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SPUR CORP.

PASSIONATE PEOPLE BUILDING GREAT BRANDS

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND CASH DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

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

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

HIGHLIGHTS

RESTAURANT SALES (from continuing operations) ▲ 10.4%	**COMPARABLE HEADLINE EARNINGS PER SHARE** (from continuing operations) ▲ 4.5%
COMPARABLE PROFIT BEFORE TAX (from continuing operations) ▲ 5.0%	**INTERIM DIVIDEND PER SHARE** ▲ 6.0% to 71 cents

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RESULTS COMMENTARY

TRADING PERFORMANCE

Spur Corporation delivered a resilient performance in the six months to December 2016 as economic headwinds impacted trading conditions in South Africa and in the rest of Africa.

Total franchised restaurant sales from continuing operations across the local and international operations increased by 10.4% to R3.8 billion, following the closure of the group's operations in the UK and Ireland in the previous financial year.

SOUTH AFRICA

Franchised restaurant sales in South Africa grew by 10.2% as consumer discretionary spending came under increased pressure owing mainly to rising food, utility, education and healthcare costs, and growing levels of unemployment in the country.

As consumers have been impacted by the slowing economic conditions in the country, franchisees continued to encounter margin pressure from escalating food inflation. Management has taken decisive action to support franchisee profitability and ensure the sustainability of the restaurant chains.

The flagship Spur Steak Ranches brand grew sales by 4.0%. While Spur has maintained market share and levels of foot traffic, customer spend per head has declined over the past six months, reflective of the tough consumer environment. Cash-strapped consumers continue to respond to value promotions and the loyal base of over 1.8 million Spur Family Card members has been key to maintaining sales growth in this environment.

Panarottis Pizza Pasta grew sales by 10.6% in an increasingly competitive market. The launch of the Panarottis Rewards loyalty programme is expected to sustain the strong sales momentum.

The new store design and refocused menu contributed to the 17.8% growth in sales in John Dory's.

The Hussar Grill grew sales by 58.0%, benefiting from three new restaurant openings and the resilience of the brand's higher income customer base.

The RocoMamas success story continues as the Smashburger offering and edgy brand image attract increasing numbers of millennial customers. The chain opened its 50th outlet in December and increased local sales by 113.3%, and by 45.0% on existing business.

The performance of Captain DoRegos highlights the financial stress of consumers in the brand's lower income market. Sales declined by 15.8% and a further five under-performing outlets were closed for the period. Management is committed to the brand and is currently reviewing the business model to improve profitability, grow market share and enhance brand awareness while also evaluating new locations, including fuel station forecourts.

Customer response to the authentic Italian offering of Casa Bella has been most encouraging. Launched in March 2016, the upmarket Italian dining chain now has five outlets following the opening of three new restaurants in the past six months.

A total of 21 new restaurants were opened in South Africa across the Spur (7, including 3 Grill & Go outlets), John Dory's (3), The Hussar Grill (2), RocoMamas (6) and Casa Bella (3) brands.

INTERNATIONAL

International restaurant sales (excluding the UK) increased by 12.0% in rand terms and by 9.3% calculated at a constant exchange rate.

Trading in several African countries has been impacted by the marked deterioration in the value of local currencies relative to the US dollar. Australia experienced mixed trading, with restaurants in New South Wales benefiting from buoyant economic conditions while Western Australia has been adversely affected by the slowdown in the mining sector in the region. The group's 11 restaurants in Mauritius reported strong growth.

Six restaurants were opened in the international division, including the group's first restaurants in New Zealand (Spur), Ethiopia (Spur) and Oman (RocoMamas). Captain DoRegos outlets were opened in Namibia and Zimbabwe, with RocoMamas opening its first restaurant in Mauritius.

RESTAURANT FOOTPRINT AT 31 DECEMBER 2016

Franchise brand	South Africa	International	Total
Spur Steak Ranches	291	39	**330**
Panarottis Pizza Pasta	81	12	**93**
John Dory's Fish Grill Sushi	47	1	**48**
Captain DoRegos	44	4	**48**
The Hussar Grill	14	1	**15**
RocoMamas	48	3	**51**
Casa Bella	5	–	**5**
Total	530	60	**590**

FINANCIAL PERFORMANCE

The group ceased trading in the UK and Ireland by the end of the 2016 financial year. These operations were reported as a separate operating segment and are accordingly disclosed separately to continuing operations.

Revenue from continuing operations increased 7.7% to R347.6 million. Franchise revenue in Spur increased by 3.0%, Pizza Pasta 11.3%, John Dory's 10.6%, The Hussar Grill by 49.5% and RocoMamas by 47.6%. Captain DoRegos revenue declined by 41.1%.

Local retail revenue, representing the group's interests in four The Hussar Grill restaurants and one RocoMamas outlet, increased by 62.4%.

The manufacturing and distribution division grew revenue by 2.3%. Margins were negatively impacted by high levels of inflation due to the widespread drought which affected meat, fruit and vegetable prices, and the weakening exchange rate on US dollar-based imports. The full impact of escalating costs has not been passed on to franchisees to ensure the brands remain competitive in the current tight consumer environment.

Profit before income tax from continuing operations increased by 19.7% to R159.0 million. This includes a net gain of R0.6 million (2015: charge of R15.9 million) related to the long-term share-linked employee retention and incentive schemes, a fair value loss of R2.8 million (2015: R4.8 million) relating to the RocoMamas contingent consideration liability arising from the acquisition of RocoMamas in March 2015, foreign exchange gains and losses, and other one-off and exceptional items in the current and previous comparable periods.

Comparable profit before income tax from continuing operations, excluding exceptional and one-off items (including those listed above), increased by 5.0%.

