97 342)**	(63 484)
Cash flow from financing activities			
Acquisition of non-controlling interest without a change in control	34.2	**(1 992)**	–
Acquisition of treasury shares	21.3	**(11 387)**	–
Costs incurred on issue of ordinary shares	21.2	**(991)**	–
Landlord tenant installation allowance received	24	**–**	947
Loan repaid to non-controlling shareholders	26	**(2 236)**	(4 617)
Proceeds from the issue of ordinary shares	21.2	**294 657**	–
Net cash flow from financing activities		**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	20	**301 294**	91 427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ABOUT THESE FINANCIAL STATEMENTS

1.1 REPORTING ENTITY

Spur Corporation Limited ("the company") is a company domiciled in South Africa. The consolidated financial statements of the company as at and for the year ended 30 June 2015 comprise the company, its subsidiaries, consolidated structured entities and the group's interests in equity-accounted investees, together referred to as "the group".

Where reference is made to "the group" in the accounting policies, it should be interpreted as referring to the company where the context requires, unless otherwise stated.

1.2 BASIS OF ACCOUNTING

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa (Act no. 71 of 2008, as amended).

Details of the group's accounting policies are set out in note 46 and have been applied consistently, in all material respects, to all years presented in these consolidated and separate financial statements.

The financial statements were prepared under the supervision of the group chief financial officer, Ronel van Dijk CA(SA), and authorised for issue by the directors on 5 October 2015. The financial statements were published on 12 October 2015.

The financial statements are presented in South African rands, which is the company's functional currency, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern basis.

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value (refer note 17);
- Contingent consideration liability is measured at fair value (refer note 34.1); and
- Liabilities for cash-settled share-based payment arrangements are measured at fair value (refer note 23).

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements, assumptions and estimates 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:

2.1 JUDGEMENTS

Accounting for marketing funds (note 39)

The group administers a number of marketing funds which have been established by the group to meet the group's obligations in terms of the franchise agreements concluded between various subsidiaries of the group and external franchisees. In terms of these franchise agreements, the franchisor (the group) is mandated to spend the marketing fund receipts on behalf of the respective bodies of franchisees on marketing related costs for the benefit of those bodies of franchisees. The franchise agreements permit the franchisor to retain so much of the fund receipts necessary to defray the costs of administering the respective marketing funds. Each marketing fund is housed in a separate legal entity that is ring-fenced from the franchisor and other marketing funds. *IAS18 – Revenue* requires that revenue be recognised in the instance where an entity is acting as principal; and that revenue should not be recognised in the instance where an entity is acting as agent and collects amounts on behalf of the principal. In terms of IAS18, an entity is acting as agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. The board has exercised judgement in concluding that the group is not exposed to the significant risks and rewards associated with the marketing fund receipts and therefore acts as agent, save to the extent that marketing fund receipts are retained to defray the costs of administering the marketing funds in which case the group acts as principal. Consequently, to the extent that marketing fund receipts are retained to defray the costs of administering the marketing funds, these are recognised as income (refer note 6), and the balance of the marketing fund receipts are not recognised as income (refer notes 14.9 and 26).

2. ACCOUNTING ESTIMATES AND JUDGEMENTS continued

2.1 JUDGEMENTS continued

Control of subsidiaries (note 3)

The group has considered whether it controls certain entities, despite not owning a majority of shareholder rights. The board has determined that the group controls the entities below.

The Spur Foundation Trust is a benevolent foundation established by the group on Mandela Day 2012 with an initial donation of R670 000. The purpose of the trust is to consolidate and implement the group's corporate social investment projects which have reputational benefits for the group. The reputational benefits are considered to be a key return to the group from its involvement with the trust. The trust deed defines who the beneficiaries of the trust are and these beneficiaries exclude any group entity. While there is no direct economic benefit to the group from the trust, in light of the fact that the trustees of the trust are appointed by the group and are currently all employees of the group, the group is able to control the key activities of the trust which affect the intangible returns for the group arising from the trust's activities.

The Spur Management Share Trust was established in 2004. It initially served as a finance vehicle for the purchase of shares for the group's 2004-2009 management incentive scheme. Upon winding up of that scheme, the trust acquired shares in the company which continue to be used in the group's short-term profit share incentive scheme. The trustees of the trust serve at the behest of the company. The company is the only capital beneficiary of the trust. The main objective of the trust is to maintain a motivated and content work force through monetary incentives in order to improve future profitability of the group. On this basis, the group has concluded that it is able to exercise control over the relevant activities of the trust in order to influence the intangible returns for the group arising from the trust's activities.

Intangible assets (note 12)

The directors re-assess at each reporting date the appropriateness of the indefinite useful life assumption with regard to certain of the group's intangible assets, with particular reference to trademarks and related intellectual property. In this regard, the board considers its strategy relating to the intangible assets in question and the company's ability to execute that strategy, whether there is any technical, technological, commercial or other type of obsolescence applicable to the assets, expected usage and lifecycle of the assets, future costs required to continue to obtain benefits from the assets and the period over which the group is legally able to control the assets.

2.2 ASSUMPTIONS AND ESTIMATES

Contingent consideration liability (note 34.1)

In assessing the possible aggregate purchase consideration due in terms of the contingent consideration arrangement for the acquisition of RocoMamas Franchise Co (Pty) Ltd, the directors needed to estimate the subsidiary's profit to February 2018. The directors needed to extrapolate a store development plan and quantify the associated costs and revenues. A number of scenarios were considered and a probability applied to each scenario to determine the most likely outcome. These assumptions will need to be reassessed at each reporting date until the liability is settled. The other variables in determining the carrying value of the liability at the reporting date as well as the sensitivities thereto are detailed in note 37.2.

Deferred tax (note 15)

Within the group, each entity assesses the recoverability of deferred tax assets and the recognition of deferred tax assets in respect 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 9.3, the total unrecognised computed tax losses are disclosed. The rationale for recognising deferred tax assets in respect of tax losses is disclosed in note 15.

Derivative financial instruments (note 17)

Certain assumptions are applied by an independent external valuations expert in determining the value of the derivative financial instruments used to hedge economically the group's exposure to share appreciation rights granted in terms of the group's long-term share-linked employee retention scheme. These assumptions and the key inputs into the pricing model are disclosed in note 17.

Employee benefits (note 23)

Certain assumptions are applied by an independent external valuations expert in determining the liability in respect of the group's long-term share-linked employee retention scheme. The key inputs into the pricing model are disclosed in note 23.

Fair values

A number of the group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

Fair value measurements and adjustments are made under the supervision of the group's chief financial officer. To the extent practicable, fair values are derived by external experts and, as far as possible, utilising market observable data. Any significant valuation issues are reported to the group's audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

– Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
– Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

– Business combinations (refer note 34)
– Financial instruments including contingent consideration liability (refer note 37)
– Employee benefits (refer note 23)

Financial assets

Certain assumptions are made in respect of the recoverability of the group's financial assets. These assets mainly comprise loans receivable from associate companies 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 note 19 for the amount of any impairment allowance recognised or reversed against trade receivables.

Intangible assets (note 12)

In respect of intangible assets with finite useful lives, the remaining useful lives and residual values of these assets are reviewed and considered at each reporting date, taking into account the nature of the assets as indicated in note 12.

Impairment of non-financial assets (notes 11 and 12)

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets which do not have indefinite useful lives and 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 of disposal, and its value-in-use.

Determining if non-financial assets are impaired requires an estimation of the values-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 11 and 12.

Property, plant and equipment (note 11)

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.

3. GROUP ENTITIES

3.1 GROUP STRUCTURE

The group's structure, including applicable ownership interests, is detailed on page 10 of this report and note 3 to the separate financial statements on page 178.

In addition to those entities in which the group holds a majority shareholder interest, the group has concluded that it controls The Spur Management Share Trust and The Spur Foundation Trust (refer note 2.1). These entities are consequently consolidated.

Changes to the group structure are detailed in notes 33, 34, 35 and 36.

Details of material non-controlling interests are included in note 22.

There are no significant restrictions on the ability of the group to realise assets or settle liabilities of any of its subsidiaries.

3.2 CONSOLIDATED STRUCTURED ENTITIES

With regards consolidated structured entities, The Spur Management Share Trust and The Spur Foundation Trust:

- There are no contractual obligations on the company or any of its subsidiaries to provide financial support;
- Wholly-owned subsidiaries donated R0.280 million (2014: R0.252 million) and 100 000 (2014: nil) treasury shares to the Spur Foundation Trust during the year to assist in funding the trust's benevolent activities. Although not obliged to, the same subsidiaries intend continuing to provide assistance to the trust by donating similar amounts of cash and shares on an annual basis (where the latter is a shareholder approved donation of 100 000 treasury shares per annum for each of the 2016 to 2019 financial years).

3.3 UNCONSOLIDATED STRUCTURED ENTITIES

During the year, the group concluded a B-BBEE equity transaction with Grand Parade Investments Ltd ("GPI") as more fully explained in note 21.2. The group partly financed the indirect acquisition by GPI of 10% of the share capital of the company through a preference share investment in GPI Spur (Pty) Ltd, an indirectly wholly-owned subsidiary of GPI.

The investment in preference shares is recorded as a loan receivable as detailed in note 14.7. The group's maximum exposure relating to the entity is represented by the carrying value of the preference shares.

The entity is an investment holding vehicle whose key activities comprise the investment in, and financing of, Spur Corporation Ltd shares. The group has no influence over the investing or financing decisions of the entity and consequently, the group does not have any power over the relevant activities of the entity. Therefore, the group concluded that it does not control, and therefore should not consolidate, the entity.

4. OPERATING SEGMENTS

Operating segments are identified based on financial information regularly reviewed by the Spur Corporation Ltd executive directors (identified as the Chief Operating Decision Maker ("CODM") of the group for *IFRS8 – Operating Segments* reporting purposes) for performance assessments and resource allocations. In accordance with IFRS8, no segment assets or liabilities have been disclosed as such information is not regularly provided to the CODM.

The group identified 10 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
- South Africa Franchise – Captain DoRegos
- South Africa Franchise – The Hussar Grill
- South Africa Franchise – RocoMamas
- South Africa Retail – The Hussar Grill
- United Kingdom
- Australia

The group's South African business comprises largely the franchise businesses of its six trading brands, Spur Steak Ranches, Panarottis Pizza Pasta, John Dory's Fish Grill Sushi, Captain DoRegos, The Hussar Grill and RocoMamas, its South African retail division comprising three company-owned The Hussar Grill restaurants (operating in Camps Bay, Rondebosch and Green Point in the Western Cape) and its sauce manufacturing, warehousing and product distribution business. Smaller operating segments include the group's training division, export business, décor manufacturing business, call centre and radio station which are each individually not material. The CODM reviews the performance of each of the franchise brands, the retail business and other business units independently of each other to assess the risks and contribution of each business unit, 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 (incorporating Ireland for the purposes of the segmental analysis) and Australia. Other international operating segments include franchise operations in Africa, the United Arab Emirates and Mauritius which have been aggregated – while Africa comprises the majority of the other international segments, the United Arab Emirates and Mauritius components are not individually material, operate on the same basis as the Africa region and are exposed to similar risks. 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 income 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 footprint 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 IFRS8, as the board and management are of the view that this provides meaningful information to stakeholders.

4. OPERATING SEGMENTS continued

June 2015	SOUTH AFRICA Manu-facturing and distribution R'000	Franchise Spur R'000	Franchise Panarottis R'000	Franchise John Dory's R'000	Franchise Captain DoRegos R'000	Franchise The Hussar Grill R'000	Franchise Roco-Mamas R'000
Total revenues	**174 239**	**217 276**	**27 575**	**16 220**	**6 077**	**3 784**	**2 175**
Less: Inter-segment revenues	315	–	–	–	–	1 367	–
External revenues	**173 924**	**217 276**	**27 575**	**16 220**	**6 077**	**2 417**	**2 175**
Profit/(loss) before income tax and share of loss of equity-accounted investee (net of income tax)	**67 083**	**194 037**	**18 904**	**9 119**	**(11 821)**	**1 298**	**1 386**
Exclude:							
Interest income	–	–	–	–	–	–	–
Interest expense	–	–	–	–	–	–	–
Depreciation and amortisation	(973)	–	–	–	(45)	–	–
EBITDA#	**68 056**	**194 037**	**18 904**	**9 119**	**(11 776)**	**1 298**	**1 386**
Exclude other material disclosable items:							
Fair value adjustment relating to contingent consideration liability	–	–	–	–	–	–	–
Foreign exchange (loss)/gain	–	–	–	–	–	–	–
Impairment of property, plant and equipment	–	–	–	–	–	–	–
Impairment of intangible assets	–	–	–	–	(13 905)	–	–
Profit on disposal of property, plant and equipment	–	–	–	–	–	–	
Profit on disposal of subsidiaries	–	–	–	–	–	–	–
Loss on disposal of subsidiary	–	–	–	–	–	–	–
Reclassification of foreign currency loss from other comprehensive income to profit or loss on disposal/abandonment/deregistration of foreign operations	–	–	–	–	–	–	–
Release of financial liability	–	–	–	–	–	–	–
Share-based payments expense net of fair value adjustment in respect of hedge – long-term share-linked employee retention scheme	–	–	–	–	–	–	–
Share-based payments expense – GPI B-BBEE transaction	–	–	–	–	–	–	–
EBITDA# before other material disclosable items	**68 056**	**194 037**	**18 904**	**9 119**	**2 129**	**1 298**	**1 386**
Capital expenditure	1 818	–	–	–	–	–	–
June 2014							
Total revenues	**176 912**	**198 498**	**20 932**	**14 271**	**8 185**	**1 362**	**–**
Less: Inter-segment revenues	336	–	–	–	–	662	–
External revenues	**176 576**	**198 498**	**20 932**	**14 271**	**8 185**	**700**	**–**
Profit/(loss) before income tax and share of loss of equity-accounted investee (net of income tax)	**58 520**	**176 552**	**13 117**	**7 736**	**2 158**	**471**	**–**
Exclude:							
Interest income	–	–	–	–	–	–	–
Interest expense	–	–	–	–	–	–	–
Depreciation and amortisation	(802)	–	–	–	(48)	–	–
EBITDA#	**59 322**	**176 552**	**13 117**	**7 736**	**2 206**	**471**	**–**
Exclude other material disclosable items:							
Accelerated amortisation of leasing rights	–	–	–	–	–	–	–
Impairment of intangible assets	–	–	–	–	–	–	–
Impairment of property, plant and equipment	–	–	–	–	–	–	–
Foreign exchange loss	–	–	–	–	–	–	–
Loss on disposal of property, plant and equipment	(329)	–	–	–	–	–	–
Profit on disposal of subsidiary	–	–	–	–	–	–	–
Reclassification of foreign currency gain from other comprehensive income to profit or loss on abandonment of foreign operations	–	–	–	–	–	–	–
Share-based payments expense net of fair value adjustment in respect of hedge – long-term share-linked employee retention scheme	–	–	–	–	–	–	–
EBITDA# before other material disclosable items	**59 651**	**176 552**	**13 117**	**7 736**	**2 206**	**471**	**–**
Capital expenditure	780	–	–	–	–	–	–

Notes (in addition to those items disclosed above):

South Africa – Manufacturing and distribution includes revenue of Rnil (2014: R22.724 million) and a loss before income tax of Rnil (2014: R1.361 million) relating to the Captain DoRegos warehouse and distribution centre which was closed in November 2014. 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.

South Africa – Franchise The Hussar Grill and Retail The Hussar Grill were acquired with effect from 1 January 2014 (refer note 34.3).

South Africa – Franchise RocoMamas was acquired with effect from 1 March 2015 (refer note 34.1).

South Africa – Unallocated loss before income tax 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 professional and advisory costs of R0.301 million relating to the GPI B-BBEE equity transaction, transaction costs for the acquisition of RocoMamas of R0.233 million and

Retail The Hussar Grill R'000	Other segments R'000	Total segments R'000	Un-allocated R'000	Total South Africa R'000	INTERNATIONAL United Kingdom R'000	Australia R'000	Other segments R'000	Total segments R'000	Un-allocated R'000	Total Inter-national R'000	Total R'000
30 760	**59 381**	**537 487**	**10 118**	**547 605**	**147 657**	**55 729**	**19 668**	**223 054**	**–**	**223 054**	**770 659**
–	520	2 202	8 398	10 600	–	–	–	–	–	–	10 600
30 760	**58 861**	**535 285**	**1 720**	**537 005**	**147 657**	**55 729**	**19 668**	**223 054**	**–**	**223 054**	**760 059**
4 645	**327**	**284 978**	**(81 818)**	**203 160**	**(4 714)**	**4 488**	**10 616**	**10 390**	**(6 496)**	**3 894**	**207 054**
–	–	–	24 360	24 360	–	246	–	246	75	321	24 681
–	–	–	(8)	(8)	(34)	(23)	–	(57)	–	(57)	(65)
(214)	(204)	(1 436)	(4 038)	(5 474)	(7 199)	(1 272)	(16)	(8 487)	(59)	(8 546)	(14 020)
4 859	**531**	**286 414**	**(102 132)**	**184 282**	**2 519**	**5 537**	**10 632**	**18 688**	**(6 512)**	**12 176**	**196 458**
–	–	–	(3 681)	(3 681)	–	–	–	–	–	–	(3 681)
–	–	–	–	–	(170)	(19)	–	(189)	2 088	1 899	1 899
–	–	–	–	–	(1 054)	–	–	(1 054)	–	(1 054)	(1 054)
–	–	(13 905)	–	(13 905)	–	–	–	–	–	–	(13 905)
–	–	–	65	65	–	–	–	–	–	–	65
–	–	–	–	–	–	5 120	–	5 120	–	5 120	5 120
–	–	–	–	–	–	(4 545)	–	(4 545)	–	(4 545)	(4 545)
–	–	–	–	–	–	(295)	–	(295)	(1 920)	(2 215)	(2 215)
–	–	–	–	–	5 173	–	–	5 173	–	5 173	5 173
–	–	–	(4 941)	(4 941)	–	–	–	–	–	–	(4 941)
–	–	–	(32 957)	(32 957)	–	–	–	–	–	–	(32 957)
4 859	**531**	**300 319**	**(60 618)**	**239 701**	**(1 430)**	**5 276**	**10 632**	**14 478**	**(6 680)**	**7 798**	**247 499**
1 032	–	2 850	16 744	19 594	7 469	3 617	70	11 156	35	11 191	30 785
14 988	**51 915**	**487 063**	**1 595**	**488 658**	**157 565**	**79 366**	**15 002**	**251 933**	**–**	**251 933**	**740 591**
–	6 957	7 955	–	7 955	–	–	–	–	–	–	7 955
14 988	**44 958**	**479 108**	**1 595**	**480 703**	**157 565**	**79 366**	**15 002**	**251 933**	**–**	**251 933**	**732 636**
2 354	**(160)**	**260 748**	**(60 020)**	**200 728**	**(2 232)**	**(157)**	**8 829**	**6 440**	**(4 918)**	**1 522**	**202 250**
–	–	–	7 220	7 220	1	249	–	250	6	256	7 476
–	–	–	(101)	(101)	(43)	(81)	–	(124)	–	(124)	(225)
(29)	(224)	(1 103)	(3 110)	(4 213)	(7 136)	(2 755)	–	(9 891)	(48)	(9 939)	(14 152)
2 383	**64**	**261 851**	**(64 029)**	**197 822**	**4 946**	**2 430**	**8 829**	**16 205**	**(4 876)**	**11 329**	**209 151**
–	–	–	–	–	(1 612)	–	–	(1 612)	–	(1 612)	(1 612)
–	–	–	–	–	(1 866)	–	–	(1 866)	–	(1 866)	(1 866)
–	–	–	–	–	–	(2 496)	–	(2 496)	–	(2 496)	(2 496)
–	–	–	–	–	(75)	(8)	–	(83)	(687)	(770)	(770)
–	–	(329)	(115)	(444)	–	–	–	–	–	–	(444)
–	–	–	–	–	–	2 154	–	2 154	–	2 154	2 154
–	–	–	–	–	–	–	–	–	3 386	3 386	3 386
–	–	–	(10 195)	(10 195)	–	–	–	–	–	–	(10 195)
2 383	**64**	**262 180**	**(53 719)**	**208 461**	**8 499**	**2 780**	**8 829**	**20 108**	**(7 575)**	**12 533**	**220 994**
447	–	1 227	5 466	6 693	1 799	1 590	–	3 389	–	3 389	10 082

professional advisory fees of R0.481 million relating to defending the tax queries detailed in notes 45.1 and 45.2. The prior year includes transaction costs for the acquisition of The Hussar Grill of R1.620 million (refer note 34.3) and costs of R0.413 million relating to the international group restructure undertaken during the prior year (refer note 36.1) and defending the tax assessments issued in respect of the group's controlled foreign companies (refer note 45.1).

United Kingdom – Revenue was impacted by the closure of the Mohawk Spur (refer note 36.2).

Australia – Revenue was impacted by the disposal of the outlets detailed in note 35.

International – Unallocated loss before income tax 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 36.1).

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

4. OPERATING SEGMENTS continued

	2015 R'000	2014 R'000
Reconciliation of segmental profit to profit before income tax		
Total segmental profit before income tax and share of loss of equity-accounted investee (net of tax)	**207 054**	202 250
Share of loss of equity-accounted investee (net of tax)	**(1 633)**	(379)
Profit before income tax	**205 421**	201 871
Geographical allocation of non-current assets		
The group's non-current assets are allocated to the following geographic regions:		
South Africa	**442 815**	392 492
United Kingdom	**30 950**	31 082
Australia	**110**	16 786
Other countries	**71**	44
Total non-current assets	**473 946**	440 404

For the purposes of the above analysis, non-current assets exclude deferred tax assets and financial instruments.

5. REVENUE

	2015 R'000	2014 R'000
Manufacturing and distribution sales and rebates	**173 924**	176 576
Franchise related fee income	**298 737**	261 028
Rental income	**845**	797
Retail restaurants' sales	**226 817**	248 479
Other sundry sales	**44 782**	35 014
Other sundry services rendered	**14 954**	10 742
	760 059	732 636

Other sundry sales includes largely export sales to franchisees trading in areas outside of South Africa and sales of décor and other items to local franchisees.

Other sundry services rendered includes largely TasteFM (internal radio station) subscriptions, training fees and architectural service fees received from local franchisees as well as call centre services provided to the group's marketing funds.

6. OTHER INCOME

	2015 R'000	2014 R'000
Fair value gain on derivative financial instruments at fair value through profit or loss (refer note 17)	**14 794**	17 922
Foreign exchange gain	**1 899**	–
Insurance recoveries	**1 660**	–
Marketing fund administration fees	**18 246**	15 702
Profit on disposal of property, plant and equipment	**65**	–
Profit on disposal of subsidiaries (refer notes 35.1, 35.2 and 35.4)	**5 120**	2 154
Reclassification of foreign currency gain from other comprehensive income to profit or loss on abandonment of foreign operations (refer note 36.1)	**–**	3 386
Release of financial liability (refer note 36.3)	**5 173**	–
Spur Foundation donation income	**2 860**	1 373
Other	**62**	69
	49 879	40 606

Marketing fund administration fees relate to administrative support services rendered by the group in respect of marketing funds (refer note 39).

