SPUR CORP.

PASSIONATE PEOPLE BUILDING GREAT BRANDS

NOTICE AND PROXY OF ANNUAL GENERAL MEETING AND SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

CONTENTS

LETTER TO SHAREHOLDERS

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING AND PROXY

The document accompanying this letter is our detailed notice of annual general meeting for the Spur Corporation Ltd annual general meeting to be held at 11:00 on Friday, 6 December 2019 at 14 Edison Way, Century Gate Business Park, Century City, Cape Town ("the AGM"). We have also included summarised audited consolidated financial statements with explanatory notes and commentary, and a proxy form. These documents comply with the requirements of the Companies Act (Act No. 71 of 2008, as amended) ("the Act") and the JSE Limited ("JSE") Listings Requirements.

Printed copies of the full integrated report (incorporating a full set of audited financial statements) ("integrated report") will only be mailed to shareholders on request. Should you wish to receive a printed copy of the integrated report, please forward an email request to spur@spur.co.za. The integrated report is available for download on our website at www.spurcorporation.com/investors/results-centre/.

Yours sincerely,

Kilgetty Statutory Services (South Africa) (Pty) Ltd
Company Secretary
Per C Wilson (FCIS)
(Authorised on behalf of the company secretary)

25 October 2019

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the next annual general meeting of the shareholders of the company will be held at 11:00 on Friday, 6 December 2019 at 14 Edison Way, Century Gate Business Park, Century City, Cape Town ("AGM"), to conduct the undermentioned business and for the undermentioned ordinary and special resolutions to be proposed:

PRESENTATION OF AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of the company, including the reports of the directors, audit committee, and the independent auditor, for the year ended 30 June 2019, will be presented to shareholders as required in terms of section 30(3)(d) of the Act. The directors' and independent auditor's reports are set out on pages 106 and 111 respectively of the integrated report, and the audit committee's report is set out on page 102 thereof.

PRESENTATION OF OTHER REPORTS

The reports of the risk committee, remuneration committee and social, ethics and environmental sustainability committee, as set out on pages 72, 76 and 91 respectively of the integrated report, will be presented to shareholders.

RETIREMENT OF DIRECTORS

In accordance with the company's Memorandum of Incorporation, at least two thirds of the non-executive directors retire by rotation at the annual general meeting each year. Consequently, at the AGM, Messrs Mntungwa Morojele and Muzi Kuzwayo retire by rotation. As a result of his long tenure of 11 years, Muzi Kuzwayo has declined a nomination for his re-election.

ORDINARY BUSINESS

To consider and, if deemed fit, pass the following ordinary resolutions (numbered 1 to 5), with or without modification (in order to be adopted, Ordinary Resolution Numbers 1 to 4 require the support of more than 50%, and Ordinary Resolution Number 5 requires the support of more than 75%, of the total number of votes exercisable by shareholders present or represented by proxy at the meeting):

1. Ordinary Resolution Number 1: The re-election of a director

"To re-elect Mntungwa Morojele who, in terms of the company's Memorandum of Incorporation, retires at the AGM but, being eligible, offers himself for re-election."

A brief biography of Mr Morojele is included in Annexure 2 to this document.

2. Ordinary Resolution Number 2: The election of directors appointed during the year

"To elect the following independent non-executive directors, in terms of the company's Memorandum of Incorporation, who were appointed to the board of directors during the year:

2.1 Mike Bosman;

2.2 Cora Fernandez; and

2.3 Prof Shirley Zinn."

Mr Bosman was appointed to the board on 15 November 2018, and elected as chairman with effect from 1 March 2019, following the retirement of Allen Ambor as executive chairman and director on 28 February 2018.

Ms Fernandez and Prof Zinn were appointed to the board on 17 June 2019.

Brief biographies of the aforementioned directors are included in Annexure 2 to this document.

The appointments numbered 2.1 to 2.3 constitute separate ordinary resolutions and will be considered by separate votes.

3. Ordinary Resolution Number 3: The reappointment of the independent auditor and the designated auditor

"To reappoint, as recommended by the company's audit committee, the firm KPMG Inc. as independent auditor, and Ivan Engels as the individual designated auditor, of the company for the ensuing period terminating on the conclusion of the next annual general meeting of the company and to authorise the directors to determine the remuneration of the auditors for the past year."