Headline earnings increased by 10.3% to R108.0 million and headline earnings from continuing operations increased by 20.8% to R109.5 million, while comparable headline earnings increased by 4.3%. Diluted headline earnings per share from continuing operations increased by 21.0% to 114.2 cents per share or by 4.5% on a comparable basis.

The interim dividend was increased by 6.0% to 71 cents per share.

PROSPECTS

The group's focus in the months ahead will be on driving growth through value promotions, innovative marketing, rewarding customer loyalty, expanding the restaurant base and continuing to offer a high quality, affordable family dining experience.

Trading conditions are not expected to improve in the short term as South African consumers remain under financial pressure while the manufacturing division will continue to face margin pressure from high raw material cost increases and currency volatility impacting imported product.

Restaurant expansion plans for the second half of the financial year include the opening of 12 restaurants in South Africa: Spur Steak Ranches (3), John Dory's (3), RocoMamas (2), Captain DoRegos (2), The Hussar Grill (1) and Casa Bella (1).

In the short term, international growth will focus on Africa, and the Middle East, with expansion opportunities in Australia being considered in the medium term. In Africa, management aims to grow the store footprint in the countries where the group currently trades to build brand equity and will take a cautious approach to entering any new countries.

Nine new franchised outlets will be opened internationally. These include the group's first restaurant in Saudi Arabia (RocoMamas), the first Panarottis in Nigeria, the first John Dory's in Namibia and the first RocoMamas in Zimbabwe. Additional outlets are planned for Botswana, Kenya, Nigeria and Zimbabwe.

Spur Corporation has a strong portfolio of eight brands trading in the local and selected international markets. Growth strategies have been developed for each brand to maintain franchisee profitability in the current environment. Management continues to evaluate opportunities for vertical integration across the brands and the manufacturing facilities while seeking acquisitions to enable the group to enter new product categories or markets.

CASH DIVIDEND

Shareholders are advised that the board of directors of the company has, on Wednesday, 22 February 2017, resolved to declare an interim gross cash dividend for the six-month period to 31 December 2016 of R77.021 million, which equates to 71.0 cents per share for each of the 108 480 926 shares in issue, subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962), as amended ("dividend withholding tax") of 15%.

The dividend has been declared from income reserves. The net dividend is 60.35 cents per share for shareholders liable to pay dividend withholding tax. The company's income tax reference number is 9695015033. The company has 108 480 926 shares in issue at the date of declaration.

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

EVENT	DATE
Last day to trade 'cum dividend'	Tuesday, 28 March 2017
Shares commence trading 'ex dividend'	Wednesday, 29 March 2017
Record date	Friday, 31 March 2017
Payment date	Monday, 3 April 2017

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 March 2017 and Friday, 31 March 2017, both days inclusive.

For and on behalf of the board

A Ambor
Executive Chairman

P van Tonder
Group Chief Executive Officer

23 February 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	% change	Audited year ended 30 June 2016
Continuing operations				
Revenue	**347 619**	322 623	7.7	633 069
Gross profit	**254 732**	236 495	7.7	466 219
Operating profit before finance income	**138 339**	118 467	16.8	220 566
Net finance income	**19 197**	16 915		35 602
Share of profit/(loss) of equity-accounted investee (net of income tax)	**1 485**	(2 512)		(8 601)
Profit before income tax	**159 021**	132 870	19.7	247 567
Income tax expense	**(47 058)**	(40 132)		(76 540)
Profit from continuing operations	**111 963**	92 738	20.7	171 027
Profit/(loss) from discontinued operation (refer note 2)	**3 456**	(985)		(31 727)
Profit	**115 419**	91 753	25.8	139 300
Other comprehensive income#:	**(5 763)**	12 322		8 460
Foreign currency translation differences for foreign operations	**(5 844)**	19 260		26 715
Reclassification of foreign currency gain from other comprehensive income to profit, on disposal/abandonment/deregistration of foreign operations	**–**	(4 310)		(7 038)
Tax on reclassification of foreign currency gain from other comprehensive income to profit, on abandonment of foreign operations	**–**	–		(1 591)
Foreign exchange gain/(loss) on net investments in foreign operations	**81**	(3 504)		(12 835)
Tax on foreign exchange loss on net investments in foreign operations	**–**	876		3 209
Total comprehensive income	**109 656**	104 075	5.4	147 760
Profit attributable to:				
Owners of the company	**113 320**	89 920	26.0	135 619
Non-controlling interests	**2 099**	1 833		3 681
Profit	**115 419**	91 753	25.8	139 300
Total comprehensive income attributable to:				
Owners of the company	**107 557**	102 329	5.1	144 016
Non-controlling interests	**2 099**	1 746		3 744
Total comprehensive income	**109 656**	104 075	5.4	147 760
Earnings per share (cents)				
Basic earnings	**118.25**	93.61	26.3	141.34
Diluted earnings	**118.15**	93.61	26.2	141.31
Earnings per share (cents) – continuing operations				
Basic earnings	**114.35**	94.36	21.2	174.64
Diluted earnings	**114.26**	94.36	21.1	174.61