Spur Foundation donation income relates to donations received by The Spur Foundation Trust, a consolidated structured entity, from parties external to the group. The income may be used exclusively for the benefit of the beneficiaries of the trust in accordance with the trust deed (which exclude any group entities). Related expenditure is included in Administration expenses in the statement of comprehensive income.

7. OPERATING PROFIT BEFORE FINANCE INCOME

	2015 R'000	2014 R'000
The following items have been taken into account in determining operating profit before finance income:		
Amortisation – intangible assets (refer note 12)	–	175
Bad debts	327	653
Depreciation (refer note 11)	14 020	13 977
– Buildings	321	321
– Leasehold improvements	6 063	6 406
– Furniture and fittings	1 663	1 912
– Plant, equipment and vehicles	2 989	3 091
– Computer equipment	2 984	2 247
Fair value gain on derivative financial instruments at fair value through profit or loss (refer note 17)	(14 794)	(17 922)
Foreign exchange (gain)/loss	(1 899)	770
Impairment allowance – trade receivables	(82)	397
Impairment losses	14 959	4 362
– Impairment of intangible assets (refer note 12)	13 905	1 866
– Impairment of property, plant and equipment (refer note 11.1)	1 054	2 496
Operating lease charges	33 359	34 786
– Lease charges paid in cash	33 551	35 571
– Amortisation of leasing rights (refer note 16)	388	2 574
– Straight-line lease credit (refer note 24)	(580)	(3 359)
Other non-trading losses	41 183	–
– Fair value loss on contingent consideration liability (refer note 34.1)	3 681	–
– Loss on disposal of subsidiary (refer note 35.3)	4 545	–
– Share-based payments expense – equity-settled – GPI B-BBEE transaction (refer note 21.2)	32 957	–
(Profit)/loss on disposal of property, plant and equipment (refer note 11)	(65)	444
Profit on disposal of subsidiaries (refer note 35.1, 35.2 and 35.4)	(5 120)	(2 154)
Provident fund expense – defined contribution plan (refer note 38)	9 658	8 516
Reclassification of foreign currency loss/(gain) from other comprehensive income to profit or loss on abandonment/deregistration/disposal of foreign operations (refer notes 35 and 36)	2 215	(3 386)
Release of financial liability (refer note 36.3)	(5 173)	–
Share-based payments expense – cash settled – long-term share-linked employee retention scheme (refer note 23)	19 735	28 117
Staff costs (excluding directors' and prescribed officer's emoluments and items disclosed separately above)	156 254	151 453

Directors' and prescribed officer's emoluments are detailed in note 42.

8. NET FINANCE INCOME

	2015 R'000	2014 R'000
Finance income and expense recognised in profit or loss before income tax		
Interest income on bank deposits	13 798	4 393
Interest income on financial assets measured at amortised cost	10 883	3 083
Interest income	24 681	7 476
Interest expense on financial liabilities measured at amortised cost	(65)	(225)
Interest expense	(65)	(225)
Net interest income recognised in profit or loss before income tax	24 616	7 251

9. INCOME TAX

			2015 R'000	2014 R'000
9.1	**INCOME TAX EXPENSE**			
	South African normal tax			
	Current	– current year	**71 769**	63 076
		– prior year	**253**	635
	Deferred	– current year	**(5 515)**	(4 215)
		– prior year	**164**	(490)
			66 671	59 006
	South African dividend withholding tax		**1 305**	1 187
	Namibian normal tax			
	Current	– current year	**130**	–
	Namibian withholding tax		**9**	–
	Dutch normal tax			
	Current	– current year	**356**	346
	Deferred	– current year	**1 886**	2 081
		– prior year	**261**	371
			2 503	2 798
	United Kingdom normal tax			
	Current	– current year	**12**	496
		– prior year	**167**	244
	Deferred	– current year	**(860)**	(480)
		– prior year	**(272)**	130
		– rate change	**98**	276
			(855)	666
	Australian normal tax			
	Current	– current year	**228**	60
		– prior year	**(4)**	–
	Deferred	– current year	**(25)**	–
		– prior year	**(194)**	921
			5	981
	Income tax expense		**69 768**	64 638
	Total current normal tax		**72 911**	64 857
	Total deferred normal tax (refer note 15)		**(4 457)**	(1 406)
	Total withholding taxes		**1 314**	1 187
	Income tax expense		**69 768**	64 638

Refer also contingent liability notes 45.1 and 45.2.

9. INCOME TAX continued

	2015 %	2014 %
9.2 RECONCILIATION OF TAX RATE		
South African normal tax rate	**28.0**	28.0
Change in tax rate	**0.1**	0.1
Effect of tax in foreign jurisdictions	**0.1**	(0.1)
Effect of tax at capital gains rate	**0.6**	–
Share of loss of equity-accounted investee	**0.2**	–
Non-deductible expenditure	**6.3**	3.7
Non-taxable income	**(2.3)**	(0.9)
Prior year under provision	**0.2**	1.0
Reversal of temporary differences on which deferred tax not previously provided	**–**	(0.3)
Tax losses on which deferred tax not provided	**0.8**	0.7
Tax losses utilised on which deferred tax not previously provided	**(0.3)**	(0.3)
Tax on imputed expense not included in profit	**(0.5)**	(0.7)
Withholding tax	**0.8**	0.8
Effective tax rate	**34.0**	32.0

The statutory rates of tax applicable to group entities in the Netherlands, the United Kingdom, Australia and Namibia are 25% (2014: 25%), 20.75% (2014: 22.5%), 30% (2014: 30%) and 33% respectively. The tax rate in the Netherlands operates on a sliding scale. In the United Kingdom, the tax rate was reduced to 20% with effect from 1 April 2015; consequently, current tax is provided for at the time-weighted average tax rate of 20.75% and deferred tax is provided for at 20%.

	2015 R'000	2014 R'000
9.3 TAX LOSSES		
Estimated group tax losses available for set-off against future taxable income	**54 728**	70 017

A deferred tax asset has not been recognised in respect of tax losses amounting to R54.666 million (2014: R55.202 million). A deferred tax asset amounting to R0.012 million (2014: R3.505 million) has been recognised in respect of the balance of the tax losses. R5.437 million and R23.605 million of the tax losses for which no deferred tax assets were recognised are subject to restrictions on the periods for which the losses can be carried forward of five years and nine years respectively (refer note 15).

	2015 R'000	2014 R'000
9.4 TAX CHARGED TO OTHER COMPREHENSIVE INCOME		
Deferred tax on foreign exchange gain on net investments in foreign operations	**2 084**	220
Total tax charged to other comprehensive income	**2 084**	220

10. EARNINGS PER SHARE

		2015 cents	2014 cents
10.1	**STATISTICS**		
	Basic earnings per share	**137.69**	159.20
	Diluted earnings per share	**137.69**	159.20
	Headline earnings per share	**152.76**	157.89
	Diluted headline earnings per share	**152.76**	157.89

		2015 '000	2014 '000
10.2	**RECONCILIATION OF SHARES IN ISSUE TO WEIGHTED AVERAGE AND DILUTIVE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES**		
	Shares in issue at beginning of year	**97 633**	97 633
	Shares repurchased at beginning of year (refer note 21.3)	**(12 000)**	(12 000)
	Shares repurchased during the year weighted for period not held by the group (refer note 21.3)	**(219)**	–
	Shares issued during the year weighted for period in issue (refer note 21.2)	**7 222**	–
	Weighted average number of ordinary shares	**92 636**	85 633

		2015 R'000	2014 R'000
10.3	**RECONCILIATION OF HEADLINE EARNINGS**		
	Profit attributable to owners of the company	**127 555**	136 331
	Impairment of intangible asset (refer note 12)	**11 309**	1 866
	Impairment of property, plant and equipment (refer note 11.1)	**1 054**	2 313
	Loss on disposal of subsidiary (refer note 35.3)	**4 545**	–
	(Profit)/loss on disposal of property, plant and equipment	**(47)**	233
	Profit on disposal of subsidiaries (refer note 35.1, 35.2 and 35.4)	**(5 120)**	(2 154)
	Reclassification of foreign currency loss/(gain) from other comprehensive income to profit or loss on disposal/abandonment/deregistration of foreign operations (refer notes 35 and 36)	**2 215**	(3 386)
	Headline earnings	**141 511**	135 203
	None of the items listed above have any tax or non-controlling interest consequences with the exception of:		
	Impairment of intangible asset		
	Gross	**13 905**	1 866
	Income tax	**(2 596)**	–
	Attributable to owners of the company	**11 309**	1 866
	Impairment of property, plant and equipment		
	Gross	**1 054**	2 496
	Non-controlling interest	**–**	(183)
	Attributable to owners of the company	**1 054**	2 313
	(Profit)/loss on disposal of property, plant and equipment		
	Gross	**(65)**	444
	Income tax	**18**	(211)
	Attributable to owners of the company	**(47)**	233

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Leasehold improve-ments R'000	Furniture and fittings R'000	Plant, equipment and vehicles R'000	Computer equipment R'000	Total R'000
2015						
COST						
Balance at 1 July 2014	**35 011**	**95 858**	**21 741**	**37 961**	**15 826**	**206 397**
Disposals of subsidiaries (refer note 35)	**–**	**(20 696)**	**(7 988)**	**(10 488)**	**(2 686)**	**(41 858)**
Additions	**13 297**	**6 208**	**2 967**	**5 701**	**2 612**	**30 785**
Disposals	**–**	**–**	**–**	**(90)**	**(66)**	**(156)**
Effect of foreign exchange fluctuations	**–**	**1 999**	**(203)**	**191**	**(66)**	**1 921**
Balance at 30 June 2015	**48 308**	**83 369**	**16 517**	**33 275**	**15 620**	**197 089**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 July 2014	**(2 079)**	**(68 613)**	**(16 232)**	**(31 193)**	**(10 991)**	**(129 108)**
Disposals of subsidiaries (refer note 35)	**–**	**16 104**	**7 309**	**9 101**	**2 118**	**34 632**
Disposals	**–**	**–**	**–**	**90**	**52**	**142**
Depreciation	**(321)**	**(6 063)**	**(1 663)**	**(2 989)**	**(2 984)**	**(14 020)**
Impairment (refer note 11.1)	**–**	**(839)**	**(99)**	**(109)**	**(7)**	**(1 054)**
Effect of foreign exchange fluctuations	**–**	**(1 304)**	**216**	**(158)**	**46**	**(1 200)**
Balance at 30 June 2015	**(2 400)**	**(60 715)**	**(10 469)**	**(25 258)**	**(11 766)**	**(110 608)**
CARRYING VALUE						
Balance at 1 July 2014	**32 932**	**27 245**	**5 509**	**6 768**	**4 835**	**77 289**
Disposals of subsidiaries (refer note 35)	**–**	**(4 592)**	**(679)**	**(1 387)**	**(568)**	**(7 226)**
Additions	**13 297**	**6 208**	**2 967**	**5 701**	**2 612**	**30 785**
Disposals	**–**	**–**	**–**	**–**	**(14)**	**(14)**
Depreciation	**(321)**	**(6 063)**	**(1 663)**	**(2 989)**	**(2 984)**	**(14 020)**
Impairment (refer note 11.1)	**–**	**(839)**	**(99)**	**(109)**	**(7)**	**(1 054)**
Effect of foreign exchange fluctuations	**–**	**695**	**13**	**33**	**(20)**	**721**
Balance at 30 June 2015	**45 908**	**22 654**	**6 048**	**8 017**	**3 854**	**86 481**
2014						
COST						
Balance at 1 July 2013	35 011	87 652	18 893	36 160	12 338	190 054
Disposals of subsidiaries (refer note 35)	–	(3 071)	(192)	(539)	(76)	(3 878)
Additions	–	2 069	1 331	2 208	4 474	10 082
Disposals	–	(759)	–	(2 676)	(1 449)	(4 884)
Effect of foreign exchange fluctuations	–	9 967	1 709	2 808	539	15 023
Balance at 30 June 2014	35 011	95 858	21 741	37 961	15 826	206 397
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 July 2013	(1 758)	(58 424)	(13 101)	(27 412)	(9 584)	(110 279)
Disposals of subsidiaries (refer note 35)	–	3 071	192	539	58	3 860
Disposals	–	503	–	1 323	1 423	3 249
Depreciation	(321)	(6 406)	(1 912)	(3 091)	(2 247)	(13 977)
Impairment (refer note 11.1)	–	(1 926)	(177)	(206)	(187)	(2 496)
Effect of foreign exchange fluctuations	–	(5 431)	(1 234)	(2 346)	(454)	(9 465)
Balance at 30 June 2014	(2 079)	(68 613)	(16 232)	(31 193)	(10 991)	(129 108)
CARRYING VALUE						
Balance at 1 July 2013	33 253	29 228	5 792	8 748	2 754	79 775
Disposals of subsidiaries (refer note 35)	–	–	–	–	(18)	(18)
Additions	–	2 069	1 331	2 208	4 474	10 082
Disposals	–	(256)	–	(1 353)	(26)	(1 635)
Depreciation	(321)	(6 406)	(1 912)	(3 091)	(2 247)	(13 977)
Impairment (refer note 11.1)	–	(1 926)	(177)	(206)	(187)	(2 496)
Effect of foreign exchange fluctuations	–	4 536	475	462	85	5 558
Balance at 30 June 2014	32 932	27 245	5 509	6 768	4 835	77 289

11.1 IMPAIRMENTS

Cheyenne Spur O_2 Arena, London (England)

The Cheyenne Spur in the O_2 Arena 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 of disposal 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; and
- 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 R2.845 million was determined to be less than its carrying value of R3.899 million. Consequently, the carrying value of property, plant and equipment was partially impaired by R1.054 million at the reporting date.

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.

Panarottis Blacktown (Australia) – prior year

Panarottis Blacktown, a restaurant operated by a former subsidiary of the group, Panawest Pty Ltd (an entity in which the group had a 92.7% interest), commenced trading in Blacktown (Australia) in October 2006. Due to increases in the cost of occupancy and minimum wage rates in Australia, coupled with a decrease in foot traffic in the centre in which the restaurant is situated, the restaurant did not achieve the cash flows that were anticipated, indicating a possible impairment at 30 June 2014.

During the prior year, at 30 June 2014, the directors determined the recoverable amount of the restaurant as a cash-generating unit, based on its value-in-use, which was significantly less than its carrying value. Consequently, the full carrying value of property, plant and equipment was impaired amounting AU$249 476, the equivalent of R2.496 million, at 30 June 2014.

The entity was sold during the current year (refer note 35.1).

11.2 CONTRACT IN PROGRESS

During the year, the group acquired land (at a cost of R8.219 million) adjacent to the group's existing corporate head office building in Century City, Cape Town. The group has started construction of a new corporate office on the site and costs incurred up to the reporting date totalled R5.078 million. Refer note 41 for capital commitments in this regard.

12. INTANGIBLE ASSETS AND GOODWILL

	Trademarks and intellectual property R'000	Goodwill R'000	Franchise rights R'000	Total R'000
2015				
COST				
Balance at 1 July 2014	**321 421**	**44 833**	**3 327**	**369 581**
Acquisition through business combination (refer note 34)	**7 114**	**42 439**	**–**	**49 553**
Disposals	**–**	**–**	**(3 616)**	**(3 616)**
Disposals of subsidiaries (refer note 35)	**–**	**(10 050)**	**–**	**(10 050)**
Effect of foreign exchange fluctuations	**–**	**(730)**	**289**	**(441)**
Balance at 30 June 2015	**328 535**	**76 492**	**–**	**405 027**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 July 2014	**–**	**(6 512)**	**(3 327)**	**(9 839)**
Disposals	**–**	**–**	**3 616**	**3 616**
Impairment (refer note 12.1)	**(13 905)**	**–**	**–**	**(13 905)**
Effect of foreign exchange fluctuations	**–**	**–**	**(289)**	**(289)**
Balance at 30 June 2015	**(13 905)**	**(6 512)**	**–**	**(20 417)**
CARRYING VALUE				
Balance at 1 July 2014	**321 421**	**38 321**	**–**	**359 742**
Acquisition through business combination (refer note 34)	**7 114**	**42 439**	**–**	**49 553**
Disposals of subsidiaries (refer note 35)	**–**	**(10 050)**	**–**	**(10 050)**
Impairment (refer note 12.1)	**(13 905)**	**–**	**–**	**(13 905)**
Effect of foreign exchange fluctuations	**–**	**(730)**	**–**	**(730)**
Balance at 30 June 2015	**314 630**	**69 980**	**–**	**384 610**
2014				
COST				
Balance at 1 July 2013	311 517	16 811	2 634	330 962
Acquisition through business combination (refer note 34)	9 904	26 918	–	36 822
Effect of foreign exchange fluctuations	–	1 104	693	1 797
Balance at 30 June 2014	321 421	44 833	3 327	369 581
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 July 2013	–	(6 512)	(817)	(7 329)
Amortisation	–	–	(175)	(175)
Impairment (refer note 12.3)	–	–	(1 866)	(1 866)
Effect of foreign exchange fluctuations	–	–	(469)	(469)
Balance at 30 June 2014	–	(6 512)	(3 327)	(9 839)
CARRYING VALUE				
Balance at 1 July 2013	311 517	10 299	1 817	323 633
Acquisition through business combination (refer note 34)	9 904	26 918	–	36 822
Amortisation	–	–	(175)	(175)
Impairment (refer note 12.3)	–	–	(1 866)	(1 866)
Effect of foreign exchange fluctuations	–	1 104	224	1 328
Balance at 30 June 2014	321 421	38 321	–	359 742

None of the above intangible assets are internally generated.

12.1 TRADEMARKS AND INTELLECTUAL PROPERTY

Additions to 'trademarks and intellectual property' and 'goodwill' relate to the acquisition of the RocoMamas franchise business during the year and the acquisition of The Hussar Grill franchise and retail businesses in the prior year as more fully described in notes 34.1 and 34.3 respectively.

'Trademarks and intellectual property' consists of the Spur, Panarottis, John Dory's, Captain DoRegos, The Hussar Grill and RocoMamas trademarks and related intellectual property. The directors evaluated the indefinite useful life assumption of the assets at the reporting date and concluded that there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the group. In this regard, the board has considered its strategy relating to the intangible assets in question and the group's ability to execute that strategy, the fact that there is no technical, technological, commercial or other type of obsolescence applicable to the assets, expected usage and lifecycle of the assets, future costs required to continue to obtain benefits from the assets and the period over which the group is legally able to control the assets.

The carrying amounts of the trademarks and intellectual property intangible assets with indefinite useful lives are allocated to the following cash-generating units:

	2015 R'000	2014 R'000
Spur Franchise operations	**230 475**	230 475
Panarottis Franchise operations	**32 925**	32 925
John Dory's Franchise operations	**8 465**	8 465
Captain DoRegos Franchise operations	**25 747**	39 652
The Hussar Grill Franchise operations	**9 904**	9 904
RocoMamas Franchise operations	**7 114**	–
	314 630	321 421

In accordance with the group's accounting policies, an impairment test on intangible assets with indefinite useful lives has been performed. In this regard, the directors determined the recoverable amounts of the cash-generating units to which the trademarks and intellectual property are allocated (as indicated above), based on their values-in-use. In determining the values-in-use, the directors applied the following key assumptions, which were based on historic performance:

– Cash inflows, comprising mainly franchise-related fee income determined as a percentage of franchised restaurant turnovers, for the 2016 financial year were conservatively estimated based on budgets derived from historic trends. Turnovers were conservatively estimated to grow by 8% for Spur, Panarottis, John Dory's, The Hussar Grill and RocoMamas and by 6% for Captain DoRegos for the 2017 to 2020 financial years;
– 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;
– Expenses were estimated to increase at between 6% (the anticipated rate of inflation in South Africa) and 9%, adjusted where necessary for organic growth in the case of variable and semi-variable costs;
– Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at between 3% and 6%; and
– Pre-tax cash flows were discounted at a pre-tax rate of 18%, being the group's risk-adjusted pre-tax weighted average cost of capital.

Based on the calculations referred to above, the directors concluded that, with the exception of the Captain DoRegos trademarks and related intellectual property, the assets were not impaired as at the reporting date.

In respect of the Captain DoRegos trademarks and related intellectual property, the carrying value of the asset at the reporting date (prior to impairment) amounted to R39.652 million while the estimated recoverable amount was R25.747 million, resulting in an impairment loss of R13.905 million. 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 business 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 lower-income target market. 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.

12. INTANGIBLE ASSETS AND GOODWILL continued

	2015 R'000	2014 R'000
12.2 GOODWILL		
For the purposes of impairment testing, goodwill is allocated to the following cash-generating units:		
John Dory's Franchise operations	**178**	178
Panarottis Penrith (Australia)	**–**	3 215
RocoMamas Franchise operations	**42 439**	–
Silver Lake Spur (United Kingdom)	**445**	417
Silver Spur (Australia)	**–**	7 593
The Hussar Grill Franchise operations	**12 945**	12 945
The Hussar Grill Retail operations	**13 973**	13 973
	69 980	38 321

In addition to the above, goodwill implicit in the carrying value of the interest in the equity-accounted associate, Braviz Fine Foods (Pty) Ltd, amounts to R0.606 million (2014: R0.606 million) (refer note 13).

The recoverable amounts of the cash-generating units were based on their values-in-use for all cash-generating units, with the exception of the Silver Lake Spur, which was based on its fair value less costs of disposal.

The directors have determined that the recoverable amounts of all the cash-generating units listed above exceed their carrying values and consequently concluded that none of the goodwill is impaired.

John Dory's Franchise, RocoMamas Franchise and The Hussar Grill Franchise operations
Impairment of goodwill was considered as part of the trademark and intellectual property impairment test referred to in 12.1.

The Hussar Grill Retail operations
In determining the value-in-use, the directors applied the following key assumptions, which were based on historic performance:

- Cash inflows, comprising mainly restaurant turnovers, for the 2016 financial year were conservatively estimated based on historic trends. Turnovers were estimated to grow by 8% per annum for the 2017 to 2020 financial years, slightly ahead of the South African targeted rate of inflation;
- 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 anticipated inflation of 6.5% throughout the forecast horizon;
- Semi-variable costs were adjusted in part for anticipated inflation and in part by the change in anticipated turnover;
- Rental costs were forecast in accordance with the respective lease agreements;
- Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at 3%;
- Pre-tax cash flows were discounted at a pre-tax rate of 18%, being the group's risk-adjusted pre-tax weighted average cost of capital.

Silver Lake Spur (United Kingdom)
Subsequent to the reporting date, on 15 July 2015, the group sold the lease and assets of the cash-generating unit to an independent party in an arm's-length transaction for £412 500 (the equivalent of R7.946 million at the transaction date) in cash (refer note 44.2). At 30 June 2015, the carrying value of the cash-generating unit amounted to R4.907 million, comprising principally property, plant and equipment of R4.405 million and goodwill. The excess of the fair value over the carrying value of the cash-generating unit amounts to R3.039 million. Although the costs of selling the business have yet to be finalised, they are not anticipated to exceed this excess.

12.3 FRANCHISE RIGHTS

These rights were acquired in the 2008 financial year as part of the acquisition of the non-controlling shareholder's interest in Mohawk Spur Ltd, the subsidiary company operating the Mohawk Spur in Wandsworth (UK), and were impaired in the prior year. The restaurant in question ceased trading in February 2015 and the rights in question consequently expired. Refer note 36.2.