4. Ordinary Resolution Number 4: The appointment of the audit committee for the ensuing year

"To elect the following independent non-executive directors, who are eligible and offer themselves for election, to the audit committee for the ensuing year, as recommended by the board in accordance with section 94(2) of the Act:

4.1 Dineo Molefe (chair);

4.2 Mntungwa Morojele, subject to the passing of Ordinary Resolution Number 1; and

4.3 Cora Fernandez, subject to the passing of Ordinary Resolution Number 2.2."

Brief biographies of the aforementioned directors are included in Annexure 3 to this document.

The appointments numbered 4.1 to 4.3 constitute separate ordinary resolutions and will be considered by separate votes.

5. Ordinary Resolution Number 5: The endorsement of the remuneration report

"To endorse, by way of non-binding advisory votes:

5.1 the company's Remuneration Policy detailed on pages 79 to 86 of the company's integrated report; and

5.2 the company's remuneration implementation report detailed on pages 86 to 90 of the company's integrated report."

The ordinary resolutions numbered 5.1 and 5.2 constitute separate ordinary resolutions and will be considered by separate votes.

In accordance with Principle 14 of the King Report on Corporate Governance™* for South Africa, 2016 ("King IV™"), the company's Remuneration Policy and remuneration implementation report are tabled for consideration by shareholders. These votes enable shareholders to express their views on the remuneration policies adopted by the company and on the implementation thereof.

Ordinary Resolution Numbers 5.1 and 5.2 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration arrangements, however, the board of directors will take the outcome of the votes on these resolutions into consideration when considering amendments to the company's Remuneration Policy. Should either of the resolutions, or both, be opposed by 25% or more of the total number of votes exercisable by shareholders present or represented by proxy at the meeting, the board will issue an invitation, included in the announcement to shareholders advising of the results of the AGM, to be published on SENS on 6 December 2019, to those shareholders who voted against the applicable resolution to engage with the company at a meeting scheduled for this purpose.

SPECIAL BUSINESS

To consider and, if deemed fit, pass the following special resolutions (numbered 1 to 3), with or without modification (in order to be adopted, these resolutions require the support of at least 75% of the total number of votes exercisable by shareholders present or represented by proxy at the meeting):

6. Special Resolution Number 1: The authority to repurchase shares

"To authorise the company (or one of its subsidiaries) to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject always to the provisions of sections 46 and 48 of the Act, the Listings Requirements of the JSE ("JSE Listings Requirements") and the following limitations:

(i) that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

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

(iii) that authorisation thereto is given by the company's Memorandum of Incorporation;

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

(v) at any one time, the company (or any subsidiary) may only appoint one agent to effect any repurchase on behalf of the company or any subsidiary (as the case may be);

(vi) the repurchase of shares by the company or its subsidiaries will not take place during a prohibited period as defined by the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and this programme has been submitted to the JSE in writing. The company must instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

(vii) the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued share capital at the time this authority is given, provided that a subsidiary of the company (or subsidiaries of the company collectively) shall not hold in excess of 10% of the number of shares issued by the company;

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

(ix) prior to entering the market to proceed with the repurchase, the board of the company shall have passed a resolution that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity tests as set out in section 4 of the Act and confirming that, since the tests were performed, there had been no material changes to the financial position of the group."

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

Disclosures required in terms of the JSE Listings Requirements
In terms of the JSE Listings Requirements, the following disclosures are required with reference to the repurchase of the company's shares as set out in Special Resolution Number 1 above:

Statement of directors
As at the date of this report, the company's directors undertake that, after considering the effect of the maximum repurchase permitted, they will not implement any such repurchase unless the provisions of sections 4 and 48 of the Act will be complied with and for a period of 12 months after such general repurchase:

(i) the company and the group will be able, in the ordinary course of business, to pay its debts;

(ii) the assets of the company and the group will be in excess of the liabilities of the company and the group, recognised and measured in accordance with International Financial Reporting Standards;

(iii) the share capital and reserves of the company and the group will be adequate for ordinary business purposes;

(iv) the working capital resources of the company and the group will be adequate for ordinary business purposes; and

(v) the company and the group have complied with the applicable provisions of the Act and the JSE Listings Requirements.

Directors' responsibility statement
The current directors, whose names are given in Annexure 10 to this report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required by law and the JSE Listings Requirements.