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited as at 31 December 2016	Unaudited as at 31 December 2015	Audited as at 30 June 2016
ASSETS			
Non-current assets	**622 990**	643 035	610 980
Property, plant and equipment	**99 520**	97 272	95 480
Intangible assets and goodwill	**368 298**	384 165	365 417
Loans receivable	**149 223**	147 584	143 739
Deferred tax	**1 190**	2 963	1 310
Leasing rights	**4 759**	8 505	5 034
Derivative financial asset	**–**	2 546	–
Current assets	**474 883**	501 952	455 742
Inventories	**17 058**	13 927	12 148
Tax receivable	**33 917**	34 359	36 214
Trade and other receivables	**117 557**	131 676	96 587
Loans receivable	**19 944**	28 636	24 211
Cash and cash equivalents	**286 407**	293 354	286 582
TOTAL ASSETS	**1 097 873**	1 144 987	1 066 722
EQUITY			
Total equity	**904 179**	887 521	864 663
Ordinary share capital	**1**	1	1
Share premium	**294 663**	294 663	294 663
Shares repurchased by subsidiaries	**(97 963)**	(96 900)	(97 963)
Foreign currency translation reserve	**24 948**	34 723	30 711
Share-based payments reserve	**2 498**	–	827
Retained earnings	**665 523**	641 208	622 054
Total equity attributable to owners of the company	**889 670**	873 695	850 293
Non-controlling interests	**14 509**	13 826	14 370
LIABILITIES			
Non-current liabilities	**76 556**	102 567	81 537
Contingent consideration liability	**12 323**	34 339	13 565
Employee benefits	**–**	3 788	3 981
Derivative financial liability	**–**	–	3 425
Operating lease liability	**2 479**	1 126	2 191
Deferred tax	**61 754**	63 314	58 375
Current liabilities	**117 138**	154 899	120 522
Bank overdrafts	**4 017**	2 779	1 155
Tax payable	**1 793**	2 510	2 397
Trade and other payables	**64 561**	96 228	68 437
Loans payable	**25 209**	25 992	25 746
Contingent consideration liability	**13 784**	17 802	9 726
Employee benefits	**4 072**	5 861	3 829
Derivative financial liability	**3 191**	3 306	8 761
Shareholders for dividend	**511**	421	471
TOTAL EQUITY AND LIABILITIES	**1 097 873**	1 144 987	1 066 722

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Ordinary share capital and share premium (net of treasury shares)	Retained earnings and other reserves	Non-controlling interests	Total
Balance at 1 July 2015 (audited)	**206 042**	**640 989**	**7 064**	**854 095**
Total comprehensive income for the year	**–**	**144 016**	**3 744**	**147 760**
Profit for the year	–	135 619	3 681	139 300
Other comprehensive income	–	8 397	63	8 460
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners	**(9 341)**	**(131 309)**	**(2 042)**	**(142 692)**
Equity-settled share-based payment (refer note 5)	–	863	–	863
Indirect costs related to equity-settled share-based payment (refer note 5)	–	(679)	–	(679)
Own shares acquired	(9 341)	–	–	(9 341)
Distributions to equity holders	–	(131 493)	(2 042)	(133 535)
Changes in ownership interests in subsidiaries	**–**	**(104)**	**5 604**	**5 500**
Disposal of non-controlling interest in subsidiary without a change in control (refer note 3)	–	(104)	5 604	5 500
Total transactions with owners	**(9 341)**	**(131 413)**	**3 562**	**(137 192)**
Balance at 30 June 2016 (audited)	**196 701**	**653 592**	**14 370**	**864 663**
Total comprehensive income for the period	**–**	**107 557**	**2 099**	**109 656**
Profit for the period	–	113 320	2 099	115 419
Other comprehensive income	–	(5 763)	–	(5 763)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners	**–**	**(68 180)**	**(1 960)**	**(70 140)**
Equity-settled share-based payment (refer note 5)	–	1 779	–	1 779
Distributions to equity holders	–	(69 959)	(1 960)	(71 919)
Total transactions with owners	**–**	**(68 180)**	**(1 960)**	**(70 140)**
Balance at 31 December 2016 (unaudited)	**196 701**	**692 969**	**14 509**	**904 179**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	Audited year ended 30 June 2016
Cash flow from operating activities			
Operating profit before working capital changes (refer note a)	**139 427**	139 157	249 493
Working capital changes	**(21 341)**	(15 183)	(7 326)
Cash generated from operations	**118 086**	123 974	242 167
Interest income received	**12 984**	11 588	24 370
Interest expense paid	**(45)**	(30)	(116)
Tax paid	**(43 649)**	(57 289)	(100 256)
Dividends paid	**(71 879)**	(67 933)	(133 546)
Net cash flow from operating activities	**15 497**	10 310	32 619
Net cash flow from investing activities (refer note b)	**(18 255)**	(12 662)	(17 937)
Net cash flow from financing activities (refer note c)	**(380)**	(8 278)	(30 195)
Net movement in cash and cash equivalents	**(3 138)**	(10 630)	(15 513)
Effect of foreign exchange fluctuations	**101**	(89)	(354)
Net cash and cash equivalents at beginning of period	**285 427**	301 294	301 294
Net cash and cash equivalents at end of period	**282 390**	290 575	285 427

Refer note 2 for cash flows attributable to discontinued operation.

Notes

a) **Operating profit before working capital changes** – Includes a gross cash outflow of R3.129 million (six months ended 31 December 2015 and year ended 30 June 2016: R18.445 million) in respect of the settlement of the cash-settled share appreciation rights granted in terms of the group's long-term share-linked employee retention scheme (also refer note 5). The prior six months ended 31 December 2015 and year ended 30 June 2016 include a gross cash inflow of R15.766 million relating to the disposal of the Silver Lake Spur and Apache Spur leases in the UK (also refer note 2).