12.4 SENSITIVITY ANALYSIS

The recoverable amounts (as determined above) and the carrying amounts of the respective cash-generating units to which goodwill and indefinite useful life intangible assets are allocated are listed below:

	Carrying amount R'000	Recoverable amount R'000
Spur Franchise operations	230 475	2 284 603
Panarottis Franchise operations	32 925	326 372
John Dory's Franchise operations	8 643	141 721
Captain DoRegos Franchise operations	25 747	25 747
The Hussar Grill Franchise operations	22 849	50 402
The Hussar Grill Retail operations	17 338	39 983
RocoMamas Franchise operations	49 553	49 553
Silver Lake Spur (United Kingdom)	4 907	7 946

Given the extent to which the recoverable amounts of the Spur Franchise operations, Panarottis Franchise operations and John Dory's Franchise operations cash-generating units exceed their carrying amounts, the directors note that there are no reasonably possible changes to the assumptions used in determining the respective recoverable amounts that would cause the recoverable amounts to reduce below their respective carrying amounts.

The carrying amount of the Captain DoRegos Franchise operations cash-generating unit was impaired, during the year, to its recoverable amount as detailed in note 12.1 above.

Given that the RocoMamas Franchise operation was acquired by the group on 1 March 2015 and the business combination purchase price allocation detailed in note 34.1 was determined with reference to financial information up to the reporting date, the directors have determined that the recoverable amount of the cash-generating unit approximates its carrying amount.

The recoverable amount of the Silver Lake Spur cash-generating unit was determined with reference to its fair value less costs of disposal as detailed in note 12.2. The fair value was determined with reference to an actual disposal on 15 July 2015 (as detailed in note 44.2). There are consequently no reasonably possible changes to the assumptions made that would cause the recoverable amount of the cash-generating unit to reduce below its carrying amount.

In respect of The Hussar Grill Franchise and Retail operations, management has identified that a reasonably possible change in two key assumptions, being the discount rate and growth in restaurant turnovers (as detailed in notes 12.1 and 12.2 above), could cause the carrying amounts of the respective cash-generating units to exceed their respective recoverable amounts. The following table shows the amount by which the key assumptions would need to change individually for the estimated recoverable amounts of the respective cash-generating units to be equal to their respective carrying amounts:

	Increase/(decrease) in assumption	
	The Hussar Grill Franchise operations	The Hussar Grill Retail operations
Discount rate (%)	12.8	23.0
Growth in restaurant turnover (%)	(11.4)	(12.8)

13. INTEREST IN EQUITY-ACCOUNTED INVESTEE

	2015 R'000	2014 R'000
Balance at beginning of year	**21**	–
Acquisition of equity-accounted investee (refer note 33)	**–**	400
Share of loss of equity-accounted investee (net of income tax)	**(21)**	(379)
Balance at end of year	**–**	21
Net investment in equity-accounted investee for the purposes of recognising subsequent losses:		
Carrying value of equity-accounted investee	**–**	21
Loan to equity-accounted investee (refer note 14.2)	**39 161**	37 188
Gross loan	**40 773**	37 188
Cumulative share of loss of equity-accounted investee (net of income tax)	**(1 612)**	–
Total net investment in equity-accounted investee	**39 161**	37 209
Allocation of share of loss of equity-accounted investee (net of income tax):		
Allocated to interest in equity-accounted investee	**(21)**	(379)
Allocated to loan to equity-accounted investee	**(1 612)**	–
Share of loss of equity-accounted investee (net of income tax)	**(1 633)**	(379)

The interest in equity-accounted investee comprises a 30% equity interest in associate Braviz Fine Foods (Pty) Ltd, a start-up rib manufacturing facility based in Johannesburg (South Africa) acquired with effect from 18 March 2014 (refer note 33). The entity commenced operations in January 2015. The loss incurred for the year relates primarily to interest on shareholder loans and start-up losses relating to the commencement of formal production.

No other comprehensive income is attributable to the equity-accounted investee.

Refer note 14.2 for details on restrictions on the ability of the associate to transfer cash to the group.

The following is summarised financial information for Braviz Fine Foods (Pty) Ltd based on its financial statements prepared in accordance with IFRS:

	2015 R'000	2014 R'000
Non-current assets (100%)	**167 038**	50 355
Current assets (100%)	**45 254**	21 137
Non-current liabilities (100%)	**(160 162)**	(73 329)
Current liabilities (100%)	**(59 522)**	(113)
Net liabilities (100%)	**(7 392)**	(1 950)
Group's share of net liabilities (30%)	**(2 218)**	(585)
Goodwill implicit in carrying value of equity-accounted investee	**606**	606
Cumulative losses allocated to loan to equity-accounted investee	**1 612**	–
Carrying amount of interest in associate	**–**	21
Revenue (100%)	**58 965**	–
Loss from continuing operations (100%)	**(5 442)**	(1 265)
Other comprehensive income (100%)	**–**	–
Total comprehensive income (100%)	**(5 442)**	(1 265)
Attributable to investee's non-controlling interests (30%)	**(1 633)**	(379)
Attributable to investee's shareholders	**(3 809)**	(886)
Included in the net liabilities above are the following loans owed to the group:		
Shareholder loan (refer note 14.2)	**40 773**	37 188
Short-term bridging finance (refer note 14.3)	**10 000**	–

14. LOANS RECEIVABLE

	2015 R'000	2014 R'000
Total gross loans receivable at end of year	**169 751**	58 897
Cumulative share of loss of equity-accounted investee (net of tax) (refer note 13)	**(1 612)**	–
Current portion included in current assets	**(25 143)**	(5 447)
Total non-current loans receivable	**142 996**	53 450

These loans comprise:

14.1 AVECOR INVESTMENTS PTY LTD

	2015 R'000	2014 R'000
Gross loan receivable at end of year	**1 287**	1 863
Current portion included in current assets	**(466)**	(496)
Non-current portion	**821**	1 367

Avecor is the former 20% partner of the Panarottis Tuggerah Partnership (in which the group was an 80% partner), which previously operated the Panarottis outlet in Tuggerah (Australia). The partnership was dissolved during the prior year and certain of the assets sold to Avecor on loan account. Avecor continues to trade the Panarottis outlet in Tuggerah under franchise.

This loan is denominated in Australian dollars and at the reporting date amounted to AU$136 680 (2014: AU$186 179). The loan is interest free and secured by a personal suretyship from the sole shareholder of Avecor as well as a pledge of the shares in Avecor held by that shareholder. The loan is repayable in fixed monthly instalments of at least AU$4 125 per month with any balance on the loan being repayable on 5 October 2017 (unless the lease relating to the outlet is renewed by Avecor, in which case the fixed monthly payments will continue until the loan is repaid in full).

14.2 BRAVIZ FINE FOODS (PTY) LTD – 1

	2015 R'000	2014 R'000
Gross loan receivable at end of year	**40 773**	37 188
Cumulative share of loss of equity-accounted investee (net of tax) (refer note 13)	**(1 612)**	–
Current portion included in current assets	**–**	–
Non-current portion	**39 161**	37 188

This loan was granted on 18 March 2014 to an associate of the group (refer note 13). The loan bears interest at the prime overdraft rate of interest. This loan is intended to be part of the investment in the associate and, as such, there are no repayment terms and the loan is unsecured. However, the associate is contractually precluded from declaring any dividend until such time as it has repaid all shareholder loans. In the event that the associate repays any shareholder loan, it is contractually bound to repay all shareholders' loans on a *pro rata* basis. No shareholder of the associate shall be permitted to demand repayment of the loan unless authorised by a special resolution of the shareholders of the associate. No such resolution has been passed.

14.3 BRAVIZ FINE FOODS (PTY) LTD – 2

	2015 R'000	2014 R'000
Gross loan receivable at end of year	**10 000**	–
Current portion included in current assets	**(10 000)**	–
Non-current portion	**–**	–

This loan was advanced during the year to serve as short-term bridging finance for the associate in question. The loan bears interest at 4% above the prime overdraft rate of interest and is secured by way of a cession of trade debtors and general notarial bond over moveable assets. The loan was due to be settled by 31 July 2015. However, subsequent to the reporting date, negotiations commenced between the parties to defer repayment of the loan, which negotiations have yet to be finalised. The directors are of the view that the loan is not impaired due to the extent of the security.

14. LOANS RECEIVABLE continued

		2015 R'000	2014 R'000
14.4	**CAPTAIN DOREGOS MARKETING FUND**		
	Gross loan receivable at end of year	**676**	204
	Current portion included in current assets	**–**	(31)
	Non-current portion	**676**	173

This loan was advanced to the Captain DoRegos Marketing Fund in a number of instalments during the current and prior years to finance the installation of new signage at selected franchised outlets. The loan is unsecured and bears interest at 2% above the prime overdraft rate. Repayments are linked to the turnover of the underlying franchised outlets.

		2015 R'000	2014 R'000
14.5	**FRANCHISEES (LOCAL)**		
	Gross loans receivable at end of year	**9 407**	6 533
	Current portion included in current assets	**(3 313)**	(1 888)
	Non-current portion	**6 094**	4 645

The loans are advanced to local franchisees. The loans bear interest at between the prime overdraft rate of interest and 2% above the prime overdraft rate of interest. Repayment terms are between one and five years. The loans are secured by way of, *inter alia*, personal suretyships from the owners of the respective franchises.

		2015 R'000	2014 R'000
14.6	**FRANCHISEES (FOREIGN)**		
	Gross loans receivable at end of year	**3 625**	–
	Current portion included in current assets	**(2 841)**	–
	Non-current portion	**784**	–

These loans are advanced to foreign franchisees and total €265 786. Of the total, R1.641 million (€120 341) is interest free and repayable in three equal monthly instalments with the final instalment due in July 2015; and R1.984 million (€145 445) bears interest at 2% above the 12 month EURIBOR rate of interest and is repayable in 18 equal monthly instalments commencing September 2015. Both loans are secured by a personal suretyship of the shareholders of the respective franchisees.

		2015 R'000	2014 R'000
14.7	**GPI SPUR (PTY) LTD**		
	Gross loan receivable at end of year	**76 695**	–
	Current portion included in current assets	**–**	–
	Non-current portion	**76 695**	–

This receivable comprises the group's investment in cumulative compulsorily redeemable five-year preference shares in an unconsolidated structured entity (refer note 3.3) with a combined subscription value of R72.328 million at initial recognition (30 October 2014), as part of the group's funding of the Grand Parade Investments Ltd ("GPI") broad-based black economic empowerment transaction ("B-BBEE transaction") detailed in note 21.2. 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 of the GPI B-BBEE transaction. 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.

Fair value measurement

The investment 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 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 (refer note 2.2) 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.

		2015 R'000	2014 R'000
14.8	**HUNGA BUSTERS PTY LTD**		
	Gross loan receivable at end of year	**11 396**	–
	Current portion included in current assets	**(1 499)**	–
	Non-current portion	**9 897**	–

This loan arose on the disposal of the shares in Panpen Pty Ltd and the disposal of the net assets of Silver Spur during the year as detailed in notes 35.2 and 35.3 respectively. The loan is denominated in Australian dollars and was recognised initially at AU$1 200 000 (R11.165 million), with a carrying value of AU$1 210 531 at the reporting date. The loan bears interest at 1.5% above the Reserve Bank of Australia's cash rate of interest and is repayable in 60 equal monthly instalments commencing October 2015. The loan is secured by a pledge of the shares in Panpen Pty Ltd owned by the borrower as well as a pledge of the shares in the borrower from the shareholders of the borrower.

Fair value measurement

The receivable is treated as a financial asset carried at amortised cost but was initially recognised at its fair value at the disposal date of the businesses referred to above. The carrying value at amortised cost at the reporting date is considered by the directors to approximate its fair value. In determining the fair values of the receivable 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 rate applicable to the receivable is commensurate with similar receivables between unrelated market participants and the nominal values of the receivable 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 (refer note 2.2) 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.

		2015 R'000	2014 R'000
14.9	**MARKETING FUNDS**		
	Gross loans receivable at end of year	**2 497**	89
	Current portion included in current assets	**(2 497)**	(89)
	Non-current portion	**–**	–

The loans owing by marketing funds represent the net liabilities and cumulative over-spend of certain of the marketing funds as at the reporting date. The amounts are recovered through controlled under-spending of marketing funds in subsequent years. Refer note 39 for more details.

		2015 R'000	2014 R'000
14.10	**PANAWEST PTY LTD**		
	Gross loan receivable at end of year	**3 051**	–
	Current portion included in current assets	**(1 269)**	–
	Non-current portion	**1 782**	–

This loan arose on the disposal of the shares in Panawest Pty Ltd during the year as detailed in note 35.1. The loan is denominated in Australian dollars and was recognised initially at AU$400 000 (R3.911 million), with a carrying value of AU$324 139 at the reporting date. The loan bears interest at a fixed 4.5% and is repayable in 35 equal monthly instalments which commenced December 2014. The loan is secured by a pledge of the shares in Panawest Pty Ltd owned by the borrower.

Fair value measurement

The receivable is treated as a financial asset carried at amortised cost but was initially recognised at its fair value at the disposal date of the business referred to above. The carrying value at amortised cost at the reporting date is considered by the directors to approximate its fair value. In determining the fair values of the receivable 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 rate applicable to the receivable is commensurate with similar receivables between unrelated market participants and the nominal values of the receivable 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 (refer note 2.2) 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.

14. LOANS RECEIVABLE continued

		2015 R'000	2014 R'000
14.11	**SPUR MARKETING FUND**		
	Gross loan receivable at end of year	**10 077**	12 750
	Current portion included in current assets	**(2 991)**	(2 673)
	Non-current portion	**7 086**	10 077

This loan was advanced to the Spur Marketing Fund to finance the purchase of in-store monitors for the purpose of broadcasting the group's in-house television station, SpurTV, that was launched during the 2013 financial year. The loan is unsecured, bears interest at 2% above the prime overdraft interest rate and is repayable in 60 equal monthly instalments which commenced in July 2013.

		2015 R'000	2014 R'000
14.12	**TRINITY LEISURE LTD – 1**		
	Gross loan receivable at end of year	**97**	90
	Current portion included in current assets	**(97)**	(90)
	Non-current portion	**–**	–

The loan is denominated in pound sterling and at the reporting date amounted to £5 000 (2014: £5 000).

The loan is secured by shares in the borrower's business and a personal suretyship in favour of the group by one of the borrowing entity's shareholders. The loan bears interest at a 1% above the United Kingdom base rate of interest and is repayable within the following year.

		2015 R'000	2014 R'000
14.13	**TRINITY LEISURE LTD – 2**		
	Gross loan receivable at end of year	**170**	180
	Current portion included in current assets	**(170)**	(180)
	Non-current portion	**–**	–

The loan is denominated in euros and at the reporting date amounted to €12 500 (2014: €12 500).

The loan is unsecured. The loan bears interest at 1% above the United Kingdom base rate of interest. The loan is repayable within the following year.

15. DEFERRED TAX

	Balance at beginning of year R'000	Recognised in profit or loss R'000	Recognised in other compre-hensive income R'000	Acquisition through business combi-nation* R'000	Transfer to tax payable (UK group tax relief)# R'000	Balance at end of year R'000
2015						
Accruals	**3 270**	**(629)**	**–**	**–**	**–**	**2 641**
Derivative financial instruments	**(9 618)**	**1 727**	**–**	**–**	**–**	**(7 891)**
Intangible assets	**(72 114)**	**2 595**	**–**	**(1 328)**	**–**	**(70 847)**
Leasing rights	**(200)**	**33**	**(12)**	**–**	**–**	**(179)**
Leave pay accrual	**759**	**48**	**(3)**	**–**	**–**	**804**
Loans payable	**–**	**(1 361)**	**11**	**–**	**–**	**(1 350)**
Long-term employee benefits	**9 219**	**(1 207)**	**–**	**–**	**–**	**8 012**
Operating lease liability	**52**	**184**	**–**	**–**	**–**	**236**
Prepayments	**(339)**	**74**	**–**	**–**	**–**	**(265)**
Property, plant and equipment	**2 480**	**772**	**222**	**–**	**–**	**3 474**
Short-term employee incentives	**–**	**2 794**	**–**	**–**	**–**	**2 794**
Tax losses	**3 505**	**(573)**	**(2 237)**	**–**	**(683)**	**12**
– The Netherlands (at 25% (2014: 25%))	**3 024**	**(787)**	**(2 237)**	**–**	**–**	**–**
– United Kingdom (at 20% (2014: 20.75%))	**481**	**214**	**–**	**–**	**(683)**	**12**
Total deferred tax assets/(liabilities)	**(62 986)**	**4 457**	**(2 019)**	**(1 328)**	**(683)**	**(62 559)**
Current year deferred tax charge		**4 555**				
Change in tax rate		**(98)**				
Tax on foreign exchange gain on net investments in foreign operations			**(2 084)**			
Effect of foreign exchange fluctuations			**65**			
2014						
Accruals	1 384	1 886	–	–	–	3 270
Derivative financial instruments	(10 582)	964	–	–	–	(9 618)
Intangible assets	(70 265)	–	–	(1 849)	–	(72 114)
Intellectual property – International	2 440	(2 623)	183	–	–	–
Leasing rights	(241)	84	(43)	–	–	(200)
Leave pay accrual	595	137	–	27	–	759
Long-term employee benefits	7 886	1 333	–	–	–	9 219
Operating lease liability	76	(24)	–	–	–	52
Prepayments	(334)	(5)	–	–	–	(339)
Property, plant and equipment	2 930	(1 056)	606	–	–	2 480
Tax losses	3 174	710	65	–	(444)	3 505
– The Netherlands (at 25% (2013: 25%))	2 789	170	65	–	–	3 024
– United Kingdom (at 20.75% (2013: 23%))	385	540	–	–	(444)	481
Total deferred tax assets/(liabilities)	(62 937)	1 406	811	(1 822)	(444)	(62 986)
Current year deferred tax charge		1 682				
Change in tax rate		(276)				
Tax on foreign exchange gain on net investments in foreign operations			(220)			
Effect of foreign exchange fluctuations			1 031			

* Refer note 34

\# Refer note 31

15. DEFERRED TAX continued

	Deferred tax asset		Deferred tax liability	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
The deferred tax asset/(liability) comprises deductible/ (taxable) temporary differences relating to:				
Accruals	**667**	317	**1 974**	2 953
Derivative financial instruments	**–**	–	**(7 891)**	(9 618)
Intangible assets	**–**	–	**(70 847)**	(72 114)
Leasing rights	**–**	–	**(179)**	(200)
Leave pay accrual	**–**	–	**804**	759
Loans payable	**–**	–	**(1 350)**	–
Long-term employee benefits	**–**	–	**8 012**	9 219
Operating lease liability	**129**	52	**107**	–
Prepayments	**(21)**	–	**(244)**	(339)
Property, plant and equipment	**3 659**	2 662	**(185)**	(182)
Short-term employee incentives	**–**	–	**2 794**	–
Tax losses	**12**	3 505	**–**	–
– The Netherlands (at 25% (2014: 25%))	**–**	3 024	**–**	–
– United Kingdom (at 20% (2014: 20.75%))	**12**	481	**–**	–
	4 446	6 536	**(67 005)**	(69 522)

The deferred tax asset recognised in respect of cumulative tax losses in the United Kingdom relates to Larkspur Nine Ltd of R0.012 million (2014: R0.023 million relating to Larkspur One Ltd and R0.458 million relating to Mohawk Spur Ltd). The tax losses arose primarily as a result of accelerated capital allowances and trading losses. An asset has only been recognised 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 tax losses (in respect of which a deferred tax asset was recognised) to offset against tax payable in respect of the current year.

16. LEASING RIGHTS

	2015 R'000	2014 R'000
Balance at beginning of year	**3 352**	5 290
Recognised in profit or loss before income tax	**(388)**	(2 574)
Monthly amortisation	**(388)**	(962)
Accelerated amortisation	**–**	(1 612)
Effect of foreign exchange fluctuations	**(109)**	636
Balance at end of year	**2 855**	3 352

The leasing rights relate to:

- The premises occupied by Larkspur Seven Ltd, a wholly-owned subsidiary of the group operating the Two Rivers Spur in Staines (UK). The rights were acquired during the 2013 year as part of the acquisition of Trinity Leasing Ltd and were initially recognised at a value of £69 496 (the equivalent of R0.934 million). The value of the leasing rights is being expensed to profit or loss as part of the outlet's rent expense over the remaining lease term which expires in December 2016.
- The premises occupied by Larkspur Eight Ltd, a wholly-owned subsidiary of the group operating the Rapid River Spur in Dublin (Ireland). The rights were acquired during the 2013 year for €206 763 (the equivalent of R2.453 million). The value of the leasing rights is being expensed to profit or loss as part of the outlet's rent expense over the remaining lease term which expires in October 2023.
- The premises previously occupied by Mohawk Spur Ltd, a wholly-owned subsidiary of the group which previously operated the Mohawk Spur in Wandsworth (UK). The outlet in question ceased trading in February 2015. During the prior year, in considering the ability of the entity in question to continue trading, the group accelerated the amortisation of the leasing rights, resulting in a further charge of R1.612 million to profit or loss before income tax in that year.

17. DERIVATIVE FINANCIAL ASSETS/(LIABILITY)

	2015 R'000	2014 R'000
Forward purchase contracts in respect of:		
– tranche 2 of share appreciation rights	**–**	22 157
– tranche 3 of share appreciation rights	**17 160**	12 510
– tranche 4 of share appreciation rights	**2 568**	(319)
– tranche 5 of share appreciation rights	**8 453**	–
	28 181	34 348
Current portion included in current assets	**17 160**	22 157
Non-current portion included in non-current assets	**11 021**	12 510
Non-current portion included in non-current liabilities	**–**	(319)
	28 181	34 348
The movement in the asset/(liability) during the year was as follows:		
Balance at beginning of year	**34 348**	37 790
Fair value gain recognised in profit or loss before income tax	**14 794**	17 922
Settled in cash from counterparty	**(19 725)**	(19 920)
Refund of difference in guaranteed dividend from counterparty settled in cash	**(1 236)**	(1 444)
Balance at end of year	**28 181**	34 348

The contracts were concluded to hedge the upside price risk of the Spur Corporation Ltd share price that the group is exposed to in respect of the share appreciation rights detailed in note 23. The forward purchase contracts for the second, third, fourth and fifth tranches of the share appreciation rights were concluded on 30 December 2011, 9 October 2012, 13 December 2013 and 15 December 2014 respectively.

The second tranche of share appreciation rights vested on 15 December 2014 and was settled in cash during the year. The related forward purchase contract matured on the same date resulting in a payment to the group from the counterparty as indicated above.

The fair values of the forward purchase contracts are determined at each reporting date and any changes in the values are recognised in profit or loss.