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

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

– Major shareholders of the company (refer Annexure 6 to this report)
– Share capital (refer Annexure 7 to this report)

7. Special Resolution Number 2: The authority to provide financial assistance

"To authorise the directors in terms of, and subject to, the provisions of sections 44 and/or 45 of the Act to cause the company to, from time to time, provide any direct and/or indirect financial assistance (whether by way of loan, guarantee, the provision of security or otherwise) for a period of two years commencing on the date of this special resolution to any of its present or future subsidiaries and/or any other company or corporation which is, or becomes, related or interrelated to the company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued, or to be issued, by the company or a related or interrelated company or for the purchase of any securities of the company or related or interrelated company; provided that the board is satisfied that immediately after providing the financial assistance, the company will satisfy the solvency and liquidity tests contemplated in section 4 of the Act, that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that the conditions or restrictions in respect of the granting of the financial assistance which may be set out in the company's Memorandum of Incorporation have been satisfied; and provided further that such financial assistance is not provided to any company or corporation which is, or becomes, related or interrelated to the company solely by virtue of any director or prescribed officer of the company having, or acquiring, an interest in such other company or corporation."

7. Special Resolution Number 2: The authority to provide financial assistance continued

The reason for this special resolution is, and the effect thereof will be, to authorise the board to cause the company to provide financial assistance to any entity which is related or interrelated to the company, other than such entities which are related or interrelated to the company solely by virtue of the fact that any director or prescribed officer of the company has, or acquires, an interest in that entity.

8. Special Resolution Number 3: The authority to pay non-executive directors' remuneration

"To approve the board's recommendation in respect of remuneration of non-executive directors for services in their capacity as directors (including services rendered on any board committee), as contemplated in section 66(9) of the Act, with effect from 1 July 2019, until the expiry of a period of 24 months from the date of passing of this Special Resolution Number 3 (or until amended by special resolution of shareholders prior to the expiry of such period), which remuneration is determined as per the following table:

	Proposed fee per annum 2020
Chairman of the board	**R975 000**
Member of the board	**R425 000**
Chair/member of the audit committee	**R80 000/R40 000**
Chair/member of the nominations and remuneration committee	**R75 000/R30 000**
Chair/member of the social, ethics and environmental sustainability committee	**R75 000/R30 000**
Member of the risk committee	**R30 000**

where such amounts are stated exclusive of VAT, where applicable, as detailed in Annexure 4 to this report."

The reason for, and the effect of, this special resolution is to enable the company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to directors for their services as directors may be paid only in accordance with a special resolution approved by shareholders within the previous two years.

VOTING PROXIES

In terms of section 63(1) of the Act, before any person may attend or participate in a shareholders meeting such as the meeting convened in terms of this notice of AGM, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. The company will regard presentation of an original of a meeting participant's valid driver's licence, identity document or passport to be satisfactory identification.

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

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the AGM in person.

Forms of proxy may be presented at any time prior to or at the AGM and also at the company's registered office, or the company's transfer secretaries. Should forms of proxy be presented at the company's transfer secretaries, these must be completed and received by Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Postal Address: PO Box 61051, Marshalltown, 2107) ("Transfer Secretaries") by 11:00 on Thursday, 5 December 2019.

1. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the AGM to the exclusion of their appointed proxy/(ies) should such member wish to so do.
2. Dematerialised shareholders, other than with own name registrations, must inform their CSDP or broker of their intention to attend the AGM and obtain the necessary authorisation from their CSDP or broker to attend the AGM or provide their CSDP or broker with their voting instructions should they not be able to attend the AGM in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

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

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

RELEVANT DATES

Date of posting of this notice of AGM and announcement of AGM on SENS	Friday, 25 October 2019
Record date to determine which shareholders are entitled to receive the notice of AGM	Friday, 18 October 2019
Last day to trade in order to be eligible to attend and vote at the AGM	Tuesday, 26 November 2019
Record date to determine which shareholders are entitled to attend and vote at the AGM	Friday, 29 November 2019
Forms of proxy to be lodged at the company's transfer secretaries by 11:00 on	Thursday, 5 December 2019
Forms of proxy to be received at the AGM of the company by 11:00 on	Friday, 6 December 2019
AGM of the company to be held at 11:00 on	Friday, 6 December 2019
Results of the AGM announced on SENS	Friday, 6 December 2019