b) **Cash flow from investing activities** – Includes a gross cash outflow of R7.359 million (six months ended 31 December 2015: inflow of R12.563 million; year ended 30 June 2016: inflow of R12.653 million) arising from the economic hedging instrument utilised by the group for its cash-settled long-term share-linked employee retention scheme (also refer note 5). Additions to property, plant and equipment for the period amount to R8.313 million (six months ended 31 December 2015: R23.346 million; year ended 30 June 2016: R45.598 million) – the prior periods include the building costs of the new Cape Town corporate offices, and the fit-out of the company-owned The Hussar Grills in Morningside and Mouille Point and RocoMamas in Green Point (also refer note 3). The current period includes a cash outflow of R1.525 million relating to the disposal of liquidated UK subsidiaries (also refer note 2). The prior year ended 30 June 2016 includes an inflow of R8.143 million arising on the disposal of property, plant and equipment, most of which is attributable to the disposal of the UK operations (also refer note 2).

c) **Cash flow from financing activities** – The prior six-month period ended 31 December 2015 includes an outflow of R8.278 million for the purchase of treasury shares, while the outflow for the year ended 30 June 2016 amounted to R9.341 million. The prior year ended 30 June 2016 includes an outflow of R20.369 million in partial settlement of the RocoMamas contingent consideration as detailed in note 4.

RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	% change	Audited year ended 30 June 2016
Total group				
Profit attributable to owners of the company	**113 320**	89 920	26.0	135 619
Headline earnings adjustments:				
Disposal of goodwill (refer note 2)	**–**	444		444
Impairment of intangible assets	**–**	–		18 969
Loss on disposal of property, plant and equipment	**5**	10 992		24 990
Loss on disposal of subsidiary (refer note 2)	**12**	–		–
Profit on disposal of property, plant and equipment	**(95)**	–		(5 523)
Profit on disposal of subsidiaries (refer note 2)	**(5 268)**	–		–
Reclassification of foreign currency (gain)/loss from other comprehensive income to profit, on disposal/abandonment/deregistration of foreign operations (refer note 2)	**–**	(4 310)		(7 038)
Income tax impact of above adjustments	**26**	2 406		(2 004)
Amount of above adjustments attributable to non-controlling interests	**(1)**	(1 513)		(1 480)
Headline earnings	**107 999**	97 939	10.3	163 977
Continuing operations				
Profit attributable to owners of the company	**113 320**	89 920	26.0	135 619
Exclude: (profit)/loss from discontinued operation (refer note 2)	**(3 731)**	723		31 957
Profit attributable to owners of the company – continuing operations	**109 589**	90 643	20.9	167 576
Headline earnings adjustments:				
Impairment of intangible assets	**–**	–		18 969
Loss on disposal of property, plant and equipment	**5**	65		111
Profit on disposal of property, plant and equipment	**(95)**	–		(64)
Income tax impact of above adjustments	**26**	14		(4 262)
Amount of above adjustments attributable to non-controlling interests	**(1)**	(37)		(3)
Headline earnings – continuing operations	**109 524**	90 685	20.8	182 327

OPERATING SEGMENT INFORMATION

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	% change	Audited year ended 30 June 2016
External revenue				
Manufacturing and distribution	**98 356**	96 186	2.3	180 750
Franchise – Spur	**123 013**	119 438	3.0	229 953
Franchise – Pizza and Pasta*	**18 488**	16 608	11.3	32 501
Franchise – John Dory's	**10 319**	9 331	10.6	18 528
Franchise – Captain DoRegos	**1 589**	2 698	(41.1)	4 534
Franchise – The Hussar Grill	**2 454**	1 641	49.5	3 607
Franchise – RocoMamas	**11 683**	7 916	47.6	17 415
Retail (refer note b)	**30 677**	18 890	62.4	48 139
Other South Africa (refer note c)	**32 876**	34 739	(5.4)	61 905
Total South African segments	**329 455**	307 447	7.2	597 332
Unallocated – South Africa	**918**	596	54.0	2 617
Total South Africa	**330 373**	308 043	7.2	599 949
United Kingdom (refer note 2) (discontinued)	**–**	63 972	(100.0)	104 302
Australasia	**5 614**	4 710	19.2	10 948
Other International (refer note e)	**11 632**	9 870	17.9	22 172
Total International	**17 246**	78 552	(78.0)	137 422
TOTAL EXTERNAL REVENUE	**347 619**	386 595	(10.1)	737 371
Profit/(loss) before income tax				
Manufacturing and distribution	**37 041**	37 060	(0.1)	68 486
Franchise – Spur	**108 823**	107 411	1.3	206 052
Franchise – Pizza and Pasta*	**12 372**	11 904	3.9	22 064
Franchise – John Dory's	**5 657**	5 024	12.6	9 558
Franchise – Captain DoRegos (refer note a)	**110**	1 148	(90.4)	(17 851)
Franchise – The Hussar Grill	**2 323**	848	173.9	2 789
Franchise – RocoMamas	**8 224**	5 069	62.2	12 210
Retail (refer note b)	**2 312**	67	3 350.7	927
Other South Africa (refer note c)	**(1 050)**	1 681	(162.5)	1 198
Total South African segments	**175 812**	170 212	3.3	305 433
Unallocated – South Africa (refer note d)	**(21 090)**	(36 627)	42.4	(53 071)
Total South Africa	**154 722**	133 585	15.8	252 362
United Kingdom (refer note 2) (discontinued)	**3 456**	1 144	202.1	(28 847)
Australasia	**533**	1 269	(58.0)	3 177
Other International (refer note e)	**5 272**	4 723	11.6	10 955
Total International segments	**9 261**	7 136	29.8	(14 715)
Unallocated – International (refer note f)	**(2 991)**	(4 195)	28.7	(10 326)
Total International	**6 270**	2 941	113.2	(25 041)
PROFIT BEFORE INCOME TAX AND SHARE OF PROFIT/(LOSS) OF EQUITY-ACCOUNTED INVESTEE	**160 992**	136 526	17.9	227 321
Share of profit/(loss) of equity-accounted investee (net of income tax)	**1 485**	(2 512)	159.1	(8 601)
PROFIT BEFORE INCOME TAX	**162 477**	134 014	21.2	218 720

* The 'Pizza and Pasta' segment, which previously comprised only Panarottis Pizza Pasta, now includes Casa Bella, an upmarket Italian dining concept which the group rolled out during the prior year from March 2016.