17. DERIVATIVE FINANCIAL ASSETS/(LIABILITY) continued

The terms of each of the contracts are as follows:

Forward purchase contract – tranche 2 of share appreciation rights

Contract trade date	30 December 2011
Number of shares	1 500 000
Forward price per share	R17.76
Settlement date	15 December 2014
Settlement price	50-day VWAP at 15 December 2014

Forward purchase contract – tranche 3 of share appreciation rights

Contract trade date	9 October 2012
Number of shares	1 500 000
Forward price per share	R25.64
Settlement date	15 December 2015
Settlement price	50-day VWAP at 15 December 2015

Forward purchase contract – tranche 4 of share appreciation rights

Contract trade date	13 December 2013
Number of shares	1 500 000
Forward price per share	R37.57
Settlement date	15 December 2016
Settlement price	50-day VWAP at 15 December 2016

Forward purchase contract – tranche 5 of share appreciation rights

Contract trade date	15 December 2014
Number of shares	1 500 000
Forward price per share	R35.94
Settlement date	14 December 2017
Settlement price	50-day VWAP at 14 December 2017

The forward purchase contracts are to be settled in cash on the respective settlement dates. The amounts settled are calculated as the difference between the 50 day volume-weighted average price ("VWAP") of the Spur Corporation Ltd share price on the settlement date and the forward price. In the event that this difference is positive, the counterparty will settle this difference with the group; should the difference be negative, the group is required to settle this difference with the counterparty.

Fair value measurement

The fair values of the forward purchase contracts have been determined by an independent external professional financial instruments specialist on the following assumptions:

	2015	2014
Forward purchase contract – tranche 2 of share appreciation rights		
Method of valuation	–	Black-Scholes (risk neutral pricing)
Dividend	–	Refer below
Expected volatility	–	23.40%
Interest rate (nominal annual compounded quarterly)	–	6.43%
Credit spread (basis points)	–	225
Forward purchase contract – tranche 3 of share appreciation rights		
Method of valuation	**Black-Scholes (risk neutral pricing)**	Black-Scholes (risk neutral pricing)
Dividend	**Refer below**	Refer below
Expected volatility	**26.95%**	23.40%
Interest rate (nominal annual compounded quarterly)	**6.79%**	6.56%
Credit spread (basis points)	**175**	250
Forward purchase contract – tranche 4 of share appreciation rights		
Method of valuation	**Black-Scholes (risk neutral pricing)**	Black-Scholes (risk neutral pricing)
Dividend	**Refer below**	Refer below
Expected volatility	**23.23%**	23.40%
Interest rate (nominal annual compounded quarterly)	**6.77%**	7.00%
Credit spread (basis points)	**225**	275

	2015	2014
Forward purchase contract – tranche 5 of share appreciation rights		
Method of valuation	**Black-Scholes (risk neutral pricing)**	–
Dividend	**Refer below**	–
Expected volatility	**26.95%**	–
Interest rate (nominal annual compounded quarterly)	**7.13%**	–
Credit spread (basis points)	**275**	–

In addition, the forward prices per share for the respective forward purchase contracts are subject to the following dividend streams in respect of the Spur Corporation Ltd share:

	Tranche 2	Tranche 3	Tranche 4	Tranche 5
October 2013 (cents per share)	37.00	37.00	–	–
March 2014 (cents per share)	38.00	38.00	57.00	–
October 2014 (cents per share)	39.00	39.00	58.00	–
March 2015 (cents per share)	–	40.00	60.00	60.00
October 2015 (cents per share)	–	41.00	61.00	61.00
March 2016 (cents per share)	–	–	64.00	64.00
October 2016 (cents per share)	–	–	65.00	65.00
March 2017 (cents per share)	–	–	–	74.00
October 2017 (cents per share)	–	–	–	83.00

Any differences between the projected dividend above and the actual dividend paid is to be settled in cash between the parties.

As the accounting treatment of the derivative financial instruments and underlying obligation associated with the share appreciation rights differ and the group does not apply hedge accounting, there is an accounting mismatch between the cost of the share appreciation rights and the fair value gain/loss on the derivative financial instruments recognised in profit or loss. The share-based payments expense arising from the share appreciation rights is charged to profit or loss over the respective vesting periods of the rights while the changes in the fair values of the related derivative financial instruments are recognised in profit or loss as they arise.

In the event that the settlement price exceeds the forward price listed above for each underlying tranche of share appreciation rights on the respective vesting dates, the derivative contracts are effective economic hedges and the share-based payments expense net of the associated forward contract reimbursement will have the following net impact on profit before income tax over the vesting period of the respective rights:

	Tranche 3	Tranche 4	Tranche 5
Vesting date	15 December 2015	15 December 2016	14 December 2017
Remaining vesting period (years)	0.5	1.5	2.5
Forward price	R 25.64	R 37.57	R 35.94
Strike price (refer note 23)	R 21.29	R 30.38	R 30.91
Number of share appreciation rights in issue	1 500 000	1 500 000	1 500 000
Total charge to profit or loss before income tax over vesting period (R'000)	6 525	10 785	7 545
Cumulative net charge/(credit) recognised in profit or loss before income tax to 30 June 2015 (R'000)	2 630	3 663	(5 858)
Employee benefits (R'000) (refer note 23)	19 790	6 231	2 595
Derivative financial instruments (R'000)	(17 160)	(2 568)	(8 453)
Net charge still to be recognised in profit or loss before income tax over remaining vesting period (R'000)	3 895	7 122	13 403

18. INVENTORIES

	2015 R'000	2014 R'000
Raw materials	**991**	851
Packaging	**184**	252
Finished goods	**10 554**	11 029
	11 729	12 132

19. TRADE AND OTHER RECEIVABLES

	2015 R'000	2014 R'000
Trade receivables	**81 991**	70 230
Impairment allowance	**(445)**	(527)
Net trade receivables	**81 546**	69 703
Prepayments	**7 192**	7 374
Deposits	**5 857**	4 059
Staff loans	**1 075**	906
VAT and other indirect taxes receivable	**1 787**	243
Other	**371**	365
	97 828	82 650

Trade receivables include receivables from related parties of R5.994 million (2014: R2.666 million) that arise in the ordinary course of business in respect of the transactions recorded in note 43.3. No individual receivable is significant and the terms of the receivables are the same as those for receivables with parties who are not related.

The impairment allowance is determined based on information regarding the financial position of each trade receivable as at the reporting date.

20. CASH AND CASH EQUIVALENTS

	2015 R'000	2014 R'000
Current, call and short-term deposit accounts	**304 851**	91 966
Bank overdrafts	**(3 557)**	(539)
	301 294	91 427

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

21. CAPITAL AND RESERVES

	Number of shares			
	2015 '000	2014 '000	2015 R'000	2014 R'000
21.1 ORDINARY SHARE CAPITAL				
Authorised				
Ordinary shares of 0.001 cents each	**201 000**	201 000	**2**	2
Issued and fully paid				
In issue at beginning of year	**97 633**	97 633	**1**	1
Issued for cash during the year	**10 848**	–		
Cumulative shares repurchased by subsidiary	**(5 572)**	(5 311)	**–**	–
Cumulative shares held by Spur Management Share Trust (consolidated structured entity)	**(6 689)**	(6 689)	**–**	–
Cumulative shares held by The Spur Foundation Trust (consolidated structured entity)	**(100)**	–		
	96 120	85 633	**1**	1

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

In terms of the company's Memorandum of Incorporation, 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.

The company does not have any unlisted shares.

21.2 ISSUE OF ORDINARY SHARES RELATING TO GPI B-BBEE SHARE TRANSACTION

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 Ltd ("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 *IFRS2 – 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) (refer note 14.7). 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 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.

21.3 SHARES REPURCHASED BY SUBSIDIARIES

During the year, a wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 361 273 (2014: nil) Spur Corporation Ltd shares at an average cost of R31.52 per share, totalling R11.387 million. In addition, as referred to above, 100 000 shares were transferred to the Spur Foundation Trust. At the reporting date, the group owns 5 572 401 (2014: 5 311 128) Spur Corporation Ltd treasury shares, held by Share Buy-back (Pty) Ltd, at a total cost of R79.977 million (2014: R70.057 million).

The balance per the statement of financial position comprises the cost of the Spur Corporation Ltd shares that have been repurchased by Share Buy-back (Pty) Ltd, those held by the Spur Management Share Trust, a consolidated structured entity, for the purposes of the group's short-term profit share incentive scheme (refer note 25) and those held by The Spur Foundation Trust, a consolidated structured entity. At the reporting date, the entities in question held 12 361 099 (2014: 11 999 826) of the company's shares in aggregate.

21.4 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 investments in foreign operations.

22. NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI"):

Name	Principal place of business/ Country of incorporation	Operating segment	Ownership interests held by NCI 2015	Ownership interests held by NCI 2014
RocoMamas Franchise Co (Pty) Ltd	South Africa	RocoMamas – Franchise	**49%**	–*
The Spur Foundation Trust	South Africa	Unallocated South Africa	**100%**	100%

* Acquired with effect from 1 March 2015 (refer note 34.1)

None of the non-controlling interests were considered to be material in the prior year.

The following table summarises financial information for material subsidiaries with non-controlling interests, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the group's accounting policies, as well as other individually immaterial subsidiaries. The information is before inter-company eliminations with other companies in the group.

	2015			
	RocoMamas Franchise Co (Pty) Ltd R'000	The Spur Foundation Trust R'000	Other individually immaterial subsidiaries R'000	Total R'000
Revenue	2 175	–		
Profit	1 010	1 761		
Other comprehensive income	–	–		
Total comprehensive income	1 010	1 761		
Profit attributable to non-controlling interests	495	1 761	5 842	8 098
Total comprehensive income attributable to non-controlling interests	495	1 761	5 476	7 732
Current assets	2 430	3 747		
Non-current assets	5 813	–		
Current liabilities	(835)	(141)		
Net assets	7 408	3 606		
Carrying amount of NCI	3 630	3 606	(172)	7 064
Cash flows from operating activities	874	1 490		
Cash flows from financing activities	26	–		
Net increase in cash and cash equivalents	900	1 490		
Dividends paid to non-controlling interests during the year	–	–		

23. EMPLOYEE BENEFITS

	2015 R'000	2014 R'000
Obligation in respect of long-term share-linked retention scheme share appreciation rights:		
– tranche 2	**–**	22 017
– tranche 3	**19 790**	9 227
– tranche 4	**6 231**	1 682
– tranche 5	**2 595**	–
	28 616	32 926
Current portion included in current liabilities	**19 790**	22 017
Non-current portion included in non-current liabilities	**8 826**	10 909
	28 616	32 926
The movement in the liability during the year was as follows:		
Balance at beginning of year	**32 926**	28 165
Share-based payments expense recognised in profit or loss before income tax	**19 735**	28 117
Settled in cash paid to participants	**(24 045)**	(23 356)
Balance at end of year	**28 616**	32 926

The board approved the second, third, fourth and fifth tranches of share appreciation rights to executives and senior managers of the company on 30 December 2011, 9 October 2012, 13 December 2013 and 15 December 2014 respectively. The second tranche of rights vested on 15 December 2014 and was settled in cash on the same date. The salient features of these rights are listed below.

During the year, on 15 December 2014, the second tranche of 1.5 million share appreciation rights, with a grant date strike price of R14.80 per share, vested and was settled in cash, at an exercise price of R30.91 per share. During the prior year, on 13 December 2013, the first tranche of 1.5 million share appreciation rights, with a grant date strike price of R14.62 per share, vested and was settled in cash, at an exercise price of R30.38 per share.

In terms of the long-term share-linked employee retention scheme rules, a maximum of 1.5 million rights are eligible for granting to executives and senior management each year (subsequent to the publishing of year end financial results). In terms of the rules of the scheme, the obligations in respect of the rights in issue are to be hedged economically (refer note 17). Refer to the remuneration committee report on page 69 of this report for more details regarding the scheme.

The fair values of the rights are determined at each reporting date and recognised in profit or loss over the vesting period of the rights.

The terms of each tranche of rights are as follows:

Share appreciation rights – tranche 2

Grant date	30 December 2011
Number of rights granted	1 500 000
Strike price per right	R14.80
Exercise date	15 December 2014
Exercise price	50-day VWAP at 15 December 2014

Share appreciation rights – tranche 3

Grant date	9 October 2012
Number of rights granted	1 500 000
Strike price per right	R21.29
Exercise date	15 December 2015
Exercise price	50-day VWAP at 15 December 2015

Share appreciation rights – tranche 4

Grant date	13 December 2013
Number of rights granted	1 500 000
Strike price per right	R30.38
Exercise date	15 December 2016
Exercise price	50-day VWAP at 15 December 2016

23. EMPLOYEE BENEFITS continued

Share appreciation rights – tranche 5

Grant date	15 December 2014
Number of rights granted	1 500 000
Strike price per right	R30.91
Exercise date	14 December 2017
Exercise price	50-day VWAP at 14 December 2017

The rights are compulsorily exercisable on the exercise date. The gain on each right is calculated as the difference between the 50-day volume-weighted average price ("VWAP") of the Spur Corporation Ltd share price on the exercise date and the strike price. The strike price was determined as the average share price utilised in the costing of the forward purchase contracts detailed in note 17. The gain will be settled in cash on the exercise date. Should the gain be negative at the exercise date, the rights are cancelled without any recourse.

Fair value measurement

The liabilities in respect of the share appreciation rights have been computed based on the fair values of the rights at the reporting date adjusted for the vesting period. The fair values at the reporting date have been determined by an independent external professional financial instruments specialist on the following assumptions:

	2015	2014
Share appreciation rights – tranche 2		
Method of valuation	–	Black-Scholes
Expected dividend yield	–	3.68%
Expected volatility	–	23.40%
Interest rate (nominal annual compounded quarterly)	–	6.48%
Spot price on valuation date	–	R32.27
Total vesting period	–	3 years
Forfeiture rate	–	0%
Share appreciation rights – tranche 3		
Method of valuation	**Black-Scholes**	Black-Scholes
Expected dividend yield	**3.59%**	3.68%
Expected volatility	**26.95%**	23.40%
Interest rate (nominal annual compounded quarterly)	**6.79%**	6.61%
Spot price on valuation date	**R36.67**	R32.27
Total vesting period	**3.2 years**	3.2 years
Forfeiture rate	**0%**	0%
Share appreciation rights – tranche 4		
Method of valuation	**Black-Scholes**	Black-Scholes
Expected dividend yield	**3.78%**	3.68%
Expected volatility	**23.23%**	23.40%
Interest rate (nominal annual compounded quarterly)	**6.77%**	7.00%
Spot price on valuation date	**R36.67**	R32.27
Total vesting period	**3 years**	3 years
Forfeiture rate	**0%**	0%
Share appreciation rights – tranche 5		
Method of valuation	**Black-Scholes**	–
Expected dividend yield	**3.59%**	–
Expected volatility	**26.95%**	–
Interest rate (nominal annual compounded quarterly)	**7.13%**	–
Spot price on valuation date	**R36.67**	–
Total vesting period	**3 years**	–
Forfeiture rate	**0%**	–

The fair values are determined based on the above parameters, using level 2 inputs in terms of the fair value hierarchy (refer note 2.2). The valuation method adopted has been consistently applied for all years reported.

24. OPERATING LEASE LIABILITY

	2015 R'000	2014 R'000
Balance at beginning of year	**1 776**	5 481
Recognised in profit or loss before income tax	**(580)**	(3 359)
Landlord tenant installation allowance received	**–**	947
Disposal of subsidiary (refer note 35)	**–**	(1 687)
Effect of foreign exchange fluctuations	**4**	394
Balance at end of year	**1 200**	1 776

Certain rental agreements concluded by the group during the current and previous years allow for an initial rent-free period as well as a tenant installation allowance paid by the landlord. 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. A liability is recognised to the extent that the rental expense recognised in profit or loss exceeds actual rental paid. On expiration of the rent-free period, the liability is reversed over the remaining lease period as a credit against future rental expenses. A liability is also recognised in respect of the tenant installation allowance upon receipt. The liability is subsequently recognised as a credit against rental expense in profit or loss over the initial lease period.

The tenant installation allowance received in the prior year relates to the group's Johannesburg regional corporate office which was relocated during the 2014 year.

25. TRADE AND OTHER PAYABLES

	2015 R'000	2014 R'000
Trade payables	**37 060**	28 115
Accruals	**11 655**	12 439
Income received in advance	**3 846**	6 151
Employee benefits	**16 461**	14 097
Short-term profit share incentive scheme	**9 979**	5 503
Leave pay and other short-term employee benefits	**6 482**	8 594
VAT and other indirect taxes payable	**9 588**	14 496
Unredeemed gift vouchers	**3 623**	2 877
Other sundry payables	**1 002**	278
	83 235	78 453

Income received in advance relates largely to initial franchise fee receipts held in trust pending the conclusion of a franchise agreement and upfront payments in respect of export sales orders.

	2015 R'000	2014 R'000
Short-term profit share incentive scheme		
Balance at beginning of year	**5 503**	5 892
Payment in respect of prior year incentive	**(7 313)**	(5 855)
Recognised in profit or loss before income tax	**11 789**	5 466
Balance at end of year	**9 979**	5 503

The accrual for the short-term profit share incentive scheme is calculated with reference to the expected dividends received on the 6 688 698 Spur Corporation Ltd shares held by the Spur Management Trust and is determined in accordance with the rules of the short-term profit share incentive scheme.

26. LOANS PAYABLE

	2015 R'000	2014 R'000
Loans owing to non-controlling interests	**1 557**	8 544
Marketing funds	**17 261**	21 302
	18 818	29 846

Loans owing to non-controlling interests in the current year comprises an unsecured loan denominated in pounds sterling to the non-controlling shareholder of Larkspur Three Ltd. The loan's carrying amount is £68 193 (2014: £99 195) (the equivalent of R1.557 million (2014: R1.791 million) at the respective reporting dates). The loan bears interest at 2% above the UK base rate of interest and has no fixed repayment terms.

In the prior year, the loans owing to non-controlling interests comprised, in addition to the above, loans denominated in Australian dollars of AU$191 579 (the equivalent of R1.917 million at the prior year reporting date) owing to the non-controlling shareholders of Panawest Pty Ltd and Panpen Pty Ltd, and a loan denominated in pounds sterling of £267 663 (the equivalent of R4.836 million at the prior year reporting date) owing to the non-controlling shareholder of Larkspur Five Ltd. The Australian dollar loans were interest free and were repaid during the current year prior to the disposal of the respective subsidiaries (refer notes 35.1 and 35.2 respectively). The pounds sterling loan was subject to interest at 2% above the UK base rate of interest with no repayment terms, and was forgiven during the year upon dissolution of the subsidiary in question (refer note 36.3).

The loans owing to the marketing funds represent the net assets and cumulative underspend of the marketing funds as at the reporting date. The cumulative underspend amounts are carried forward to the next financial year and are utilised for future marketing spend. Refer note 39 for more details.

27. DIVIDENDS

	2015 R'000	2014 R'000
Final 2013 – dividend of 56.0 cents per share	**–**	54 674
Interim 2014 – dividend of 57.0 cents per share	**–**	55 651
Final 2014 – dividend of 64.0 cents per share	**62 485**	–
Interim 2015 – dividend of 62.0 cents per share	**67 258**	–
Total dividends to equity holders	**129 743**	110 325
Dividends external to the group are reconciled as follows:		
Gross dividends declared	**129 743**	110 325
Dividends received on shares held by the group	**(15 327)**	(13 559)
Total dividends external to the group	**114 416**	96 766

The directors have approved a final dividend of 70.0 cents per share in respect of the 2015 financial year, funded by income reserves, to be paid in cash on 5 October 2015. The dividend is 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 net dividend is therefore 59.5 cents per share for shareholders liable to pay dividend withholding tax.

The total gross dividend declared relating to the financial year was 132 (2014: 121) cents per share equating to R143.194 million (2014: R118.136 million).

28. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	2015 R'000	2014 R'000
Profit before income tax	**205 421**	201 871
Adjusted for:		
Amortisation – intangible assets (refer note 12)	**–**	175
Amortisation – leasing rights (refer note 16)	**388**	2 574
Bad debts	**327**	653
Depreciation (refer note 11)	**14 020**	13 977
Fair value gain on derivative financial instruments at fair value through profit or loss (refer note 17)	**(14 794)**	(17 922)
Fair value loss on contingent consideration liability (refer note 34.1)	**3 681**	–
Foreign exchange (gain)/loss (excluding gains/losses on intercompany accounts)	**(63)**	1 076
Foreign currency translations not disclosed elsewhere in the cash flow statement	**(2 557)**	2 047
Impairment of property, plant and equipment (refer note 11.1)	**1 054**	2 496
Impairment of intangible asset (refer note 12)	**13 905**	1 866
Interest expense	**65**	225
Interest income	**(24 681)**	(7 476)
Loss on disposal of subsidiary (refer note 35.3)	**4 545**	–
Movement in operating lease liability (refer note 24)	**(580)**	(3 359)
Movement in trade receivable impairment allowance	**(82)**	397
(Profit)/loss on disposal of property, plant and equipment	**(65)**	444
Profit on disposal of subsidiaries (refer note 35.1, 35.2 and 35.4)	**(5 120)**	(2 154)
Reclassification of foreign currency loss/(gain) from other comprehensive income to profit or loss on abandonment/deregistration/disposal of foreign operations (refer notes 35 and 36)	**2 215**	(3 386)
Release of financial liability (refer note 36.3)	**(5 173)**	–
Share-based payments expense – equity-settled – GPI B-BBEE transaction (refer note 21.2)	**32 957**	–
Share-based payments expense – cash settled – long-term share-linked employee retention scheme (refer note 23)	**19 735**	28 117
Share-based payments cash settlement – long-term share-linked employee retention scheme (refer note 23)	**(24 045)**	(23 356)
Share of loss of equity-accounted investee (net of income tax) (refer note 13)	**1 633**	379
	222 786	198 644

29. WORKING CAPITAL CHANGES

	2015 R'000	2014 R'000
(Increase)/decrease in inventories	**(165)**	5 302
Increase in trade and other receivables	**(15 547)**	(994)
Increase/(decrease) in trade and other payables	**9 165**	(9 350)
(Increase)/decrease in short-term loans receivable	**(2 321)**	666
(Decrease)/increase in short-term loans payable	**(4 015)**	8 347
	(12 883)	3 971

30. INTEREST INCOME RECEIVED

	2015 R'000	2014 R'000
Interest income received is reconciled to the amount recognised in profit or loss before income tax as follows:		
Interest accrued but not received at beginning of year	**938**	–
Interest income	**24 681**	7 476
Interest accrued but not received at end of year	**(8 729)**	(938)
	16 890	6 538

31. TAX PAID

	2015 R'000	2014 R'000
Tax paid is reconciled to the amount recognised in profit or loss as follows:		
Amount receivable at beginning of year	**6 160**	4 002
Current tax charged to profit or loss (refer note 9)	**(74 225)**	(66 044)
Acquisitions through business combinations (refer note 34)	**(264)**	–
Disposal of subsidiary (refer note 35)	**(141)**	–
Effect of foreign exchange fluctuations	**(608)**	867
Transfer from deferred tax (UK group tax relief benefit) (refer note 15)	**683**	444
Amount receivable at end of year	**(15 271)**	(6 160)
	(83 666)	(66 891)

32. DIVIDENDS PAID

	2015 R'000	2014 R'000
Dividends paid are reconciled to the amount disclosed as follows:		
Amount payable at beginning of year	**(411)**	(327)
Net dividends distributed external to the group (refer note 27)	**(114 416)**	(96 766)
Amount payable at end of year	**482**	411
	(114 345)	(96 682)

33. ACQUISITION OF INTEREST IN ASSOCIATE

33.1 PRIOR YEAR INVESTMENT IN BRAVIZ FINE FOODS (PTY) LTD

With effect from 18 March 2014, a wholly-owned subsidiary of the group, Spur Group (Pty) Ltd, acquired a 30% ordinary shareholder's interest in Braviz Fine Foods (Pty) Ltd, a start-up entity in the process of establishing a rib processing plant in Johannesburg. The plant 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.