By order of the board

Kilgetty Statutory Services (South Africa) (Pty) Ltd
Company Secretary
Per C Wilson (FCIS)
(Authorised on behalf of the company secretary)

25 October 2019

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Note	2019 R'000	Restated 2008* R'000
Revenue	5	**944 779**	891 797
Cost of sales		**(207 878)**	(211 774)
Gross profit		**736 901**	680 023
Other income	6	**1 918**	23 390
Administration expenses		**(157 430)**	(161 340)
Franchise operations expenses		**(105 861)**	(96 363)
Impairment losses – financial instruments	7	**(20 375)**	(7 813)
Marketing expenses (refer note 3.1)		**(195 030)**	(194 602)
Other non-trading losses	7	**(1 555)**	(12 745)
Retail operating expenses		**(32 555)**	(33 029)
Operating profit before finance income	7	**226 013**	197 521
Net finance income		**32 409**	29 905
Interest income		**32 445**	29 995
Interest expense		**(36)**	(90)
Share of loss of equity-accounted investee (net of income tax)	10	**(1 345)**	(1 813)
Profit before income tax		**257 077**	225 613
Income tax expense (refer note 8)		**(84 659)**	(66 589)
Profit		**172 418**	159 024
Other comprehensive income#		**687**	3 433
Foreign currency translation differences for foreign operations		**771**	3 617
Foreign exchange loss on net investments in foreign operations		**(84)**	(184)
Total comprehensive income		**173 105**	162 457
Profit attributable to:			
Owners of the company		**165 118**	154 662
Non-controlling interests		**7 300**	4 362
Profit		**172 418**	159 024
Total comprehensive income attributable to:			
Owners of the company		**165 805**	158 095
Non-controlling interests		**7 300**	4 362
Total comprehensive income		**173 105**	162 457
Earnings per share (cents)			
Basic earnings	9	**173.69**	161.81
Diluted earnings	9	**173.22**	161.51

* Refer note 3.1 for details of changes to comparative information on adoption of *IFRS 15 – Revenue from Contracts with Customers.*

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	**2019 R'000**	Restated 2008* R'000
ASSETS			
Non-current assets		**481 344**	595 433
Property, plant and equipment		**100 390**	101 094
Intangible assets and goodwill (refer note 13)		**369 092**	362 709
Interest in equity-accounted investee	10	**–**	3 461
Loans receivable	11	**5 391**	118 483
Deferred tax		**3 085**	5 750
Leasing rights		**3 386**	3 936
Current assets		**557 494**	424 296
Inventories		**10 299**	15 702
Tax receivable		**36 939**	36 197
Trade and other receivables		**106 011**	99 997
Loans receivable	11	**105 961**	12 505
Restricted cash (refer note 3.1)		**14 305**	6 796
Cash and cash equivalents		**283 979**	253 099
TOTAL ASSETS		**1 038 838**	1 019 729
EQUITY			
Total equity		**876 295**	852 105
Ordinary share capital		**1**	1
Share premium		**294 663**	294 663
Shares repurchased by subsidiaries	12	**(126 811)**	(107 202)
Foreign currency translation reserve		**30 369**	29 682
Share-based payments reserve		**4 400**	3 731
Retained earnings		**663 093**	621 806
Total equity attributable to owners of the company		**865 715**	842 681
Non-controlling interests		**10 580**	9 424
LIABILITIES			
Non-current liabilities		**89 596**	86 956
Contingent consideration liability (refer note 13)		**1 011**	–
Contract liabilities (refer note 3.1)		**29 045**	27 813
Operating lease liability		**3 110**	3 919
Deferred tax		**56 430**	55 224
Current liabilities		**72 947**	80 668
Tax payable		**1 396**	1 067
Trade and other payables		**66 611**	74 438
Contract liabilities (refer note 3.1)		**4 226**	4 532
Shareholders for dividend		**714**	631
TOTAL EQUITY AND LIABILITIES		**1 038 838**	1 019 729

* Refer note 3.1 for details of changes to comparative information on adoption of *IFRS 15 – Revenue from Contracts with Customers*.