Notes

a) **Captain DoRegos** – The year ended 30 June 2016 includes an impairment loss of R18.969 million relating to intangible assets.

b) **Retail** – This segment comprises the group's interests in local restaurants consisting of four The Hussar Grill restaurants and one RocoMamas outlet. The Hussar Grill in Morningside (Gauteng) commenced trading in September 2015 and the RocoMamas in Green Point (Western Cape) commenced trading in December 2015. The Hussar Grill in Green Point was relocated to Mouille Point during the period to 31 December 2015 and did not trade for the month of November 2015. Also refer note 3 for further details.

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

d) **Unallocated – South Africa** – Includes a credit in respect of cash-settled share-based payments of R0.609 million (six months ended 31 December 2015: R0.521 million; year ended 30 June 2016: R2.361 million) and a fair value gain in respect of a related economic hedge of R1.637 million (six months ended 31 December 2015: loss of R16.378 million; year ended 30 June 2016: loss of R27.714 million) (also refer note 5). Includes an equity-settled share-based payment charge of R1.671 million (six months ended 31 December 2015: Rnil; year ended 30 June 2016: R0.827 million) (also refer note 5). Includes a fair value loss relating to the RocoMamas contingent consideration liability of R2.816 million (six months ended 31 December 2015: R4.758 million; year ended 30 June 2016: gain of R3.723 million) (also refer note 4). Includes a loss of R0.877 million (six months ended 31 December 2015: profit of R0.458 million; year ended 30 June 2016: loss of R0.259 million) arising from The Spur Foundation Trust, a consolidated structured entity, all of which is attributable to non-controlling interests.

e) **Other International** – Other international segments comprise the group's franchise operations in Africa (outside of South Africa), Mauritius and the Middle East.

f) **Unallocated – International** – Includes a foreign exchange loss of R0.164 million (six months ended 31 December 2015: R0.958 million; year ended 30 June 2016: R3.756 million).

SHARE INFORMATION

	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	% change	Audited year ended 30 June 2016
Total shares in issue (000's)	**108 481**	108 481	–	108 481
Net shares in issue (000's)*	**95 834**	95 871	–	95 834
Weighted average number of shares in issue (000's)	**95 834**	96 061	(0.2)	95 955
Diluted weighted average number of shares in issue (000's)	**95 916**	96 061	(0.2)	95 972
Headline earnings per share (cents)	**112.69**	101.96	10.5	170.89
Diluted headline earnings per share (cents)	**112.60**	101.96	10.4	170.86
Headline earnings per share (cents) – continuing operations	**114.29**	94.40	21.1	190.01
Diluted headline earnings per share (cents) – continuing operations	**114.19**	94.40	21.0	189.98
Net asset value per share (cents)	**943.48**	925.75	1.9	902.25
Dividend per share (cents)#	**71.00**	67.00	6.0	140.00
Reconciliation of weighted average number of shares in issue ('000)				
Gross shares in issue at the beginning of period	**108 481**	108 481	–	108 481
Shares repurchased at the beginning of period	**(12 647)**	(12 361)		(12 361)
Shares repurchased during the period weighted for period not held by the group	**–**	(59)		(165)
Weighted average number of shares in issue for the period	**95 834**	96 061	(0.2)	95 955
Dilutive potential ordinary shares weighted for period outstanding (refer note 5)	**82**	–		17
Diluted weighted average number of shares in issue for the period	**95 916**	96 061	(0.2)	95 972

* 108 480 926 (as at 31 December 2015 and 30 June 2016: 108 480 926) total shares in issue less 5 812 901 (as at 31 December 2015: 5 720 901; as at 30 June 2016: 5 912 901) shares repurchased by wholly-owned subsidiary companies, 6 533 698 (as at 31 December 2015: 6 688 698; as at 30 June 2016: 6 533 698) shares held by The Spur Management Share Trust (consolidated structured entity) and 300 000 (as at 31 December 2015 and 30 June 2016: 200 000) shares held by The Spur Foundation Trust (consolidated structured entity).

\# Refers to interim and final dividend declared for the respective year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2016 have been prepared in accordance with the JSE Ltd Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa (No. 71 of 2008 amended). The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34 – Interim Financial Reporting*. The accounting policies and methods of computation applied in the preparation of these condensed consolidated financial statements are in accordance with IFRS and are consistent with those applied in the preparation of the group's annual financial statements for the year ended 30 June 2016.

2. Discontinued operation (United Kingdom)

By 30 June 2016, all operations in the UK and Ireland, representing a separate major line of business (and comprising a separate operating segment) of the group, had ceased trading. The UK segment was not previously classified as held-for-sale. The results of the segment are reported separately to continuing operations.