	2014 R'000
As at the effective date of the transaction:	
Fair value of net liabilities of the associate	(684)
Group's interest in fair value of net liabilities of the associate	(206)
Purchase consideration	400
Goodwill implicit in acquisition of interest in associate	606
Purchase consideration	400
Shareholder's loan advanced to associate (refer note 14.2)	36 250
Total cash outflow on acquisition of associate	36 650

The initial purchase consideration amounted to R0.400 million (comprising an amount for ordinary shares of R300 which was settled in cash on the effective date, and initial directly attributable transaction costs of R0.400 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 by the associate is to be made on a pro rata basis between the respective shareholders). The loan is consequently considered part of the net investment in the associate.

The loan advanced to the associate of R36.250 million was initially recognised at its fair value at 18 March 2014 and is subsequently recognised at amortised cost. In determining the fair value of the loan in question at initial recognition, the directors considered the interest rates implicit in similar loans granted on similar terms and conditions between unrelated market participants. The directors determined that the interest rate applicable to the loan in question is commensurate with similar external loans between unrelated market participants and the nominal value of the loan therefore approximated its fair value at initial recognition. For the same reason, the directors consider the carrying value of the loan at the reporting date to approximate its fair value. The financial asset is designated as a level 2 financial instrument in terms of the fair value hierarchy (refer note 2.2) 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 fair value of net liabilities at the effective date comprised the value of land, buildings under construction, plant under construction, cash and shareholder loans.

34. ACQUISITIONS OF SUBSIDIARIES, NON-CONTROLLING INTERESTS AND BUSINESS COMBINATIONS

34.1 ACQUISITION OF ROCOMAMAS (BUSINESS COMBINATION)

With effect from 1 March 2015, a wholly-owned subsidiary of the group, Spur Group (Pty) Ltd, 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.

	2015 R'000
The fair values of the identifiable assets and liabilities acquired at the effective date were as follows:	
Intangible assets	7 114
Trade and other receivables	288
Inventory	38
Cash and cash equivalents	618
Trade and other payables	(68)
Tax payable	(264)
Deferred tax	(1 328)
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 arising on acquisition	42 439
Total purchase consideration	**45 702**
In cash	2 000
Contingent consideration	43 702
Consideration settled in cash	(2 000)
Cash and cash equivalents acquired	618
Net cash flow on acquisition of subsidiary	**(1 382)**
Contingent consideration liability	
Arising from acquisition	43 702
Fair value adjustment recognised in profit or loss before income tax	3 681
Balance at end of year	**47 383**
Current portion included in current liabilities	15 974
Non-current portion included in non-current liabilities	31 409

Intangible assets comprise the RocoMamas trademarks and related intellectual property. The fair value was determined by an independent valuations expert utilising a discounted cash flow model based on the relief from royalty method. In this regard:

- the directors projected anticipated franchise restaurant sales for a forecast horizon of five years applying a reasonable rollout plan, and basing sales on historic averages increasing at 8% per annum;
- franchise restaurant sales beyond the forecast horizon were projected to grow at 5.5%, in line with the local inflation target of the South African Reserve Bank;
- a 'royalty rate' of 5.5% was applied to the projected franchise restaurant sales, where the royalty rate was considered reasonable as the range of royalty rates identified by an industry benchmarking exercise yielded a range of between 0.3% and 7%;
- the resulting 'royalty' cash flow, adjusted for income tax of 28%, was discounted at an adjusted weighted average cost of capital of 27.8%;

Trade and other receivables comprise amounts receivable from franchisees in respect of inventory sales and franchise fees relating to trading in the month prior to acquisition. Given the short-term nature of the receivables and assessing subsequent collections, the contractual values of the receivables were deemed to approximate their fair values.

Inventory comprises largely sauces, clothing and marketing items for resale to franchisees. The inventory was valued at its replacement cost. Given the nature of the inventory, it is considered that the replacement cost is the most likely value to approximate the fair value of the inventory.

Trade and other payables comprise trade creditors and accruals. Given the short-term nature of the payables, the carrying values of the payables were deemed to approximate their fair values.

Tax payable comprises current tax payable arising from the operations to the effective date.

Deferred tax was measured by applying the effective tax rate applicable to capital gains in South Africa to the taxable temporary difference on initial recognition of the intangible assets.

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 R2.000 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. In the event that the forecast profit before income tax 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 goodwill is attributable to the significant growth prospects of the brand (by expanding the chain nationally) that the group is anticipated to realise using its existing franchising expertise, infrastructure and extensive network of franchisees. The goodwill is not deductible for tax purposes.

Transaction costs, comprising legal and due diligence costs, amounting to R0.233 million are included in Administration expenses in the statement of comprehensive income.

From the date of acquisition, the business contributed R2.175 million revenue, profit before income tax of R1.386 million and profit after income 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 group profit after income tax R136.326 million, of which R8.428 million would have been attributable to non-controlling interests.

34.2 ACQUISITION OF NON-CONTROLLING INTEREST IN PANAROTTIS PENRITH WITHOUT A CHANGE IN CONTROL

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.

	2015 R'000
The following summarises the changes in the group's ownership interest in Panpen:	
Group's ownership interest at 1 July 2014	**(205)**
Effect of increase in group's ownership interest	**(108)**
Share of comprehensive income for the year (prior to disposal)	**2 242**
Disposal (excluding goodwill) (refer note 35.2)	**(1 929)**
Group's ownership interest at 30 June 2015	**–**

34. ACQUISITIONS OF SUBSIDIARIES, NON-CONTROLLING INTERESTS AND BUSINESS COMBINATIONS continued

34.3 PRIOR YEAR ACQUISITION OF THE HUSSAR GRILL (BUSINESS COMBINATION)

In the prior year and with effect from 1 January 2014, a wholly-owned subsidiary of the group, Spur Group (Pty) Ltd, acquired the franchise business of The Hussar Grill as a going concern from The Hussar Grill Franchise Company (Pty) Ltd. As part of the same transaction, three newly-incorporated wholly-owned subsidiaries of Spur Group (Pty) Ltd, Nickilor (Pty) Ltd, Opilor (Pty) Ltd and Opiset (Pty) Ltd acquired the businesses of The Hussar Grill Rondebosch, The Hussar Grill Green Point and The Hussar Grill Camps Bay respectively from Hussar Grill (Pty) Ltd, Milbloem 29 (Pty) Ltd and Ocean Crest Seafoods (Pty) Ltd respectively. The Hussar Grill Franchise Company (Pty) Ltd previously owned The Hussar Grill trademarks and related intellectual property and had six franchised The Hussar Grill outlets located in the Western Cape of South Africa. The acquisition gives the group exposure to an upmarket specialist steakhouse chain.

	2014 Franchise R'000	2014 Retail R'000	2014 Total R'000
The fair values of the identifiable assets and liabilities acquired at the effective date were as follows:			
Intangible assets	9 904	–	9 904
Inventory	–	475	475
Trade and other payables	–	(95)	(95)
Deferred tax	(1 849)	27	(1 822)
Fair value of net assets acquired	8 055	407	8 462
Purchase consideration	21 000	14 380	35 380
Fair value of net assets acquired	8 055	407	8 462
Goodwill arising on acquisition	12 945	13 973	26 918

Intangible assets comprise The Hussar Grill trademarks and related intellectual property. The fair value was determined by an independent valuations expert utilising a discounted cash flow model. Deferred tax was measured by applying the effective tax rate applicable to capital gains in South Africa to the taxable temporary difference on initial recognition of the intangible assets.

The purchase consideration was settled in cash on the effective date of the acquisition.

Transaction costs in the amount of R1.620 million relating to the financial and legal due diligence, legal and consulting services are included in Administration expenses in the statement of comprehensive income.

35. DISPOSALS OF SUBSIDIARIES

35.1 PANAROTTIS BLACKTOWN (AUSTRALIA)

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, as part of its strategy to exit from company-owned restaurants in Australia. A new franchise agreement was concluded between the group and the entity disposed of and the entity continues to trade the restaurant in question.

	2015 R'000
The carrying values of the assets/(liabilities) disposed of comprised:	
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)**
Loans payable (to the group)	**(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**
Proceeds on disposal of subsidiary	**–**
Consideration settled in cash	**–**
Cash and cash equivalents disposed of	**(206)**
Net cash flow on disposal of subsidiary	**(206)**

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.

The receivable relating to the disposal of AU$400 000 is treated as a financial asset carried at amortised cost but was initially recognised at its fair value at the disposal date (refer note 14.10).

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.

The profit on disposal is included in Other income, and the foreign exchange losses recycled from other comprehensive income to profit or loss before income tax are included in Administration expenses, in the statement of comprehensive income.

35. DISPOSALS OF SUBSIDIARIES continued

35.2 PANAROTTIS PENRITH (AUSTRALIA)

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, to Hunga Busters Pty Ltd, an unrelated entity, as part of its strategy to exit from company-owned restaurants in Australia. A new franchise agreement was concluded between the group and the entity disposed of and the entity continues to trade the restaurant in question.

	2015 R'000
The carrying values of the assets/(liabilities) disposed of comprised:	
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**
Proceeds on disposal of subsidiary	**8 188**
In cash	**–**
On loan account	**8 188**
Consideration settled in cash	**–**
Cash and cash equivalents disposed of	**(155)**
Net cash flow on disposal of subsidiary	**(155)**

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%. The receivable relating to the disposal of AU$880 000 is treated as a financial asset carried at amortised cost but was initially recognised at its fair value at the disposal date (refer note 14.8).

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.

The profit on disposal is included in Other income, and the foreign exchange gains recycled from other comprehensive income to profit or loss before income tax are included in Administration expenses, in the statement of comprehensive income.

35.3 SILVER SPUR (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, to Hunga Busters Pty Ltd as part of its strategy to exit from company-owned restaurants in Australia. A new franchise agreement was concluded between the group and Hunga Busters Pty Ltd and that entity continues to trade the restaurant in question.

	2015 R'000
The carrying values of the assets/(liabilities) disposed of comprised:	
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)**
Proceeds on disposal of subsidiary	**2 977**
In cash	**–**
On loan account	**2 977**
Consideration settled in cash	**–**
Cash and cash equivalents disposed of	**(292)**
Net cash flow on disposal of subsidiary	**(292)**

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%. The receivable relating to the disposal of AU$320 000 is treated as a financial asset carried at amortised cost but was initially recognised at its fair value at the disposal date (refer note 14.8).

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).

The loss on disposal is included in Other non-trading losses, and the foreign exchange losses recycled from other comprehensive income to profit or loss before income tax are included in Administration expenses, in the statement of comprehensive income.

35. DISPOSALS OF SUBSIDIARIES continued

35.4 PANAROTTIS TUGGERAH PARTNERSHIP (AUSTRALIA) (DISPOSAL OF SUBSIDIARY'S ASSETS AND LIABILITIES) – PRIOR YEAR

During the prior year and with effect from 1 January 2014, a wholly-owned subsidiary of the group, Panatug Pty Ltd, which was previously the 80% partner of the Panarottis Tuggerah Partnership, agreed with the remaining 20% partner, Avecor Investments (Pty) Ltd ("Avecor"), to dissolve the partnership in question. The partnership previously operated the Panarottis restaurant in Tuggerah (Australia). As part of the same transaction, Avecor effectively acquired the business of the Panarottis in Tuggerah as a going concern and concluded a new franchise agreement with the group. This was done as part of the group's strategy of divesting from retail operations in Australia.

	2014 R'000
As at the date of disposal, the carrying values of the assets/(liabilities) of the partnership comprised:	
Property, plant and equipment	18
Inventory	197
Trade and other receivables	1 170
Cash and cash equivalents	406
Trade and other payables	(1 062)
Operating lease liability	(1 687)
Loans payable (external to the group)	(643)
Loans payable (intragroup)	(3 428)
Carrying value of net liabilities of partnership at date of disposal	(5 029)
Attributable to non-controlling interest	1 006
Group's share of net liabilities disposed of	(4 023)

In dissolving the partnership, the partners agreed to cede and assign the assets and liabilities of the partnership in a manner other than in accordance with the partners' respective ownership interests. Consequently, the selected assets and liabilities retained were deemed to be part of the proceeds on the disposal.

Proceeds on disposal comprise:	
Deferred sale consideration	1 744
Trade and other receivables of the partnership retained by the group	395
Cash and cash equivalents of the partnership retained by the group	406
Trade and other payables of the partnership retained by the group	(986)
Loans payable (intragroup) forgiven by the group	(3 428)
Total proceeds on disposal of subsidiary	(1 869)

The deferred sale consideration effectively amounted to an interest free loan (refer note 14.1). The loan is repayable in fixed monthly instalments of at least AU$4 125 per month with any balance on the loan being repayable on 5 October 2017 (unless the Panarottis Tuggerah lease is renewed by Avecor, in which case the fixed monthly payments will continue until the loan is repaid in full).

The loans payable (intragroup) forgiven by the group related to the group's initial capital loan funding of the partnership. As part of the dissolution of the partnership, the group agreed to forgive its loan claim.

Profit on disposal of subsidiary is calculated as follows:	
Proceeds on disposal of subsidiary	(1 869)
Group's share of net liabilities disposed of	(4 023)
Profit on disposal of subsidiary	2 154

For the period to the effective date of disposal, the partnership contributed revenue of R6.050 million and earned a profit before income tax of R0.064 million.

The profit on disposal is included in Other income in the statement of comprehensive income.

36. OTHER NON-CASH TRANSACTIONS

36.1 INTERNATIONAL GROUP RESTRUCTURE – PRIOR YEAR

In June 2004, a wholly-owned foreign subsidiary of the group, Vantini Spur Ltd ("Vantini"), the owner of the group's international trademarks and intellectual property, granted a 10-year usufruct of the trademarks and intellectual property to another foreign wholly-owned subsidiary of the group, Steak Ranches International BV ("SRIBV"). SRIBV is the primary franchisor of the group's brands outside of South Africa.

During the prior year, between 31 March 2014 and 30 June 2014, in anticipation of the expiration of the usufruct rights referred to above, the group restructured certain of its international subsidiaries in order to ensure the continued validity of franchise agreements concluded between SRIBV and its 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 recycled, through other comprehensive income, back to profit in the amount of R3.386 million. Legal, consulting and other advisory costs relating to the restructure amounted to R2.169 million for the prior year and were included in profit before income tax for the prior year.

36.2 MOHAWK SPUR (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.

36.3 LARKSPUR FIVE LTD (ENGLAND)

Larkspur Five Ltd 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.

37. FINANCIAL INSTRUMENTS

37.1 ACCOUNTING CLASSIFICATION AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy (refer note 2.2). It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2015	Note	Carrying amount (R'000) Held for trading	Loans and receivables
Financial assets measured at fair value			
Derivative financial assets	17	**28 181**	**–**
Financial assets not measured at fair value			
Loans receivable	14	**–**	**168 139**
Financial assets included in trade and other receivables[1]	19	**–**	**88 849**
Cash and cash equivalents	20	**–**	**304 851**
		–	**561 839**
Financial liabilities measured at fair value			
Contingent consideration liability	34.1	**–**	**–**
Financial liabilities not measured at fair value			
Loans payable	26	**–**	**–**
Bank overdrafts	20	**–**	**–**
Financial liabilities included in trade and other payables[2]	25	**–**	**–**
Shareholders for dividend		**–**	**–**
		–	**–**

2014	Note	Carrying amount (R'000) Held for trading	Loans and receivables
Financial assets measured at fair value			
Derivative financial assets	17	34 667	–
Financial assets not measured at fair value			
Loans receivable	14	–	58 897
Financial assets included in trade and other receivables[1]	19	–	75 033
Cash and cash equivalents	20	–	91 966
		–	225 896
Financial liabilities measured at fair value			
Derivative financial liability	17	–	–
Financial liabilities not measured at fair value			
Loans payable	26	–	–
Bank overdrafts	20	–	–
Financial liabilities included in trade and other payables[2]	25	–	–
Shareholders for dividend		–	–
		–	–

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

[2] Includes trade payables, accruals, unredeemed gift voucher liability and other financial liabilities as defined in terms of *IAS32 – Financial Instruments: Disclosure and Presentation*.

Carrying amount (R'000)			Fair value (R'000)		
Financial liabilities at fair value through profit or loss	**Other financial liabilities**	**Total**	**Level 2**	**Level 3**	**Total**
–	**–**	**28 181**	**28 181**	**–**	**28 181**
–	**–**	**168 139**			
–	**–**	**88 849**			
–	**–**	**304 851**			
–	**–**	**561 839**			
47 383	**–**	**47 383**	**–**	**47 383**	**47 383**
–	**18 818**	**18 818**			
–	**3 557**	**3 557**			
–	**53 340**	**53 340**			
–	**482**	**482**			
–	**76 197**	**76 197**			

Carrying amount (R'000)			Fair value (R'000)		
Financial liabilities at fair value through profit or loss	**Other financial liabilities**	**Total**	**Level 2**	**Level 3**	**Total**
–	–	34 667	34 667	–	34 667
–	–	58 897			
–	–	75 033			
–	–	91 966			
–	–	225 896			
319	–	319	319	–	319
–	29 846	29 846			
–	539	539			
–	43 709	43 709			
–	411	411			
–	74 505	74 505			

37. FINANCIAL INSTRUMENTS continued

37.1 ACCOUNTING CLASSIFICATION AND FAIR VALUES continued

The group has not disclosed the fair values of loans receivable, financial assets included in trade and other receivables, cash and cash equivalents, loans payable, bank overdrafts, financial liabilities included in trade and other payables and shareholders for dividend as their carrying amounts are a reasonable approximation of their fair values.

In the case of loans receivable and loans payable, the directors consider the terms of the loans (including in particular, the interest rates applicable) to be commensurate with similar financial instruments between unrelated market participants and the carrying values are therefore assumed to approximate their fair values. In this regard, with reference to the fair values at initial recognition of the loans granted to Braviz Fine Foods (Pty) Ltd, GPI Spur (Pty) Ltd, Hunga Busters Pty Ltd and Panawest Pty Ltd, refer to notes 14.2, 14.7, 14.8 and 14.10 respectively for further fair value considerations. The directors consider there to have been no significant changes in assumptions or variables impacting on the fair values of the loans during the period from initial recognition to the reporting date.

In the case of financial assets included in trade and other receivables, cash and cash equivalents, bank overdrafts, financial liabilities included in trade and other payables and shareholders for dividend, the durations of the financial instruments are short and it is therefore assumed that the carrying values approximate their fair values.

37.2 MEASUREMENT OF FAIR VALUES

Financial instruments measured at fair value – level 2: derivative financial assets/liability

The valuation technique as well as the key assumptions into the valuation model for the derivative financial assets/liability are detailed in note 17.

Financial instruments measured at fair value – level 3: contingent consideration liability relating to the acquisition of RocoMamas

The liability for the contingent consideration referred to in note 34.1 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 specific to the acquired entity. 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.

Contingent consideration liability	**2015 R'000**	**2014 R'000**
Balance at beginning of year	–	–
Arising on acquisition of RocoMamas (refer note 34.1)	43 702	–
Fair value adjustment recognised in profit or loss before income tax	3 681	–
Balance at end of year	47 383	–

The fair value adjustment included in profit before income tax for the year 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:

Forecast profit before income tax	**Increase by 5% R'000**	**Decrease by 5% R'000**
Increase/(decrease) in carrying value at initial recognition	2 265	(2 265)
Increase/(decrease) in carrying value at reporting date	2 456	(2 456)
Increase/(decrease) in fair value adjustment recognised in profit or loss before income tax	191	(191)

Risk-adjusted discount rate	**Increase by 2% R'000**	**Decrease by 2% R'000**
Increase/(decrease) in carrying value at initial recognition	(1 321)	1 392
Increase/(decrease) in carrying value at reporting date	(1 150)	1 208
Increase/(decrease) in fair value adjustment recognised in profit or loss before income tax	171	(184)

37.3 FINANCIAL RISK MANAGEMENT

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 to the extent that these have an impact on this integrated report.

37.3.1 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 counterparty to the derivative financial assets, the group's receivables from customers, franchisees, operating partners and associated entities, and financial institutions with which the group holds monetary deposits.

Exposure to credit risk

The aggregate of 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	
	2015 R'000	2014 R'000
Cash and cash equivalents (refer note 20)	**304 851**	91 966
Derivative financial assets (refer note 17)	**28 181**	34 667
Financial assets included in trade and other receivables (refer note 19)	**88 849**	75 033
Loans receivable (refer note 14)	**168 139**	58 897
	590 020	260 563

37. FINANCIAL INSTRUMENTS continued

37.3 FINANCIAL RISK MANAGEMENT continued

37.3.1 Credit risk continued

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 group CEO, group CFO and other senior members of management reviews cash flow projections, manages liquidity and monitors cash investments on at least a monthly basis. 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.

Derivative financial asset

The counterparty to the derivative financial assets is a reputable and well established financial institution in South Africa. The counterparty has acquired a number of shares in Spur Corporation Ltd equivalent to the number of share appreciation rights that the instruments hedge. The directors consider the risk of default by the counterparty to be low.

Financial assets included in 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 significant 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	
	2015 R'000	**2014 R'000**
Domestic	**74 039**	64 639
Euro-zone countries	**1 986**	1 852
United Kingdom	**4 333**	1 909
Australia	**1 633**	1 830
	81 991	70 230

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

Wholesale customers	**14 089**	14 388
Franchisees (franchise businesses)	**67 902**	55 657
Franchisees (distribution centre business)	**–**	185
	81 991	70 230

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:

	2015 R'000	2014 R'000
Balance at beginning of year	**527**	130
Additional impairment losses recognised	**245**	527
Irrecoverable debts written off	**(327)**	(130)
Balance at end of year	**445**	527

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. In the prior year, R0.523 million of trade receivables was written off as irrecoverable in addition to the amount provided for in the impairment allowance for the previous and prior years.

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, the board does not expect any counterparty to fail to meet its obligations.

The board acknowledges that loans advanced to international 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 board accepts this risk as the provision of funding is a key enabler for the group's strategy of expansion in certain offshore territories. The risk is managed by obtaining security for the funding and close supervision of the franchised operations.

The loans to local franchisees are advanced only to those franchisees which have an established track record of generating cash sufficient to service the loan. The risk of default on these loans is consequently considered low.

The credit risk in respect of the loans advanced to the Spur and Captain DoRegos marketing funds is considered low as the group manages the liquidity of the related marketing funds.

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 14.

The group has advanced a material loan to an associate company. The board acknowledges that, as this loan is part of the initial investment in the associate which is a start-up operation, there is a higher level of credit risk associated with it. This risk is managed through continued management involvement in the associate.

Guarantees

The group's policy is to provide financial guarantees only to subsidiaries domiciled in South Africa. At 30 June 2015 no material guarantees were outstanding from a group perspective (30 June 2014: Rnil).