During the prior year, the group:

- disposed of the lease and assets of Larkspur Two Ltd (a wholly-owned subsidiary of the group operating as the Silver Lake Spur in Lakeside (England)) on 15 July 2015 for R7.303 million in cash;
- renounced the lease of Larkspur Three Ltd (an 80% held subsidiary of the group operating the Apache Spur in Aberdeen (Scotland)), in favour of the landlord on 22 September 2015 for R8.463 million in cash, and relinquished ownership of all property, plant and equipment at the site;
- disposed of the assets of Larkspur One Ltd (a wholly-owned subsidiary of the group operating the Cheyenne Spur at the O_2 Dome in London (England)) on 6 March 2016 for R7.902 million in cash;
- ceased trading Larkspur Nine Ltd (a wholly-owned subsidiary of the group operating the Soaring Eagle Spur in Leicester (England)) on 29 February 2016, effectively relinquishing control of all the tangible assets of the entity to the landlord for no consideration; and
- ceased trading Larkspur Six Ltd, Larkspur Seven Ltd, Larkspur Eight Ltd and Larkspur Ten Ltd, each wholly-owned subsidiaries of the group operating the Nevada Spur in Belfast (Northern Ireland), Two Rivers Spur in Staines (England), Rapid River Spur in Dublin (Ireland) and RBW Corby (England) respectively, on 30 June 2016, effectively relinquishing control of all the tangible assets of the respective entities to the respective landlords for no consideration.

During the current period, the group:

- commenced on 27 July 2016 with voluntary liquidation proceedings of Larkspur Six Ltd, Larkspur Seven Ltd, Larkspur Eight Ltd, Larkspur Ten Ltd and Trinity Leasing Ltd, effectively disposing of all remaining liabilities and cash balances for no consideration. The board has obtained legal opinion that the likelihood of there being any recourse by creditors or the liquidator against the group to settle any creditors' claims arising from the liquidation, is remote; and
- disposed of its 100% interest in Larkspur One Ltd for R1.

The impact of the above disposals is as follows:

R'000	Unaudited six months ended 31 December 2016 Profit on disposal of subsidiaries	Unaudited six months ended 31 December 2016 Loss on disposal of subsidiary
Net (liabilities)/assets disposed of	(5 268)	12
Cash and cash equivalents	1 506	19
Trade and other payables	(6 774)	(7)
Profit/(loss) on disposal	5 268	(12)
Proceeds on disposal	–	–

The results of the discontinued operation are illustrated below:

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	Audited year ended 30 June 2016
Revenue	–	63 972	104 302
Gross profit	–	44 830	71 790
Operating profit/(loss) before finance income	3 456	1 168	(28 871)
Net finance (expense)/income	–	(24)	24
Profit/(loss) before income tax	3 456	1 144	(28 847)
Income tax expense	–	(2 129)	(2 880)
Profit/(loss) for the period	3 456	(985)	(31 727)
Profit/(loss) attributable to owners of the company	3 731	(723)	(31 957)
Non-controlling interests	(275)	(262)	230
Profit/(loss) for the period	3 456	(985)	(31 727)
The cash flows of the discontinued operation are listed below:			
Net cash flow from operating activities	(2 758)	6 797	(11 022)
Net cash flow from investing activities	(1 525)	(2 128)	5 757
Net cash flow from financing activities	(380)	–	(484)
Net movement in cash and cash equivalents for the period	(4 663)	4 669	(5 749)

Further details of the above-listed transactions are listed below:

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	Audited year ended 30 June 2016
Loss on disposal of goodwill	–	(444)	(444)
Loss on disposal of property, plant and equipment	–	(10 927)	(24 878)
Loss on disposal of subsidiary	(12)	–	–
Profit on disposal of leases	–	16 291	15 766
Profit on disposal of property, plant and equipment	–	–	5 459
Profit on disposal of subsidiaries	5 268	–	–
Reclassification of foreign currency gain from other comprehensive income to profit, on disposal/abandonment/deregistration of foreign operations	–	4 310	7 038
Included in profit/(loss) before income tax	5 256	9 230	2 941
Income tax expense related to the above	–	(2 392)	(2 258)
Included in profit/(loss) for the period	5 256	6 838	683
Attributable to non-controlling interests	–	(202)	(216)
Attributable to owners of the company	5 256	6 636	467

3. Prior year changes in local retail operations

- **The Hussar Grill Morningside** – In September 2015, the group commenced trading a newly established The Hussar Grill in Morningside (Gauteng). The entity incurred a loss before income tax of R0.359 million for the period (six months ended 31 December 2015: R0.823 million; year ended 30 June 2016: R1.302 million) (including initial trading and start-up losses), and acquired property, plant and equipment of R2.767 million for the prior six months ended 31 December 2015 and R2.831 million for the prior year ended 30 June 2016.

- **The Hussar Grill/RocoMamas Green Point** – With effect from 15 November 2015, Opilor (Pty) Ltd, a subsidiary of the group (previously wholly-owned), acquired the lease and assets of an existing restaurant site in Mouille Point, Cape Town for R5.400 million and R0.100 million respectively. The subsidiary in question issued shares in that entity of the equivalent value to the seller in settlement of the purchase price of the transaction, such that the group's ownership interest in the entity reduced from 100% to 68%. The difference in the value of net assets attributed to non-controlling interests and the value of the shares issued to the non-controlling shareholder amounted to R0.104 million, which was charged directly to equity (retained earnings). The carrying value of the lease acquired is being amortised on a straight-line basis over the remaining lease term (of 118 months as at the transaction date).

  Prior to the transaction above, Opilor (Pty) Ltd owned The Hussar Grill in Green Point, Cape Town. Following the transaction, The Hussar Grill in Green Point was relocated to the newly acquired site in Mouille Point and consequently did not trade for the month of November 2015. In addition to the lost profit for this period, the company also incurred costs and losses of R0.411 million for the prior six months ended 31 December 2015 and R0.607 million for the prior year ended 30 June 2016 relating to the relocation, and acquired property, plant and equipment of R2.298 million for the prior six months ended 31 December 2015 and R2.551 million for the year ended 30 June 2016. The entity in question then established a new RocoMamas outlet at the Green Point site, which commenced trading in December 2015. The outlet earned a profit before income tax of R0.077 million for the current period (six months ended 31 December 2015: a loss of R0.819 million; year ended 30 June 2016: a loss of R1.881 million) (including initial trading and start-up losses), and acquired property, plant and equipment of R3.346 million in the prior six months ended 31 December 2015 and R3.531 million for the year ended 30 June 2016.

4. RocoMamas contingent consideration

With effect from 1 March 2015, the group acquired a 51% interest in RocoMamas Franchise Co (Pty) Ltd ("RocoMamas"), an entity owning the trademarks and related intellectual property of the RocoMamas brand. RocoMamas offers affordable, gourmet, hand-made Smashburgers, 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. At the date of acquisition, the company had five franchised outlets based in Gauteng.

The purchase consideration is determined as five times RocoMamas' profit before income tax of the third year following the date of acquisition. Following an initial payment of R2.0 million on the effective date, annual payments (or refunds as the case may be) are due on the first, second and third anniversaries of the acquisition date, calculated as five times the profit before income tax of the year immediately preceding the anniversary date, less any aggregate payments already made.

The total purchase consideration over the three-year period was estimated at R52.800 million (at 31 December 2015: R70.764 million; at 30 June 2016: R52.800 million) at the reporting date. The reduction in the estimated consideration at 30 June 2016 arose principally from a downward revision of the number of stores to be rolled out over the initial three-year period, and a moderation of the expected growth in turnover of existing businesses, which similarly impacted on the fair value of the contingent consideration.

The movement in the contingent consideration liability is detailed as follows:

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	Audited year ended 30 June 2016
Balance at beginning of period	**23 291**	47 383	47 383
Fair value adjustment recognised in profit before income tax	**2 816**	4 758	(3 723)
Payment made (April 2016)	**–**	–	(20 369)
Balance at end of period	**26 107**	52 141	23 291
Current portion included in current liabilities	**13 784**	17 802	9 726
Non-current portion included in non-current liabilities	**12 323**	34 339	13 565

5. Share Incentive Schemes

- **Existing cash-settled share appreciation rights scheme**

In December 2016, the fourth tranche (December 2015: third tranche) of share appreciation rights granted in terms of the group's long-term share-linked employee retention scheme was settled in cash. Details of the financial impact of the scheme are listed below:

R'000	Unaudited six months ended 31 December 2016	Unaudited six months ended 31 December 2015	Audited year ended 30 June 2016
Gross cash outflow on vesting of cash-settled rights	**(3 129)**	(18 445)	(18 445)
Gross cash (outflow)/inflow from economic hedging instrument	**(7 599)**	11 858	11 858
Refund of difference in guaranteed dividend from hedge counterparty	**240**	705	795
Net cash flow effect	**(10 488)**	(5 882)	(5 792)
Share-based payment credit	**609**	521	2 361
Fair value gain/(loss) on economic hedging instrument	**1 637**	(16 378)	(27 714)
Net gain/(expense) included in profit before income tax	**2 246**	(15 857)	(25 353)

Further details of the share appreciation rights and related hedges are detailed in notes 24 and 25 respectively on pages 130 and 132 respectively of the annual integrated report for the year ended 30 June 2016. Refer also note 9.

- **New equity-settled share incentive scheme**

Following the approval by shareholders at the annual general meeting on 4 December 2015 of the Spur Group Forfeitable Share Plan ("FSP") and Spur Group Share Appreciation Rights ("SAR") Scheme, 155 000 forfeitable shares and 1 971 663 rights were granted on 1 April 2016 to certain senior managers and directors in accordance with the rules of the respective schemes.

The forfeitable shares are subject only to a three-year service condition.

The share appreciation rights are subject to a three-year service condition as well as non-market performance criteria relating to return on equity and growth in comparable headline earnings per share over the three-year vesting period.

The grant-date fair value of the forfeitable shares was determined to be R19.57 per share.

The grant-date fair value of the share appreciation rights was determined to be R6.40 per right. The strike price of the rights is R29.40, being the 10-day volume-weighted average price of the company's shares at the date the rights were offered to participants.

The equity-settled share-based payment expense for the period included in profit before income tax amounts to R1.671 million (six months ended 31 December 2015: Rnil; year ended 30 June 2016: R0.827 million). A related deferred tax credit in the amount of R0.268 million (six months ended 31 December 2015: Rnil; year ended 30 June 2016: R0.069 million) and R0.108 million (six months ended 31 December 2015: Rnil; year ended 30 June 2016: R0.036 million) is included in profit and equity respectively.

Existing treasury shares were used in the FSP forfeitable shares granted in the prior year ended 30 June 2016. Costs associated with the transfer amounted to R0.054 million and capital gains tax amounted to R0.625 million, both of which were charged directly against equity (retained earnings).

The forfeitable shares granted resulted in 82 208 (six months ended 31 December 2015: nil; year ended 30 June 2016: 16 582) dilutive potential ordinary shares for the period. As the performance conditions of the share appreciation rights, as assessed at the reporting date, had not been met to result in any vesting of the rights, no adjustment has been made to the diluted weighted average number of shares in issue in respect of these contingently issuable shares for all periods reported.

The grant-date fair values of the forfeitable shares and share appreciation rights were determined by an independent external professional financial instruments specialist using a Black-Scholes European Call Option Model. These, and other details of the schemes, are included in note 21.5 on page 126 of the annual integrated report for the year ended 30 June 2016.