37. FINANCIAL INSTRUMENTS continued

37.3 FINANCIAL RISK MANAGEMENT continued

37.3.2 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 six 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 Memorandum of Incorporation 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 formal credit facilities in place with its bankers. This decision was taken following the implementation of legislation in South Africa which requires banks to comply with more stringent capital adequacy requirements and which has 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:

		Contractual cash flows			
	Carrying amount R'000	Total R'000	1 – 12 months R'000	1 – 2 years R'000	2 — 5 years R'000
30 June 2015					
Non-derivative financial liabilities					
Contingent consideration liability (refer note 34.1)	**47 383**	**68 764**	**18 456**	**26 272**	**24 036**
Unsecured loans payable (refer note 26)	**18 818**	**18 818**	**18 818**	**–**	**–**
Financial liabilities included in trade and other payables (refer note 25)	**53 340**	**53 340**	**53 340**	**–**	**–**
Bank overdrafts (refer note 20)	**3 557**	**3 557**	**3 557**	**–**	**–**
Shareholders for dividend	**482**	**482**	**482**	**–**	**–**
30 June 2014					
Non-derivative financial liabilities					
Unsecured loans payable (refer note 26)	29 846	29 846	29 846	–	–
Financial liabilities included in trade and other payables (refer note 25)	43 709	43 709	43 709	–	–
Bank overdrafts (refer note 20)	539	539	539	–	–
Shareholders for dividend	411	411	411	–	–
Derivative financial liabilities					
Derivative financial liability (refer note 17)	319	319	–	–	319

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

The contractual cash flows relating to the contingent consideration liability are estimates determined based on management's projections of RocoMamas' future profit before income tax (refer notes 34.1 and 37.2).

Share appreciation rights and related hedge derivative

In addition to the financial instruments listed above, the group is exposed to liquidity risk in respect of share appreciation rights issued in terms of its long-term share-linked employee retention scheme (refer note 23). To mitigate against this risk, the group has entered into forward purchase contracts as detailed in note 17. The hedging impact of the forward purchase contracts is effective in the event that the share price increases above the forward price of the contract. In any event, the group is exposed to the cost of the contract, being the difference between the strike price of the rights in issue and the forward price of the related contract. At the reporting date, this amounted to R24.855 million (2014: R21.750 million). Should the share price on the vesting date be below the strike price of the rights, the group is required to pay the contract counterparty the difference between the strike price of the rights and the share price at the date of vesting. In the event that the share price reduces to one cent per share, the maximum additional exposure to the group is R123.870 million (2014: R99.705 million).

The forward purchase contracts also provide for guaranteed dividend streams (detailed in note 17) on the company's shares. In the event that the dividends declared are less than those guaranteed, the group is required to pay the deficit to the contract counterparty.

The group does not apply cash flow hedge accounting.

37.3.3 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.

Price risk

The group is exposed to equity securities price risk due to derivative financial instruments held by the group (refer note 17) related to the share price of the company. These derivatives were concluded to hedge economically the liquidity risk arising from share appreciation rights granted in terms of the group's long-term share-linked employee retention scheme (refer note 37.3.2). Gains and losses on the derivatives are recognised immediately in profit or loss, whilst the share appreciation rights liability is charged to profit or loss over the vesting periods of the rights. In the event that the share price appreciates over the vesting periods of the rights, on realisation of the derivatives and the rights, there will be an effective economic hedge. As detailed above, in the event that the share price drops below the strike price of the rights, the group is exposed to further liquidity risk.

Sensitivity analysis

The impact on profit or loss before income tax and equity of a 10% increase or decrease in the company's share price as it impacts on the share appreciation rights liability and related forward purchase derivative financial instruments is detailed below:

	Profit or loss before income tax		Equity	
	10% increase R'000	10% decrease R'000	10% increase R'000	10% decrease R'000
30 June 2015				
Share appreciation rights	**(7 734)**	**7 420**	**(5 568)**	**5 342**
Derivate forward purchase contracts	**16 236**	**(16 236)**	**11 690**	**(11 690)**
Net increase/(decrease)	**8 502**	**(8 816)**	**6 122**	**(6 348)**
30 June 2014				
Share appreciation rights	(7 067)	6 916	(5 088)	4 980
Derivate forward purchase contracts	14 309	(14 309)	10 302	(10 302)
Net increase/(decrease)	7 242	(7 393)	5 214	(5 322)

37. FINANCIAL INSTRUMENTS continued

37.3 FINANCIAL RISK MANAGEMENT continued

37.3.3 Market risk continued

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 the Australian dollar and pound 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 operation 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 are not considered significant. The group uses forward exchange contracts to hedge its exposure to currency risk in respect of imports. 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.

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	AED '000	NGN '000	ZMK '000
2015											
Assets											
Cash and cash equivalents	**268**	**68**	**379**	**346**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other receivables	**212**	**79**	**182**	**112**	**88**	**474**	**12 016**	**949**	**–**	**684**	**52**
Loans receivable	**5**	**–**	**1 698**	**290**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total assets	**485**	**147**	**2 259**	**748**	**88**	**474**	**12 016**	**949**	**–**	**684**	**52**
Liabilities											
Loans payable	**(81)**	**–**	**(39)**	**(45)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other payables	**(668)**	**–**	**(22)**	**(83)**	**(24)**	**–**	**–**	**–**	**–**	**–**	**–**
Total liabilities	**(749)**	**–**	**(61)**	**(128)**	**(24)**	**–**	**–**	**–**	**–**	**–**	**–**
Total net exposure	**(264)**	**147**	**2 198**	**620**	**64**	**474**	**12 016**	**949**	**–**	**684**	**52**
2014											
Assets											
Cash and cash equivalents	537	158	615	510	–	–	–	–	–	–	–
Trade and other receivables	275	32	126	98	78	423	13 310	951	5	663	20 306
Loans receivable	6	–	195	13	–	–	–	–	–	–	–
Total assets	818	190	936	621	78	423	13 310	951	5	663	20 306
Liabilities											
Loans payable	(367)	–	(201)	–	–	–	–	–	–	–	–
Trade and other payables	(338)	–	(331)	(169)	(24)	–	–	–	–	–	–
Total liabilities	(705)	–	(532)	(169)	(24)	–	–	–	–	–	–
Total net exposure	113	190	404	452	54	423	13 310	951	5	663	20 306

The following significant exchange rates applied during the year.

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
AUD1 = R	**9.5616**	9.5365	**9.4137**	10.0047
GBP1 = R	**18.0282**	16.9112	**19.3259**	18.0687
Euro1 = R	**13.7440**	14.1106	**13.6377**	14.4741

37. FINANCIAL INSTRUMENTS continued

37.3 FINANCIAL RISK MANAGEMENT continued

37.3.3 Market risk continued

Currency risk continued

Sensitivity analysis

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

	Profit or loss before income tax R'000	Equity R'000
30 June 2015		
Euro	**(197)**	**(2 232)**
GBP	**5**	**680**
AUD	**2**	**(1 917)**
30 June 2014		
Euro	748	(18 954)
GBP	421	(2 043)
AUD	1 364	(1 943)

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 to hedge interest rate risk.

Interest rate risk profile

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

	Carrying amount	
	2015 R'000	**2014 R'000**
Fixed rate instruments		
Financial assets	**3 051**	–
Financial liabilities	**–**	–
Variable rate instruments		
Financial assets	**464 514**	148 911
Financial liabilities	**5 114**	7 166

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 before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss before income tax		Equity	
	50 bp increase R'000	50 bp decrease R'000	50 bp increase R'000	50 bp decrease R'000
30 June 2015				
Variable rate assets	**1 573**	**(1 573)**	**1 133**	**(1 133)**
Variable rate liabilities	**(31)**	**31**	**(22)**	**22**
Net increase/(decrease)	**1 542**	**(1 542)**	**1 111**	**(1 111)**
30 June 2014				
Variable rate assets	671	(671)	483	(483)
Variable rate liabilities	(13)	13	(9)	9
Net increase/(decrease)	658	(658)	474	(474)

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.

37.4 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 the demographic spread of shareholders, the level of distributions to ordinary shareholders, as well as the return on capital. Capital consists of 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 repurchased.

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

38. RETIREMENT BENEFITS

The group has its own defined contribution provident fund in South Africa with 266 members at 30 June 2015 (2014: 264 members). The Spur Group (Pty) Ltd Provident Fund is administered by Liberty Group Ltd. Refer note 7 for contributions made to the fund.

39. MARKETING FUNDS

In accordance with 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 R206.4 million (2014: R185.8 million) in advertising contributions. Marketing funds received are not included in the group's revenue as these are for the exclusive benefit of franchisees (refer note 2.1). 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 14.9 and 26). These loans also comprise the net asset values of the respective marketing funds to the extent that the assets and liabilities of the funds are recognised in the consolidated statement of financial position.

40. OPERATING LEASES

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

	2015 R'000	2014 R'000
Next year	**26 052**	37 064
Year two through to year five	**89 284**	119 933
More than five years	**125 409**	133 895
	240 745	290 892

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

Certain leases concluded in the UK 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. Certain of these leases have fixed annual escalations for the period of the lease that were market related at the time of concluding the lease. Other leases are subject to an inflation-linked increase; in which case, for the purposes of this note, the current rental cost has been projected for the remaining lease term.

Certain leases provide that the rent to be paid is the greater of the basic rental and a certain percentage of turnover – in these cases, only the basic rental is included in the commitments disclosed. The percentage of turnover was market related at the time of concluding the lease.

41. CAPITAL COMMITMENTS

41.1 HEAD OFFICE BUILDING

On 5 September 2014, the group acquired land adjacent to the group's existing corporate head office in Century City, Cape Town with a view to increase office space necessitated by the organic and acquisitive growth of the group in the recent past. In terms of the sale agreement, the group was obliged to enter into a development agreement to erect an office building spanning at least 1 255 m^2. Construction of the building commenced during the year (refer note 11.2). The total value of the construction contract is R39.0 million. It is anticipated that construction of the building will be completed within 12 months of the reporting date.

41.2 SPUR RBW IN THE UK

The board has approved a further investment of £750 000 for the rollout of a further three company-owned Spur RBW restaurants in the UK. There is no obligation on the part of the group to proceed with the investment, and any decision in this regard will depend on the success of the first pilot restaurant in Corby, which opened in June 2015.

41.3 LOCAL COMPANY-OWNED OUTLETS

In addition, the board has approved an investment of R25.0 million in the construction of company-owned The Hussar Grill restaurants in order to establish the brand in Gauteng, with the first such outlet completed in September 2015. The board has furthermore approved an additional investment of R6.5 million for the relocation of the company-owned The Hussar Grill in Green Point (Cape Town) and the establishment of a company-owned RocoMamas outlet in the existing Green Point site, which is anticipated to commence in October 2015.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS

The following emoluments were paid by subsidiary companies:

	Guaranteed remuneration					Variable remuneration			
	Cash remu-neration R'000	Travel allow-ance R'000	Provident fund R'000	Medical aid R'000	Subtotal R'000	Equity compen-sation benefits[1] R'000	Perfor-mance bonus[2] R'000	Total remu-neration included in profit or loss R'000	Share appreci-ation rights payout[3] R'000
2015									
Executive directors and prescribed officer									
For services, as employees, to subsidiary companies									
Current directors									
Allen Ambor	2 814	272	554	94	**3 734**	1 343	591	**5 668**	1 772
Pierre van Tonder	3 890	272	475	134	**4 771**	4 648	768	**10 187**	5 617
Mark Farrelly	2 369	272	350	77	**3 068**	3 224	477	**6 769**	3 899
Ronel van Dijk	2 253	–	293	–	**2 546**	2 640	435	**5 621**	3 123
Total executive directors	**11 326**	**816**	**1 672**	**305**	**14 119**	**11 855**	**2 271**	**28 245**	**14 411**
Prescribed officer									
Kevin Robertson	1 686	226	249	102	**2 263**	2 608	348	**5 219**	3 190
Non-executive directors									
For services, as directors, to the company									
Current directors									
Dean Hyde	375	–	–	–	**375**	–	–	**375**	–
Dineo Molefe	375	–	–	–	**375**	–	–	**375**	–
Keith Getz[4]	375	–	–	–	**375**	–	–	**375**	–
Keith Madders[5]	375	–	–	–	**375**	–	–	**375**	–
Mntungwa Morojele	375	–	–	–	**375**	–	–	**375**	–
Muzi Kuzwayo	375	–	–	–	**375**	–	–	**375**	–
	2 250	–	–	–	**2 250**	–	–	**2 250**	–
For services, as directors, to subsidiary companies									
Current directors									
Keith Getz[4]	165	–	–	–	**165**	–	–	**165**	–
Keith Madders[5]	142	–	–	–	**142**	–	–	**142**	–
	307	–	–	–	**307**	–	–	**307**	–
Total non-executive directors	**2 557**	**–**	**–**	**–**	**2 557**	**–**	**–**	**2 557**	**–**
Total remuneration	**15 569**	**1 042**	**1 921**	**407**	**18 939**	**14 463**	**2 619**	**36 021**	**17 601**
Senior managers[7]									
Senior manager 1	1 369	–	205	76	**1 650**	666	263	**2 579**	806
Senior manager 2	1 409	–	211	–	**1 620**	666	258	**2 544**	806
Senior manager 3	1 127	148	225	53	**1 553**	658	224	**2 435**	806

Refer to page 154 for footnotes.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

	Guaranteed remuneration					Variable remuneration			
2014	**Cash remuneration R'000**	**Travel allowance R'000**	**Provident fund R'000**	**Medical aid R'000**	**Subtotal R'000**	**Equity compensation benefits[1] R'000**	**Performance bonus[2] R'000**	**Total remuneration included in profit or loss R'000**	**Share appreciation rights payout[3] R'000**
Executive directors and prescribed officer									
For services, as employees, to subsidiary companies									
Current directors									
Allen Ambor	2 593	238	512	101	**3 444**	2 255	479	**6 178**	2 364
Pierre van Tonder	3 602	238	442	122	**4 404**	7 216	622	**12 242**	7 377
Mark Farrelly	2 190	238	325	74	**2 827**	4 961	387	**8 175**	5 201
Ronel van Dijk	2 085	–	272	–	**2 357**	4 059	352	**6 768**	4 159
Total executive directors	**10 470**	**714**	**1 551**	**297**	**13 032**	**18 491**	**1 840**	**33 363**	**19 101**
Prescribed officer									
Kevin Robertson	1 561	193	232	84	**2 070**	4 059	282	**6 411**	4 255
Non-executive directors									
For services, as directors, to the company									
Current directors									
Dean Hyde	375	–	–	–	**375**	–	–	**375**	–
Dineo Molefe[6]	302	–	–	–	**302**	–	–	**302**	–
Keith Getz[4]	375	–	–	–	**375**	–	–	**375**	–
Keith Madders[5]	375	–	–	–	**375**	–	–	**375**	–
Mntungwa Morojele	375	–	–	–	**375**	–	–	**375**	–
Muzi Kuzwayo	375	–	–	–	**375**	–	–	**375**	–
	2 177	–	–	–	**2 177**	–	–	**2 177**	–
For services, as directors, to subsidiary companies									
Current directors									
Keith Getz[4]	169	–	–	–	**169**	–	–	**169**	–
Keith Madders[5]	155	–	–	–	**155**	–	–	**155**	–
	324	–	–	–	**324**	–	–	**324**	–
Total non-executive directors	**2 501**	**–**	**–**	**–**	**2 501**	**–**	**–**	**2 501**	**–**
Total remuneration	**14 532**	**907**	**1 783**	**381**	**17 603**	**22 550**	**2 122**	**42 275**	**23 356**
Senior managers[7]									
Senior manager 1	1 800	–	180	–	**1 980**	–	150	**2 130**	–
Senior manager 2	1 287	91	101	215	**1 694**	–	320	**2 014**	–
Senior manager 3	1 251	–	188	61	**1 500**	696	224	**2 420**	–

The board considers there to be no prescribed officers (as defined in section 1 of the Companies Act 2008) with the exception of Kevin Robertson.

No directors or prescribed officers were paid for services to associates.

Refer to page 154 for footnotes.

The following number of share appreciation rights have been allocated to directors, prescribed officers and senior managers in terms of the long-term share-linked retention scheme and were outstanding as at the reporting date (refer note 23):

	Rights – tranche 2	
	2015 000's	**2014 000's**
Executive directors and prescribed officer		
Allen Ambor	**–**	110
Pierre van Tonder	**–**	352
Mark Farrelly	**–**	242
Ronel van Dijk	**–**	198
Kevin Robertson (prescribed officer)	**–**	198
	–	1 100
Senior managers[7]		
Senior manager 1	**–**	–
Senior manager 2	**–**	–
Senior manager 3	**–**	50
	–	50
Total rights allocated	**–**	1 150

	Rights – tranche 3	
	2015 000's	**2014 000's**
Executive directors and prescribed officer		
Allen Ambor	**110**	110
Pierre van Tonder	**352**	352
Mark Farrelly	**242**	242
Ronel van Dijk	**198**	198
Kevin Robertson (prescribed officer)	**198**	198
	1 100	1 100
Senior managers[7]		
Senior manager 1	**50**	–
Senior manager 2	**50**	–
Senior manager 3	**50**	50
	150	50
Total rights allocated	**1 250**	1 150

	Rights – tranche 4	
	2015 000's	**2014 000's**
Executive directors and prescribed officer		
Allen Ambor	**110**	110
Pierre van Tonder	**352**	352
Mark Farrelly	**242**	242
Ronel van Dijk	**198**	198
Kevin Robertson (prescribed officer)	**198**	198
	1 100	1 100
Senior managers[7]		
Senior manager 1	**50**	–
Senior manager 2	**50**	–
Senior manager 3	**50**	50
	150	50
Total rights allocated	**1 250**	1 150

Refer to page 154 for footnotes.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

	Rights – tranche 5	
	2015 000's	2014 000's
Executive directors and prescribed officer		
Allen Ambor	50	–
Pierre van Tonder	362	–
Mark Farrelly	265	–
Ronel van Dijk	218	–
Kevin Robertson (prescribed officer)	200	–
	1 095	–
Senior managers[7]		
Senior manager 1	55	–
Senior manager 2	55	–
Senior manager 3	50	–
	160	–
Total rights allocated	1 255	–

Footnotes

1. The equity compensation benefit is the *pro rata* share-based payments expense (in terms of *IFRS2 – Share-based Payments*) attributable to each of the directors or employees. Refer note 23.
2. Includes payments during the financial year (relating to performance criteria in respect of the prior year), but excludes accrual for payments due in the subsequent financial year (relating to performance criteria in respect of the current year) due to the fact that the actual payment is not determinable at the date of this report. Refer note 25.
3. Actual payout on vesting of share appreciation rights granted in terms of the group's long-term share-linked employee retention scheme (refer note 23). The cost of these rights (calculated in accordance with IFRS2) has been expensed to profit or loss over the vesting period of the rights and has similarly been included in the emoluments disclosed for directors in each year of the vesting period. The actual payment is therefore not reflected as additional remuneration in the current year, but is disclosed for information purposes.
4. In addition to the standard non-executive director's fee of R375 000 (2014: R375 000) approved by shareholders, Keith Getz's fees include payments to a related party of R0.165 million (2014: R0.169 million) for Mr Getz's attendance at three (2014: three) meetings each of the board of directors of Steak Ranches International BV and Spur International Ltd BVI, all of which he chaired.
5. In addition to the standard non-executive director's fee of R375 000 (2014: R375 000) approved by shareholders, Keith Madders' fees include payments to a related party of R0.142 million (2014: R0.155 million) for Mr Madders' attendance at three (2014: two) meetings of the Steak Ranches International BV board and his review of the board pack and input in respect of the remaining one meeting in the prior year of the Steak Ranches International BV board that he did not attend in person.
6. Dineo Molefe was appointed to the board on 11 September 2013.
7. Senior managers are the top three earning employees, who are not directors or prescribed officers of the company, in the respective financial years. The composition of these senior managers varies from year to year, although comparatives are not adjusted in this regard.

43. RELATED PARTY DISCLOSURES

43.1 TRANSACTIONS BETWEEN GROUP ENTITIES

During the year, in the ordinary course of business, certain companies within the group entered into transactions which have been eliminated on consolidation. Notes 14.2 and 14.3 provide detail on the loans to associate. Also refer to note 10 of the separate financial statements on page 181 for guarantees given to subsidiary companies.

Interest income for the year on the loans to associate detailed in notes 14.2 and 14.3 amounted to R4.093 million (2014: R0.938 million).

43.2 IDENTITY OF RELATED PARTIES

A number of the group's directors, previous directors, prescribed officers and key management personnel (or parties related to them) hold positions in other entities, where they may have significant influence over the financial or operating policies of those entities. To the extent that the group has any relationship or dealings with those entities, they are listed as follows:

Director/former director/ prescribed officer	Entity	Relationship with entity
Keith Getz	Bernadt Vukic Potash & Getz	Partner
Keith Madders	Gemini Mood Trading 294 (Pty) Ltd (note i)	49% Shareholder
	Kamplans Ltd[2]	100% Indirect
	Spur Ekwiti Restaurants (Pty) Ltd (note ii)	49% Shareholder
Keith Madders (Son 1)	Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1]	5% Shareholder
Keith Madders (Son 2)	Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1]	5% Shareholder
Kevin Robertson	Randtip 29 (Pty) Ltd (trading as Arrow Ridge Spur)[1]	15% Shareholder
Kevin Robertson (Spouse)	Bravopix 359 CC (trading as Panarottis Lakeside Mall)[1, 5]	25% Member
	Brentwood Restaurant (Pty) Ltd (trading as Lone Spur)[1, 3]	25% Shareholder
	Clearpan (Pty) Ltd (trading as Panarottis Clear Water Mall)[1]	20% Shareholder
	Limorox (Pty) Ltd (trading as Albuquerque Spur)[1, 3]	25% Shareholder
Mark Farrelly	Amarillo Steak Ranch (Pty) Ltd (trading as Amarillo Spur)[1]	25% Shareholder
	Apache Dawn (Pty) Ltd (trading as The Hussar Grill Somerset West)[1, 3]	20% Shareholder
	Barleda 293 CC (trading as Cancun Spur)[1]	25% Member
	Calma Investments (Pty) Ltd (trading as John Dory's Middelburg)[1, 3]	10% Shareholder
	Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1]	22% Shareholder
	Lexmar Entertainment CC	50% Member
	Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur)[1]	20% Shareholder
Mark Farrelly (Brother)	Amarillo Steak Ranch (Pty) Ltd (trading as Amarillo Spur)[1]	10% Shareholder
Mark Farrelly (Daughter)	Dog and Deer Productions	Sole proprietor
	Meltrade 286 CC (trading as Silver Dollar Spur)[1]	25% Member
Pierre van Tonder	Seasons Find 976 CC (trading as Ottawa Spur)[1]	25% Member

Refer to page 160 for notes and footnotes.

43. RELATED PARTY DISCLOSURES continued

43.2 IDENTITY OF RELATED PARTIES continued

Key management[6]	Entity	Relationship with entity
Blaine Freer	Amarillo Steak Ranch (Pty) Ltd (trading as Amarillo Spur)[1]	25% Shareholder
	Calma Investments (Pty) Ltd (trading as John Dory's Middelburg)[1, 3]	25% Shareholder
	Evening Star Trading 384 (Pty) Ltd (trading as Maverick Spur)[1]	25% Shareholder
	Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1]	25% Shareholder
	Pizza Mall of the North (Pty) Ltd (trading as Panarottis Mall of the North)[1]	25% Shareholder
	Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur)[1]	22% Shareholder
	Vegix (Pty) Ltd (trading as Panarottis Waterfall Mall)[1, 3]	10% Shareholder
Brian Altriche[4]	Celapart (Pty) Ltd (trading as Golden Falcon Spur)[1]	50% Shareholder
	Double Ring Trading 299 (Pty) Ltd (trading as Falcon Arrow Spur)[1]	100% Shareholder
	Little Haiwatha Trading CC (trading as RocoMamas Rivonia)[1]	60% Member
	Twin Cities Trading 42 (Pty) Ltd (trading as Falcon Peak Spur)[1]	100% Shareholder
	Pizzade Trading CC (trading as RocoMamas Randburg)[1]	70% Member
	Walk The Game (Pty) Ltd (trading as RocoMamas Melrose Arch)[1]	50% Shareholder
Brian Altriche[4] (Brother-in-law)	Celapart (Pty) Ltd (trading as Golden Falcon Spur)[1]	50% Shareholder
	Little Haiwatha Trading CC (trading as RocoMamas Rivonia)[1]	20% Member
	Walk The Game (Pty) Ltd (trading as RocoMamas Melrose Arch)[1]	25% Shareholder
Derick Koekemoer	Barleda 293 CC (trading as Cancun Spur)[1]	25% Member
	Little Thunder (Pty) Ltd (trading as Tampico Spur)[1]	21% (2014: 22.5%) Shareholder
	Servigyn 25 CC (trading as Thunder Bay Spur)[1]	31% (2014: 27.5%) Member
	Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur)[1]	15% Shareholder
	Ten Cents Investments 16 CC (trading as Sarasota Spur)[1]	50% Member
Duncan Werner (Spouse)	Design Form	Sole proprietor
José Vilar	Hunga Busters Pty Ltd	50% Shareholder
Julian Odendaal	Autostart CC (trading as Two Tomahawks Spur)[1]	10% Member
	Eddie Schoch CC (trading as Captain DoRegos Delmas)[1]	10% Member
	Manucube (Pty) Ltd (trading as Captain DoRegos Pretorius Street)[1, 3]	25% Member
	Sting Day Trade (Pty) Ltd (trading as Stony River Spur)[1]	5% Shareholder
Justin Fortune	Alicente 144 CC (trading as Golden Bay Spur)[1]	25% Member
	Ambicor 195 CC (trading as Cincinnati Spur)[1]	25% Member
	Apache Dawn (Pty) Ltd (trading as The Hussar Grill Somerset West)[1, 3]	20% Shareholder
Leonard Coetzee	Founad Trading 89 CC (trading as Grand Canyon Spur)[1]	11% Member
	JJ Links CC (trading as John Dory's Wilsons Wharf)[1]	11% Member
	Nitafin (Pty) Ltd (trading as John Dory's Secunda)[1]	10% Shareholder
	Nitaprox (Pty) Ltd (trading as Eldorado Spur)[1]	12.5% Shareholder
	Waterstone Trading 51 (Pty) Ltd (trading as Atlanta Spur)[1]	11% Shareholder
Sacha du Plessis	Meltrade 286 CC (trading as Silver Dollar Spur)[1]	25% (2014: 20%) Member
	Seasons Find 976 CC (trading as Ottawa Spur)[1]	25% Member
Samkelo Blom (Spouse)	Busisiwe Blom	Sole proprietor
Tyrone Herdman-Grant	Amarillo Steak Ranch (Pty) Ltd (trading as Amarillo Spur)[1]	10% Shareholder
	Calma Investments (Pty) Ltd (trading as John Dory's Middelburg)[1, 3]	20% Shareholder
	Pizza Mall of the North (Pty) Ltd (trading as Panarottis Mall of the North)[1]	25% Shareholder
	Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur)[1]	16.5% Shareholder
	Vegix (Pty) Ltd (trading as Panarottis Waterfall Mall)[1, 3]	10% Shareholder

Refer to page 160 for notes and footnotes.

43.3 TRANSACTIONS WITH RELATED PARTIES

Refer note 19 for details on trade receivables from related parties. No individual trade receivable is material. The trade receivables with related party franchisees are subject to the same credit terms as for independent franchisees. None of the trade receivables are overdue. The trade receivables are secured by personal suretyships issued by the signatories to the franchise agreements, as with all other franchise agreements.

Amarillo Steak Ranch (Pty) Ltd (trading as Amarillo Spur) (Mark Farrelly; Mark Farrelly's brother; Blaine Freer; Tyrone Herdman-Grant)
This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet R62 048 (2014: R134 164) for the training services provided (refer note iii).

The group paid the franchisee an amount in respect of sales incentives (refer note v) of Rnil (2014: R775).

Apache Dawn (Pty) Ltd (trading as The Hussar Grill Somerset West) (Justin Fortune; Mark Farrelly)
The group has granted this outlet temporary franchise fee concessions (refer note vi) in the amount of R5 847.

The group provided marketing assistance (refer note iv) to the outlet in the amount of R3 400.

Autostart CC (trading as Two Tomahawks Spur) (Julian Odendaal)
The group paid the franchisee an amount in respect of sales incentives (refer note v) of Rnil (2014: R1 550).

The group provided marketing assistance (refer note iv) to the outlet in the amount of R1 700.

Barleda 293 CC (trading as Cancun Spur) (Mark Farrelly; Derick Koekemoer)
This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet Rnil (2014: R80 950) for the training services provided (refer note iii).

Bernadt Vukic Potash & Getz (Keith Getz)
Bernadt Vukic Potash & Getz serves as the group's principal legal counsel and has provided legal services (other than services included with directors' emoluments per note 42) on various matters in the ordinary course of business to the value of R1 636 829 (2014: R2 340 428). Bernadt Vukic Potash & Getz charges the group hourly rates that are commensurate with the rates charged to its other clients.

Busisiwe Blom (Samkelo Blom's spouse)
The group paid an amount of R1 440 (2014: Rnil) to Mrs Blom for catering services provided to the group.

Bravopix 359 CC (trading as Panarottis Lakeside Mall) (Kevin Robertson's spouse)
The group provided marketing assistance (refer note iv) to the outlet in the amount of Rnil (2014: R4 847).

Calma Investments (Pty) Ltd (trading as John Dory's Middelburg) (Blaine Freer; Mark Farrelly; Tyrone Herdman-Grant)
This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet R6 600 for the training services provided (refer note iii).

The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R93 570.

The group provided marketing assistance (refer note iv) to the outlet in the amount of R18 806.

Clearpan (Pty) Ltd (trading as Panarottis Clear Water Mall) (Kevin Robertson's spouse)
The group provided marketing assistance (refer note iv) to the outlet in the amount of R4 386.

Design Form (Duncan Werner's spouse)
Karen Werner trading as Design Form provided architectural and design services to the group in the amount of R445 127 (2014: R324 576). The services are provided largely to franchisees (with their consent) and any costs so incurred by the group are recovered, for the most part, from franchisees. The fee charged to the group's franchisees is consistent with the fee that Design Form charges any other party. In addition, during the year, Design Form provided the group with project management services relating to the building of the group's new corporate offices in Century City (refer note 11.2).

Dog and Deer Productions (Mark Farrelly's daughter)
Dog and Deer Productions provided internal marketing-related services to the group in the amount of Rnil (2014: R20 000).

Eddie Schoch CC (Captain DoRegos Delmas) (Julian Odendaal)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R138 130 (2014: R25 835).

Refer to page 160 for notes and footnotes.

43. RELATED PARTY DISCLOSURES continued

43.3 TRANSACTIONS WITH RELATED PARTIES continued

Founad Trading 89 CC (trading as Grand Canyon Spur) (Leonard Coetzee)
The group paid the franchisee an amount of R51 068 (2014: R94 684) in respect of outdoor events catering (refer note vii).

The group provided marketing assistance (refer note iv) to the outlet in the amount of Rnil (2014: R4 884).

Golden Gate Steak Ranch (Pty) Ltd (trading as Golden Gate Spur) (Keith Madders)
The group had previously granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R203 877 in the prior year, prior to Mr Madders' disposing of his interest in this outlet.

Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur) (Mark Farrelly; Blaine Freer; Keith Madders; Keith Madders' sons)
This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet R86 879 (2014: R59 800) for the training services provided (refer note iii).

The group paid the franchisee an amount in respect of sales incentives (refer note v) of Rnil (2014: R543).

Hunga Busters Pty Ltd (José Vilar)
During the year, the group disposed of its equity interest in Panpen Pty Ltd (Australia), and the business of Silver Spur (Australia) as a going concern, to Hunga Busters Pty Ltd for an aggregate purchase consideration of AU$1 200 000 (the equivalent of R11.165 million) on loan account. Details of the transactions are included in notes 35.2 and 35.3 respectively and the terms of the loan together with the outstanding balance at the reporting date are included in note 14.8. The directors determined the sales prices of the respective businesses by employing an earnings-multiple valuation technique (which is a generally accepted valuation technique in the restaurant industry), using the expected profit of the respective businesses and a multiple which the directors considered reasonable in relation to similar transactions of this nature.

JJ Links CC (trading as John Dory's Wilsons Wharf) (Leonard Coetzee)
The group paid the franchisee an amount in respect of sales incentives (refer note v) of R1 947 (2014: R4 000).

The group reimbursed the restaurant for catering services of R3 750.

This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet Rnil (2014: R21 086) for the training services provided (refer note iii).

Kamplans Ltd (Keith Madders)
Kamplans Ltd provided the consulting services of Keith Madders to the group (other than services included with directors' emoluments per note 42). An amount of £50 698 (2014: £789), the equivalent of R919 494 (2014: R13 335), was paid in respect of direct and incidental costs relating to services provided to group. The fees are charged in terms of a consultancy agreement that was terminated during the year.

Lexmar Entertainment CC (Mark Farrelly)
Lexmar Entertainment CC has provided conference facilities to the group amounting to Rnil (2014: R28 527). The board is satisfied that the cost of the facilities provided is reasonable in relation to competitive quotes obtained.

Little Haiwatha Trading CC (trading as RocoMamas Rivonia) (Brian Altriche; Brian Altriche's brother-in-law)
This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet R36 800 for the training services provided (refer note iii).

Little Thunder (Pty) Ltd (trading as Tampico Spur) (Derick Koekemoer)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R159 537 (2014: Rnil).

The group assisted this outlet with the purchase of kitchen equipment in the amount of R14 740.

Refer to page 160 for notes and footnotes.

Manucube (Pty) Ltd (trading as Captain DoRegos Pretorius Street) (Julian Odendaal)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R112 026.

The group has granted this entity a loan in the amount of R35 682 to partially fund the refurbishment of the restaurant. The loan bears interest at 1% above the prime rate of interest and is repayable in fixed monthly instalments of R1 000. The carrying value of the loan at the reporting date was R28 388.

Meltrade 286 CC (trading as Silver Dollar Spur) (Pierre van Tonder; Sacha du Plessis)
The group paid the franchisee an amount in respect of sales incentives (refer note v) of R2 500.

Nitafin (Pty) Ltd (trading as John Dory's Secunda) (Leonard Coetzee)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R294 438 (2014: R192 810).

The group provided marketing assistance (refer note iv) to the outlet in the amount of R29 549 (2014: Rnil).

Nitaprox (Pty) Ltd (trading as Eldorado Spur) (Leonard Coetzee)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R56 362 (2014: Rnil).

The group paid the franchisee an amount in respect of sales incentives (refer note v) of Rnil (2014: R1 550).

The group provided marketing assistance (refer note iv) to the outlet in the amount of R4 386 (2014: Rnil).

Pizza Mall of the North (Pty) Ltd (trading as Panarottis Mall of the North) (Blaine Freer; Tyrone Herdman-Grant)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R156 838 (2014: R271 226).

This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet R4 510 (2014: R27 547) for the training services provided (refer note iii).

Seasons Find CC (trading as Ottawa Spur) (Pierre van Tonder, Sacha du Plessis)
The group provided marketing assistance (refer note iv) to the outlet in the amount of R9 000 (2014: R2 352).

The group paid the franchisee an amount in respect of sales incentives (refer note v) of R24 842 (2014: Rnil).

Servigyn 25 CC (trading as Thunder Bay Spur) (Derick Koekemoer)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of R315 912 (2014: R37 072).

The group assisted this outlet with the purchase of kitchen equipment in the amount of R14 740.

Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur) (Mark Farrelly; Derick Koekemoer; Blaine Freer; Tyrone Herdman-Grant)
This outlet serves as a training facility used by the group's training department to train other franchisees. The group paid this outlet R24 349 (2014: R94 386) for the training services provided (refer note iii).

Ten Cents Investments 16 CC (trading as Sarasota Spur) (Derick Koekemoer)
The group has granted this outlet temporary marketing and franchise fee concessions (refer note vi) in the amount of Rnil (2014: R363 697).

The group paid the franchisee an amount in respect of sales incentives (refer note v) of Rnil (2014: R620).

Waterstone Trading 51 (Pty) Ltd (trading as Atlanta Spur) (Leonard Coetzee)
The group paid the franchisee an amount in respect of sales incentives (refer note v) of Rnil (2014: R542).

The group provided marketing assistance (refer note iv) to the outlet in the amount of Rnil (2014: R822).

Refer to page 160 for notes and footnotes.

43. RELATED PARTY DISCLOSURES continued

43.3 TRANSACTIONS WITH RELATED PARTIES continued

Notes

i) Gemini Moon Trading 294 (Pty) Ltd holds a 28% interest in Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)[1].

ii) Spur Ekwiti Restaurants (Pty) Ltd previously owned a 30% interest in Golden Gate Steak Ranch (Pty) Ltd (trading as Golden Gate Spur)[1], but the entity disposed of this interest during the prior year.

iii) Training fees: Fees to outlets which serve as training facilities are determined based on the number of delegates trained and the number of days each delegate is trained. The fee charged is the same fee charged by other training stores (which are not related parties).

iv) Marketing assistance: Marketing assistance is provided to franchisees as the need arises. Typically, this is to compensate a franchisee for piloting a new concept or to assist a franchisee in minimising the negative impact of competing brands in the outlet's proximity. The basis for determining the assistance is the same as for any other franchisee (which is not a related party).

v) Sales incentives: Sales incentives are paid to franchisees based on sales of a particular item which is subject to promotion. The incentives are usually financed in the main by the suppliers whose products are the subject of the promotion. The terms applicable to the incentive payments are the same as for any other franchisee (which is not a related party).

vi) Temporary concession: The concession is a percentage of franchise and/or advertising fee income that would ordinarily be collected by the group in terms of the standard franchise agreement. Franchise and marketing fee concessions are granted to franchisees in the ordinary course of business to provide relief from some temporary external influence (outside of the franchisee's control) which has a negative impact on the franchisee's profitability and may threaten the sustainability of the outlet. Examples of such circumstances include increased competitive activity in the proximity of the restaurant, construction or other interference impeding foot traffic and excessive rentals (provided that these are in the process of being renegotiated). The concession is subject to strict authorisation protocols and is conditional upon the franchisee complying with all of the group's operational requirements. The concession may be withdrawn at the group's discretion at any time. Any franchisee (including one which is not a related party) is eligible for a concession should the circumstances so dictate and each case is considered on its own merits after careful scrutiny of franchisee financial records and other supporting documentation.

vii) Outdoor events catering: The group has outsourced its outdoor events catering trailers to certain franchisees. The franchisees in question are paid a vending fee for each event depending on the duration of the event and the distance travelled. The terms applied are the same as those applied to any other franchisee (which is not a related party) who manages an outdoor catering trailer.

viii) With reference to notes iii, iv, vi and vii above, in terms of the group's Conflict of Interest Policy, the director, previous director, prescribed officer or member of key management personnel in question is excluded from participating in any decision in these matters. With reference to note vi, any concession granted to a restaurant in which a director or prescribed officer has an interest must be approved by a disinterested quorum of the board.

Footnotes

1 These entities are franchisees. Franchise fees and advertising fees of between 3% and 5% and between 2% and 4% of restaurant turnover respectively (depending on the brand) are collected by the group in terms of the standard franchise agreement, unless otherwise indicated under the related party transactions described above.

2 This interest is held indirectly through a trust. The director in question is a beneficiary of the trust.

3 These interests were acquired during the current year.

4 These individuals became key management personnel during the current year.

5 These interests were disposed of during the year.

6 Key management are listed on page 13 and exclude directors and prescribed officers (directors' and prescribed officer's emoluments are detailed in note 42).

7 Actual payout on vesting of share appreciation rights granted in terms of the group's long-term share-linked employee retention scheme (refer note 23). The cost of these rights (calculated in accordance with IFRS2) has been expensed to profit or loss over the vesting period of the rights and has similarly been included in the key management personnel compensation in each year of the vesting period. The actual payment is therefore not reflected as additional compensation in the current year, but is disclosed for information purposes.

43.4 KEY MANAGEMENT[6]

The key management personnel compensation is as follows:

	2015 R'000	2014 R'000
Short-term employee benefits	**20 778**	18 535
Other long-term benefits	**2 302**	2 015
Equity compensation benefits (refer note 23)	**5 271**	5 567
Total remuneration included in profit or loss before income tax	**28 351**	26 117
In addition to the above, payments made in terms of the group's long-term share-linked employee retention scheme[7]	**6 444**	–
Key management comprises 17 (2014: 16) employees.		
In addition to the above, emoluments to directors and prescribed officers amounted to (refer note 42)	**36 021**	42 275

Refer to page 160 for footnotes.

44. SUBSEQUENT EVENTS

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

44.1 DIVIDENDS

The board declared a final dividend of 70.0 cents per ordinary share in respect of the 2015 financial year payable on 5 October 2015 as referred to in note 27 and in the directors' report on page 82 of this report.

44.2 DISPOSAL OF SILVER LAKE SPUR (ENGLAND)

Subsequent to the reporting date, on 15 July 2015, the group sold the lease and certain assets of Larkspur Two Ltd, 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.

44.3 DISPOSAL OF APACHE SPUR (SCOTLAND)

Subsequent to the reporting date, on 22 September 2015, the group surrendered the lease and certain assets of Larkspur Three Ltd, a UK subsidiary in which the group holds an 80% equity interest, operating the Apache Spur in Aberdeen, in exchange for £450 000 (the equivalent of R9.341 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 R6.235 million. The outlet earned revenue of R19.739 million for the year and incurred a loss before income tax of R1.446 million. The final profit/loss arising from the transaction has yet to be determined.

45. CONTINGENT LIABILITIES

45.1 INCOME TAX IN RESPECT OF CONTROLLED FOREIGN COMPANIES

As reported previously, on 24 June 2013, SARS issued Spur Group (Pty) Ltd, a wholly-owned subsidiary of the group, with additional assessments in respect of the additional income relating to controlled foreign companies of the group in the amount of R1.993 million (comprising income tax of R1.561 million and interest of R0.432 million) for the 2009, 2010 and 2011 years of assessment. The assessments were settled in cash in the prior year. The board of the company in question appealed SARS' decision to partially disallow an objection to the additional assessments 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.

45.2 INCOME TAX IN RESPECT OF 2004-2009 SHARE INCENTIVE SCHEME

On 9 December 2014, following an audit of Spur Group (Pty) Ltd, SARS issued additional assessments to that company in respect of the 2010 to 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 2004-2009 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.

45.3 LEGAL DISPUTE WITH FORMER ZAMBIAN FRANCHISEE

As reported in the prior year, in 2012 Steak Ranches Ltd ("SRL") instituted action against a wholly-owned subsidiary of the group, Steak Ranches International BV ("SRIBV"), a company incorporated and domiciled in The Netherlands, for allegedly repudiating a franchise agreement previously concluded between the parties. SRL is an unrelated entity incorporated and domiciled in Zambia. SRIBV previously concluded a franchise agreement with SRL for a franchised outlet in Zambia, but cancelled that agreement after SRL breached the terms of the agreement.

SRL is claiming for special damages in the amount of US$648 152, pecuniary damages in the amount of US$4 236 041 and an unquantified amount of general damages arising out of the alleged repudiation, together with interest and costs.

SRIBV is defending the action, denying the repudiation of the franchise agreement. SRIBV avers that it validly cancelled the agreement as SRL breached the terms thereof. The board of SRIBV is confident that it will be able to defend the claim successfully. A court date has yet to be determined.

46. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently, in all material respects, to all years presented in these consolidated financial statements.

46.1 BASIS OF CONSOLIDATION

46.1.1 Investment in subsidiaries

The group financial statements include the financial statements of the company and the entities that it controls. The group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity. 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.

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

46.1.2 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% of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost, which includes transaction costs. The consolidated financial statements include the group's share of the profit or loss and other comprehensive income 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 (including any loan receivable or other financial instrument that forms part of the net investment in the investee), the carrying amount of the investment (including any loan receivable or other financial instrument that forms part of the net investment in the investee) 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.

46.1.3 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 against the investment 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.

46.1.4 Functional and presentation currency

All items in the financial statements of the group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The group's consolidated financial statements are presented in South African rands, which is the company's functional currency and the group's presentation currency.

46.1.5 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").

46.1.6 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 (including deregistration or abandonment of a foreign operation), the relevant amount in the FCTR is transferred to profit or loss.

46.1.7 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, although the group has applied the latter in all cases to date. 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.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.1 BASIS OF CONSOLIDATION continued

46.1.8 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 as at the acquisition date, which is the date on which control is transferred to the group. 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. 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 is measured 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 *IAS39 – Financial Instruments: Recognition and Measurement* in profit or loss. 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 immediately 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 was measured at the proportionate share of the acquiree's identifiable net assets;
- Business combinations achieved in stages were accounted for as separate transactions. Any additional shares acquired did not affect previously recognised goodwill; 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.

46.1.9 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.

46.1.10 Loss of control

When the group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. 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 *IAS39 – Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

46.2 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.

46.3 PROPERTY, PLANT AND EQUIPMENT

46.3.1 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. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located when the group has an obligation to remove the asset or restore the site and capitalised borrowing costs (refer note 46.14.2). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

46.3.2 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 within the item will flow to the group and the cost of the item can be measured reliably. In such cases, the carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss in the period they are incurred.

46.3.3 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 from the date that they are ready for use. Leasehold improvements are depreciated over the shorter of the lease term or estimated useful life of the assets. Land is not depreciated.

Typically, the estimated useful lives for the current and prior periods are as follows:

– buildings	50 years
– plant, equipment and vehicles	3 – 5 years
– furniture and fittings	5 – 6.67 years
– computer equipment	3 years
– leasehold improvement	lesser of lease term and 10 years

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

46.3.4 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.

46.4 INTANGIBLE ASSETS (OTHER THAN GOODWILL)

46.4.1 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. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each asset from the date they are ready for use. 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.

Amortisation methods, useful lives and residual values are reassessed annually and are disclosed in the relevant notes to the financial statements (refer note 12).

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.4 INTANGIBLE ASSETS (OTHER THAN GOODWILL) continued

46.4.2 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.

46.4.3 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.

46.4.4 Derecognition

The gain or loss arising from the derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss when the asset is derecognised.

46.5 IMPAIRMENT

46.5.1 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 fair value less costs of disposal 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. Fair value less costs of disposal is the price that would be received, at the measurement date, from the sale of an asset or cash-generating unit in an orderly transaction between market participants, less the costs of disposal. For an asset or cash-generating unit 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 non-financial 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.

46.5.2 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 that can be estimated reliably.

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 an asset exceeds its recoverable amount, the difference is recognised as an impairment loss in profit or loss.

In assessing collective impairment, the group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

46.6 INVENTORIES

Inventories are measured 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.