6. Investment in associate: Braviz Fine Foods

In March 2014, the group acquired a 30% interest in Braviz Fine Foods (Pty) Ltd, a start-up operation which established a rib processing plant in Johannesburg. Formal production commenced in January 2015. The initial purchase consideration amounted to R0.4 million (comprising ordinary shares of R300 and initial transaction costs of R0.4 million). The group simultaneously advanced a loan in the amount of R36.250 million to the entity. The loan bears interest at the prevailing prime overdraft rate of interest and has no formal repayment terms (although any repayment of shareholder loans is to be made on a *pro rata* basis between the respective shareholders) and is consequently considered part of the net investment in the equity-accounted investee.

The group's share of equity-accounted profit after income tax for the period amounts to R1.485 million (six months ended 31 December 2015: R2.512 million loss; year ended 30 June 2016: R8.601 million loss). As the cumulative losses from the investee exceeded the carrying value of the equity investment in the investee during an earlier period, the equity-accounted profits and losses are being adjusted to increase or reduce the carrying value of the loan receivable from the investee referred to above as indicated below:

R'000	Unaudited as at 31 December 2016	Unaudited as at 31 December 2015	Audited as at 30 June 2016
Gross carrying value of receivable considered part of net investment in equity-accounted investee	**47 453**	42 771	45 017
Cumulative share of losses of equity-accounted investee	**(8 728)**	(4 124)	(10 213)
Total net investment in equity-accounted investee	**38 725**	38 647	34 804

The loan has been subordinated in favour of the external financier of the borrower.

7. Subsequent event

No material events have occurred between the reporting date and the date of this report.

8. Contingent liabilities

- **Tax on 2004 share incentive scheme** – As reported in note 46.2 on page 162 of the annual integrated report for the year ended 30 June 2016, SARS had previously issued additional assessments to wholly-owned subsidiary, Spur Group (Pty) Ltd, in respect of the 2010 to 2012 years of assessment totalling R6.589 million (comprising R5.098 million in additional income tax and R1.491 million in interest). The additional assessments were issued following the disallowance of a deduction claimed in respect of the 2004 share incentive scheme. The assessments were settled in cash on 30 January 2015. 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), which were settled in cash on 30 September 2015. ADR proceedings with SARS failed to result in a compromise between the parties, and the matter will now be referred to court. A court date has yet to be determined. 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. The payments made to date are accounted for as prepayments of income tax.
- There have been no further changes to the status of other contingent liabilities referred to in note 46 on page 161 of the annual integrated report for the year ended 30 June 2016.

9. Fair value of financial instruments

- The forward purchase derivative financial assets/liabilities (disclosed as derivative financial assets/liabilities on the face of the statement of financial position) utilised by the group to economically hedge the impact of the cash-settled share appreciation rights granted in terms of its long-term share-linked employee retention scheme are measured at fair value at each reporting date (refer note 5). The financial instruments in question are designated as level 2 financial instruments in terms of the fair value hierarchy specified in *IFRS 13 – Fair Value Measurement*, as the inputs into the valuation model are derived from observable inputs for the assets/liabilities in question, but are not quoted prices in active markets for identical assets/liabilities. The fair values of the contracts are determined by an independent external professional financial instruments specialist using a Black-Scholes (risk-neutral pricing) option pricing model in a manner that is consistent with prior reporting periods (refer note 25 on page 132 of the annual integrated report for the year ended 30 June 2016) with the following key inputs:

Number of shares	1.5 million for settlement on 14 December 2017 (forward price: R35.94)
Spot price	R32.05
Expected volatility	26.30%
Interest rate (nominal annual compounded quarterly)	7.38%
Credit spread	2.5%

The values of the forward purchase contracts are particularly sensitive to the prevailing spot price of the company's shares. A 10% increase or decrease in the share price will increase or decrease respectively the aggregate fair value of the contracts by R4.731 million, resulting in an increase or decrease in profit before income tax respectively of the same amount.

- The liability for the contingent consideration referred to in note 4 (as disclosed on the face of the statement of financial position) was initially recognised at fair value and is subsequently recognised at fair value at each reporting date. The liability is designated as a level 3 financial instrument in terms of the fair value hierarchy as inputs into the valuation model are not based on observable market data. The fair value is determined based on the expected aggregate purchase consideration payments, discounted to present value using a risk-adjusted discount rate of 26.5% (at 31 December 2015: 27.0%; at 30 June 2016: 26.4%), being the weighted average cost of capital of the subsidiary. The expected purchase consideration payments were determined by considering various possible scenarios, and the probability of each scenario. The significant unobservable inputs are the forecast profit before income tax and the risk-adjusted discount rate. The fair value adjustment included in profit before income tax for the period is a charge of R2.816 million (six months ended 31 December 2015: R4.758 million; year ended 30 June 2016: R3.723 million credit), and relates largely to the adjustment for the time value of money. The estimated fair value of the contingent consideration liability at the reporting date would change if the forecast profit before income tax or the risk-adjusted discount rate were to change as follows:

R'000	Increase/(decrease) in fair value of liability and decrease/(increase) in profit before income tax
Change in variable:	
Projected profit before income tax	
– Increased by 5%	**2 385**
– Decreased by 5%	**(2 385)**
Discount rate	
– Increased by 2%	**(247)**
– Decreased by 2%	**256**

- 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 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.

10. Related parties

There have been no material changes in the nature or value of the related party transactions reported in note 44 on page 155 of the annual integrated report for the year ended 30 June 2016.

ADMINISTRATION

DIRECTORS

Executive Chairman: Allen Ambor

Chief Executive Officer: Pierre van Tonder

Chief Operating Officer: Mark Farrelly

Chief Financial Officer: Ronel van Dijk

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

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

COMPANY INFORMATION

Spur Corporation Ltd (registration number 1998/000828/06)

Share code: SUR

ISIN: ZAE000022653

Company Secretary: Nazrana Hawa

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

Transfer Secretaries: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

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

Website: www.spurcorporation.com

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