46.7 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. Lease premium payments made in order to acquire a lease are initially recognised as a prepayment at cost and subsequently charged to profit or loss on a straight-line basis over the lease term.

46.8 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.

46.9 TAX

Income tax on 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. Deferred tax is not recognised for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities in a transaction that is not part of a business combination that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that the group is able to control the timing of the reversal of the temporary differences and 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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Where the company withholds tax on behalf of its shareholders on dividends declared, such amounts are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of income tax expense unless it is reimbursable, in which case it is recognised as an asset.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.10 SHARE CAPITAL

46.10.1 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.

46.10.2 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.

46.10.3 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.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity.

46.10.4 Dividends

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

46.11 FINANCIAL INSTRUMENTS

46.11.1 Recognition

The group initially recognises loans and receivables and debt securities issued on the date when they originated. All other financial assets and financial liabilities are initially recognised on the trade date.

46.11.2 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.

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.

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, based on the relevant exchange rates at the reporting date.

Financial liabilities (other than derivative instruments)
Subsequent to initial recognition financial liabilities (other than derivative instruments) are stated at amortised cost using the effective interest method.

Derivative instruments
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.

Cash flow hedge accounting is not applied.

46.11.3 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.

46.11.4 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.

46.12 REVENUE

Revenue comprises franchise-related fees, rental income, proceeds from the sale of supplies and promotional items and related services. All revenue is stated exclusive of value added tax or other sales taxes and net of transactions with group companies and measured at the fair value of the consideration received or receivable.

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.

Revenue from the rendering of services is recognised as the services are rendered if the costs relating to the rendering of the services can be reliably measured and the receipt of the future economic benefits is probable.

Rental income is recognised as revenue on a straight-line basis over the term of the lease.

Dividend income is recognised when the right to receive payment is established.

46.13 ADMINISTRATION FEE INCOME

Administration fees included in other income in the statement of comprehensive income are stated exclusive of value added tax or other sales taxes and are recognised as services are rendered.

46.14 FINANCE INCOME AND EXPENSE

46.14.1 Finance income

Finance income comprises interest income. Interest income is recognised on a time apportionment 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.

46.14.2 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.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.15 EMPLOYEE BENEFITS

46.15.1 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 accruals for employee entitlements to salaries and 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 accruals have been calculated at undiscounted amounts based on current salary rates.

46.15.2 Other long-term employee benefits

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 government bonds with terms which most closely match the terms of maturity of the related liabilities.

46.15.3 Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in profit or loss in the period during which related services are rendered by employees.

46.15.4 Share-based payment transactions

With regards cash-settled transactions, the fair value of share appreciation rights granted is recognised as an employee expense included in profit or loss with a corresponding liability over the vesting period of the rights. The fair value of the rights granted is measured at each reporting date with any change in fair value being recorded in profit or loss as an employee expense, subject to the vesting period of the rights. The amount recognised as an expense included in profit or loss (and the related liability) is adjusted to reflect the actual number of rights that vest or are expected to vest.

46.16 PROVISIONS

A provision is recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each 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. The unwinding of the discount is recognised as a finance cost.

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.

46.17 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 their carrying value and fair value less costs of disposal.

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.

46.18 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 *IFRS4 – 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.

46.19 EARNINGS PER SHARE

The group presents basic and diluted earnings per share ("EPS") and basic and diluted headline earnings per share ("HEPS") 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.

Headline earnings is calculated in accordance with *Circular 2/2013: Headline Earnings* issued by the South African Institute of Chartered Accountants at the request of the JSE. The JSE Listings Requirements require the calculation of headline earnings for all entities listed on the JSE in South Africa. Basic HEPS is calculated by dividing headline earnings by the weighted average number of ordinary shares outstanding during the period. Diluted HEPS is determined by dividing headline earnings by the weighted average number of ordinary shares outstanding during the period adjusted for the dilutive effects of all share options granted to employees.

47. 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 2015, 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. All standards and interpretations will be adopted at their effective date.

IAS1 – Presentation of financial statements
Amendments to this standard provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, other comprehensive income of equity-accounted investees, and subtotals presented in the statement of financial position and statement of comprehensive income.

The amendments become mandatory for the group's 2017 financial statements.

IFRS9 – Financial instruments
IFRS9, published in July 2014, includes guidance on the classification and measurement of financial instruments, including a new expected credit loss model for recalculating impairment on financial assets, and the new general hedge accounting requirements.

This standard becomes mandatory for the group's 2019 financial statements and will be applied retrospectively subject to transitional provisions. The impact on the group has yet to be determined.

IFRS15 – Revenue from contracts with customers
IFRS15 introduces a new five-step model for determining the timing and amount of revenue to be recognised from contracts with customers. The core principle of the new model is that an entity should recognise revenue to depict the transfer of promised goods or services to customers and that the amount of revenue should reflect the consideration to which it expects to be entitled in exchange for those goods and services.

This standard becomes mandatory for the group's 2019 financial statements and will be applied retrospectively subject to transitional provisions. The impact on the group has yet to be determined.

SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

	Note	2015 R'000	2014 R'000
Dividend income		**130 786**	115 076
Interest income		**62**	26
Operating expenses		**(35 484)**	(1 711)
Profit before income tax	1	**95 364**	113 391
Income tax expense	2	**(16)**	(3)
Profit for the year		**95 348**	113 388
Total comprehensive income for the year		**95 348**	113 388

SEPARATE STATEMENT OF FINANCIAL POSITION
AT 30 JUNE

	Note	2015 R'000	2014 R'000
ASSETS			
Non-current assets			
Interest in subsidiary companies	3	**292 372**	14 479
Dividends receivable	4	**10 437**	22 562
Total non-current assets		**302 809**	37 041
Current assets			
Tax receivable		**–**	6
Cash and cash equivalents		**1 180**	3 793
Total current assets		**1 180**	3 799
TOTAL ASSETS		**303 989**	40 840
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	5	**1**	1
Share premium		**294 663**	6
Retained earnings		**790**	3 219
Total equity		**295 454**	3 226
LIABILITIES			
Current liabilities			
Trade and other payables		**53**	60
Shareholders for dividend		**482**	411
Loans from subsidiary companies	6	**8 000**	37 143
Total current liabilities		**8 535**	37 614
TOTAL EQUITY AND LIABILITIES		**303 989**	40 840

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE

	Note	2015 R'000	2014 R'000
Cash flow from operating activities			
Operating loss before working capital items	7	**(2 527)**	(1 711)
Working capital changes		**(7)**	(16)
Cash utilised by operations		**(2 534)**	(1 727)
Interest received		**62**	26
Tax paid	8	**(10)**	(7)
Dividends received	4	**142 911**	115 076
Dividends paid	9	**(129 672)**	(110 241)
Net cash flow from operating activities		**10 757**	3 127
Cash flow from investing activities			
Increase in loans to subsidiary companies		**(277 893)**	–
Net cash flow from investing activities		**(277 893)**	–
Cash flow from financing activities			
Proceed from the issue of shares		**294 657**	–
Costs incurred on issue of ordinary shares		**(991)**	–
(Decrease)/increase in loans from subsidiary companies		**(29 143)**	300
Net cash flow from financing activities		**264 523**	300
Net movement in cash and cash equivalents		**(2 613)**	3 427
Cash and cash equivalents at beginning of year		**3 793**	366
Cash and cash equivalents at end of year		**1 180**	3 793

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE

	Ordinary share capital R'000	Share premium R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2013	1	6	156	163
Total comprehensive income for the year				
Profit for the year	–	–	113 388	113 388
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Distributions to equity holders (refer note 9)	–	–	(110 325)	(110 325)
Balance at 30 June 2014	1	6	3 219	3 226
Total comprehensive income for the year				
Profit for the year	**–**	**–**	**95 348**	**95 348**
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners	**–**	**294 657**	**(97 777)**	**196 880**
Issue of ordinary shares (refer note 5.1)	**–**	**294 657**	**(991)**	**293 666**
Equity-settled share-based payment (refer note 5.1)	**–**	**–**	**32 957**	**32 957**
Distributions to equity holders (refer note 9)	**–**	**–**	**(129 743)**	**(129 743)**
Balance at 30 June 2015	**1**	**294 663**	**790**	**295 454**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. PROFIT BEFORE INCOME TAX

	2015 R'000	2014 R'000
The following items have been taken into account in determining profit before income tax:		
Consulting fees	**387**	390
JSE Listing fees and other related costs	**649**	429
Share-based payments expense – equity-settled – GPI B-BBEE transaction (refer note 5.1)	**32 957**	–

2. INCOME TAX EXPENSE

	2015 R'000	2014 R'000
South African normal current tax – current year	**16**	3

	2015 %	2014 %
Reconciliation of rate of tax		
South African normal tax rate	**28.0**	28.0
Non-taxable income	**(38.4)**	(28.4)
Non-deductible expenditure	**10.4**	0.4
Effective tax rate	**–**	–

3. INTEREST IN SUBSIDIARY COMPANIES

	2015 R'000	2014 R'000
Shares at cost less impairment and amounts written off	**1**	1
Equity-settled share-based payments on behalf of subsidiary	**11 213**	11 213
Loans to subsidiary companies	**281 158**	3 265
	292 372	14 479

In terms of the group's accounting policies, equity-settled share-based payments, determined in accordance with *IFRS2 – Share-based Payments*, by a subsidiary of the company in previous financial years are treated as a further investment in the subsidiary in question.

The loans to subsidiary companies are unsecured, interest-free and have no fixed dates of repayment. While there is no intention to call up the loans in question, they are repayable on demand. Given the potential short-term nature of the receivables, their fair values have been determined to approximate their carrying values.

3. INTEREST IN SUBSIDIARY COMPANIES continued

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

	Country of incorporation/ place of business	Issued capital R'000	Loans to subsidiaries R'000	% interest in company
Trading				
– Estalor (Pty) Ltd* trading as The Hussar Grill Advertising Company	South Africa	0.1		100.0
– John Dory's Advertising (Pty) Ltd*	South Africa	0.1		100.0
– John Dory's Franchise (Pty) Ltd*	South Africa	0.1		100.0
– Marocap (Pty) Ltd* trading as RocoMamas Advertising	South Africa	0.1		100.0
– Nickilor (Pty) Ltd* trading as The Hussar Grill Rondebosch	South Africa	0.1		100.0
– Opilor (Pty) Ltd* trading as The Hussar Grill Green Point	South Africa	0.1		100.0
– Opiset (Pty) Ltd* trading as The Hussar Grill Camps Bay	South Africa	0.1		100.0
– Panarottis Advertising (Pty) Ltd*	South Africa	0.1		100.0
– RocoMamas Franchise Co (Pty) Ltd*#	South Africa	0.1		51.0
– Share Buy-back (Pty) Ltd	South Africa	0.1		100.0
– Spur Advertising (Pty) Ltd*	South Africa	0.1		100.0
– Spur Group (Pty) Ltd	South Africa	0.1	277 893	100.0
– Spur Group Properties (Pty) Ltd	South Africa	0.1	3 265	100.0
– The Ad Workshop (Pty) Ltd* trading as Captain DoRegos Advertising	South Africa	0.1		100.0
– Spur International Ltd*	British Virgin Islands	1.4		100.0
– Steak Ranches International BV*	The Netherlands	156 493.6		100.0
– Spur Advertising Namibia (Pty) Ltd*	Namibia	0.1		100.0
– Spur Franchise Namibia (Pty) Ltd*	Namibia	0.1		100.0
– Caspur Pty Ltd*	Australia	772.0		100.0
– Panarottis Advertising Australia Pty Ltd*	Australia	0.6		100.0
– Panatug Pty Ltd*	Australia	0.6		100.0
– Panhold Pty Ltd*	Australia	5.0		100.0
– Spur Advertising Australia Pty Ltd*	Australia	0.6		100.0
– Spur Corporation Australia Pty Ltd*	Australia	16 129.1		100.0
– Spur Steak Ranches Unit Trust*	Australia	0.1		100.0
– Spurcentral Pty Ltd*	Australia	0.6		100.0
– Larkspur One Ltd*	United Kingdom	1.4		100.0
– Larkspur Two Ltd*	United Kingdom	1.4		100.0
– Larkspur Three Ltd*	United Kingdom	1.3		80.0
– Larkspur Six Ltd*	United Kingdom	0.1		100.0
– Larkspur Seven Ltd*	United Kingdom	0.1		100.0
– Larkspur Nine Ltd*	United Kingdom	0.1		100.0
– Larkspur Ten Ltd*	United Kingdom	1.8		100.0
– Mohawk Spur Ltd*	United Kingdom	15.1		100.0
– Spur Advertising UK Ltd*	United Kingdom	1.3		100.0
– Spur Corporation UK Ltd*	United Kingdom	3.5		100.0
– Trinity Leasing Ltd*	United Kingdom	13.0		100.0
– Larkspur Eight Ltd*	Ireland	0.1		100.0
Dormant		1.4		100.0
			281 158	

* Indirect
\# 51% shareholding acquired 1 March 2015

Investments in subsidiaries are carried at cost less impairment losses in accordance with the company's accounting policy in this regard.

4. DIVIDENDS RECEIVABLE

The dividends receivable relates to dividends received by the Spur Management Share Trust in the financial year ended 30 June 2010 that were vested with the company by the trustees in that year. The amount is unsecured, interest-free and there are no fixed terms of payment. While there is no intention to call up the receivable in question, it is repayable on demand. Given the potential short-term nature of the receivable, its fair value has been determined to approximate its carrying value.

	2015 R'000	2014 R'000
Dividends received are reconciled to the amount disclosed in profit or loss as follows:		
Amount receivable at beginning of year	**22 562**	22 562
Dividend income recognised in profit or loss before income tax	**130 786**	115 076
Amount receivable at end of year	**(10 437)**	(22 562)
Dividends received	**142 911**	115 076

5. ORDINARY SHARE CAPITAL

	2015 R'000	2014 R'000
Authorised		
201 000 000 ordinary shares of 0.001 cents each	**2**	2
Issued and fully paid		
97 632 833 ordinary shares of 0.001 cents each at the beginning of the year	**1**	1
10 848 093 ordinary shares issued for cash during the year	**–**	–
108 480 926 ordinary shares of 0.001 cents each at the end of the year	**1**	1

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

In terms of the company's Memorandum of Incorporation, 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.

The company does not have any unlisted shares.

5.1 ISSUE OF ORDINARY SHARES RELATING TO GPI B-BBEE SHARE TRANSACTION

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 Ltd ("GPI"), a strategic black empowerment partner. The transaction was 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 *IFRS2 – Share-based Payments* and included in profit before income tax for the period, with a corresponding credit to equity (retained earnings).

The transaction resulted in a cash inflow of R294.657. Transaction costs of R0.991 million relate directly to the issue of the company's ordinary shares and have been charged directly against equity (retained earnings) and sundry professional costs of R0.301 million relating to the transaction are included in profit before income tax.

6. LOANS FROM SUBSIDIARY COMPANIES

	2015 R'000	2014 R'000
Share Buy-back (Pty) Ltd	**8 000**	8 000
Spur Group (Pty) Ltd	**–**	29 143
	8 000	37 143

These loans are unsecured and bear no interest. While there is no expectation that the company will be called upon to settle these loans by the respective counterparties, the loans are repayable on demand. Given the potential short-term nature of the payables, the fair values of the loans are determined to approximate their carrying values.

7. OPERATING LOSS BEFORE WORKING CAPITAL CHANGES

	2015 R'000	2014 R'000
Profit before income tax	**95 364**	113 391
Adjusted for		
Dividend income	**(130 786)**	(115 076)
Share-based payments expense – equity-settled – GPI B-BBEE transaction	**32 957**	–
Interest income	**(62)**	(26)
	(2 527)	(1 711)

8. TAX PAID

	2015 R'000	2014 R'000
Tax paid is reconciled to the amount disclosed in profit or loss as follows:		
Amount receivable at beginning of year	**6**	2
Current tax charged to profit or loss	**(16)**	(3)
Amount receivable at end of year	**–**	(6)
Tax paid	**(10)**	(7)

9. DIVIDENDS

	2015 R'000	2014 R'000
Dividends declared are as follows:		
Final 2013 – dividend of 56.0 cents per share	–	54 674
Interim 2014 – dividend of 57.0 cents per share	–	55 651
Final 2014 – dividend of 64.0 cents per share	**62 485**	–
Interim 2015 – dividend of 62.0 cents per share	**67 258**	–
Total dividends to equity holders	**129 743**	110 325

The directors have approved a final dividend of 70.0 cents per share in respect of the 2015 financial year, funded by income reserves, to be paid in cash on 5 October 2015. The dividend is 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 net dividend is therefore 59.5 cents per share for shareholders liable to pay dividend withholding tax.

The total gross dividend declared relating to the financial year was 132 (2014: 121) cents per share equating to R143.194 million (2014: R118.136 million).

	2015 R'000	2014 R'000
Dividends paid are reconciled to the amount disclosed above as follows:		
Amount payable at beginning of year	**(411)**	(327)
Dividends declared	**(129 743)**	(110 325)
Amount payable at end of year	**482**	411
Dividends paid	**(129 672)**	(110 241)

10. GUARANTEES

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

11. RELATED PARTY DISCLOSURES

Identity of related parties
Refer note 3 for a detailed list of subsidiaries.

Related party transactions
An amount of R4 975 (2014: R90 345) was paid to wholly owned subsidiary, Spur Advertising (Pty) Ltd, for printing and publishing expenses relating to circulars, interim results and the annual integrated report of the group. This includes a reimbursement of expenses paid to unrelated third party suppliers as well as an hourly rate for desktop publishing services which is the same rate charged by that company to franchisees (who are unrelated parties) for the same services.

Refer notes 3 and 6 for the details of loans to and from subsidiary companies respectively.

12. FINANCIAL INSTRUMENTS

12.1 ACCOUNTING CLASSIFICATION AND FAIR VALUES

The following table shows the carrying amounts of financial assets and liabilities. No financial instruments are required to be subsequently recognised at fair value at the reporting date. Fair value information for financial assets and liabilities not measured at fair value is not disclosed if the carrying amount is a reasonable approximation of fair value.

		Carrying amount (R'000)		
	Note	Loans and receivables	Other financial liabilities	Total
2015				
Financial assets not measured at fair value				
Loans to subsidiary companies	3	**281 158**	**–**	**281 158**
Dividends receivable	4	**10 437**	**–**	**10 437**
Cash and cash equivalents		**1 180**	**–**	**1 180**
		292 775	**–**	**292 775**
Financial liabilities not measured at fair value				
Trade and other payables		**–**	**53**	**53**
Shareholders for dividend		**–**	**482**	**482**
Loans from subsidiary companies	6	**–**	**8 000**	**8 000**
		–	**8 535**	**8 535**
2014				
Financial assets not measured at fair value				
Loans to subsidiary companies	3	3 265	–	3 265
Dividends receivable	4	22 562	–	22 562
Cash and cash equivalents		3 793	–	3 793
		29 620	–	29 620
Financial liabilities not measured at fair value				
Trade and other payables		–	60	60
Shareholders for dividend		–	411	411
Loans from subsidiary companies	6	–	37 143	37 143
		–	37 614	37 614

The company has not disclosed the fair values of the above financial instruments as their carrying amounts are a reasonable approximation of their fair values. Refer notes 3, 4 and 6 for a further explanation in this regard for loans to subsidiary companies, dividends receivable and loans from subsidiary companies, respectively. Due to the short-term nature of cash and cash equivalents, trade and other payables, and shareholders for dividend, their fair values have been determined to approximate their carrying values.

12.2 FINANCIAL RISK MANAGEMENT

The company is exposed to credit risk, liquidity risk and market risk from its use of financial instruments.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing these risks, and the company's management of capital.

The company's objective is to manage effectively each of the above risks associated with its financial instruments, in order to limit the company'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 company'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 company's risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company to the extent that these have an impact on these financial statements.

12.2.1 Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial asset fails to meet its contractual obligations, and arises principally from receivables with subsidiaries, the dividends receivable from the Spur Management Share Trust and financial institutions with which the company holds monetary deposits.

The aggregate carrying amounts of financial assets represents the maximum credit risk exposure and are detailed below:

	Carrying amount	
	2015 R'000	**2014 R'000**
Loans to subsidiary companies (refer note 3)	**281 158**	3 265
Dividends receivable (refer note 4)	**10 437**	22 562
Cash and cash equivalents	**1 180**	3 793
	292 775	29 620

The company's subsidiaries are largely cash generative and in a sound financial position. The directors are of the view that the risk of default is therefore negligible. The directors are able to use their influence, as representatives of the sole shareholder of the subsidiaries, to manage the recoverability of the loans.

The Spur Management Share Trust generates cash in the form of dividends received on the company's shares held by the trust. The trust has no other obligations. The directors therefore consider the risk of default to be negligible.

The company's cash is placed only with major South African financial institutions of high credit standing. The group's treasury committee monitors liquid investments on a regular basis.

As detailed in note 10, the company has provided unlimited guarantees to financial institutions in respect of debts of certain local subsidiaries. The directors regularly review this exposure. As at the reporting date, and for the duration of the year, the directors consider the risk of being called upon to act in terms of the guarantee as negligible.

12.2.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company'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 company's reputation.

The company's primary source of income is the dividends received from subsidiary companies. The group's subsidiaries are largely cash generative and in a sound financial position. The directors are able to use their influence, as representatives of the sole shareholder of the subsidiaries, to manage the dividend policy of the subsidiaries. In addition, other group subsidiaries have provided unlimited guarantees to the company's bankers in respect of any debts incurred by the company to those bankers.

12. FINANCIAL INSTRUMENTS continued

12.2 FINANCIAL RISK MANAGEMENT continued

12.2.2 Liquidity risk continued

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

	Carrying amount R'000	Contractual cash flows Total R'000	Contractual cash flows 1 – 12 months R'000
2015			
Non-derivative financial liabilities			
Trade and other payables	**53**	**53**	**53**
Shareholders for dividend	**482**	**482**	**482**
Loans from subsidiary companies	**8 000**	**8 000**	**8 000**
2014			
Non-derivative financial liabilities			
Trade and other payables	60	60	60
Shareholders for dividend	411	411	411
Loans from subsidiary companies	37 143	37 143	37 143

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

12.2.3 Market risk

The company is not exposed to currency risk as it only transacts in local currency.

The company is not exposed to any price risk.

Interest rate risk

The company's only interest-bearing financial instruments are its cash and cash equivalents. All other financial instruments are non-interest bearing.

In the event that interest rates had increased by 50 basis points for the duration of the year, the table below gives the impact on profit or loss before income tax and equity:

	2015 R'000	2014 R'000
Increase in profit or loss before income tax	**12**	10
Increase in equity	**9**	7

A decrease of 50 basis points in the interest rate would have had an equal, but opposite, impact on profit or loss before income tax and equity to that described above.

12.3 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 the demographic spread of shareholders, the level of distributions to ordinary shareholders, as well as the return on capital. Capital consists of total shareholders' equity.

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

CORPORATE INFORMATION

DIVIDENDS

Interim dividend: 62 cents per share
Record date: 27 March 2015
Payment date: 30 March 2015

Final dividend: 70 cents per share
Record date: 2 October 2015
Payment date: 5 October 2015

REPORTS 2015

Interim for six months ended 31 December 2014 published March 2015
Preliminary announcement for year ended 30 June 2015 published September 2015
Annual for year ended 30 June 2015 published October 2015

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