SUMMARISED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE

R'000	Ordinary share capital and share premium (net of treasury shares)	Retained earnings and other reserves	Non-controlling interests	Total
Balance at 30 June 2017 (audited)	191 708	633 449	12 019	837 176
IFRS 15 change in accounting policy (refer note 3.1)	–	(20 164)	(1 167)	(21 331)
Restated balance at 1 July 2017	191 708	613 285	10 852	815 845
Restated total comprehensive income	–	158 095	4 362	162 457
Profit	–	154 662	4 362	159 024
Other comprehensive income	–	3 433	–	3 433
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners	(4 246)	(116 161)	(5 790)	(126 197)
Equity-settled share-based payment	–	2 387	–	2 387
Purchase of treasury shares (refer note 12)	(4 246)	–	–	(4 246)
Dividends	–	(118 548)	(5 790)	(124 338)
Restated balance at 30 June 2018	187 462	655 219	9 424	852 105
IFRS 9 adjustment on initial application (refer note 3.2)	**–**	**(8 855)**	**(21)**	**(8 876)**
Adjusted balance at 1 July 2018	**187 462**	**646 364**	**9 403**	**843 229**
Total comprehensive income	**–**	**165 805**	**7 300**	**173 105**
Profit	**–**	**165 118**	**7 300**	**172 418**
Other comprehensive income	**–**	**687**	**–**	**687**
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners	**(19 609)**	**(114 307)**	**(6 840)**	**(140 756)**
Equity-settled share-based payment	**–**	**3 372**	**–**	**3 372**
Indirect costs arising on intra-group sale of shares related to equity-settled share-based payment	**–**	**(610)**	**–**	**(610)**
Purchase of treasury shares (refer note 12)	**(19 609)**	**–**	**–**	**(19 609)**
Dividends	**–**	**(117 069)**	**(6 840)**	**(123 909)**
Changes in ownership interests in subsidiaries	**–**	**–**	**717**	**717**
Acquisition of controlling interest in business (refer note 13)	**–**	**–**	**717**	**717**
Balance at 30 June 2019	**167 853**	**697 862**	**10 580**	**876 295**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

	2019 R'000	Restated 2018* R'000
Operating profit before working capital changes	**260 804**	221 062
Working capital changes	**(15 885)**	(19 527)
Cash generated from operations	**244 919**	201 535
Interest income received	**22 014**	21 244
Interest expense paid	**(36)**	(90)
Tax paid	**(81 408)**	(60 646)
Dividends paid	**(123 826)**	(124 250)
Net cash flow from operating activities	**61 663**	37 793
Cash flow from investing activities		
Acquisition of business (refer note 13)	**(5 012)**	–
Additions of intangible assets	**(1 513)**	(1 924)
Additions of property, plant and equipment	**(9 320)**	(10 291)
Cash outflow from share-based payment hedge	**–**	(13 740)
Increase in investment in associate (refer note 10.1)	**(1 241)**	(5 274)
Loans receivable advanced	**(3 648)**	(11 188)
Proceeds from disposal of associate (refer note 10.2)	**–**	17 500
Proceeds from disposal of property, plant and equipment and intangibles	**66**	302
Repayment of loans receivable	**9 490**	7 386
Net cash flow from investing activities	**(11 178)**	(17 229)
Cash flow from financing activities		
Acquisition of treasury shares (refer note 12)	**(19 609)**	(4 246)
Settlement of contingent consideration	**–**	(18 542)
Net cash flow from financing activities	**(19 609)**	(22 788)
Net movement in cash and cash equivalents	**30 876**	(2 224)
Effect of foreign exchange fluctuations	**4**	(192)
Net cash and cash equivalents at beginning of year	**253 099**	255 515
Net cash and cash equivalents at end of year	**283 979**	253 099

* Refer note 3.1 for details of changes to comparative information on adoption of *IFRS 15 – Revenue from Contracts with Customers*.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These summarised audited consolidated financial statements for the year ended 30 June 2019 ("summarised financial statements") have been extracted from the audited consolidated financial statements for the year then ended, but are not audited themselves. The directors take full responsibility for the preparation of the summarised financial statements and that the financial information has been correctly extracted from the underlying audited consolidated financial statements. These summarised financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and the requirements of the South African Companies Act (Act No. 71 of 2008, as amended) as applicable to summarised financial statements.

The audited consolidated financial statements from which the summarised financial statements are extracted have been prepared in accordance with 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.

2. AUDIT REPORT

The consolidated financial statements from which the summarised financial statements are extracted were audited by KPMG Inc., who expressed an unmodified opinion thereon. The complete audited consolidated financial statements and the auditor's report thereon are available for inspection at the company's registered office.

3. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP

3.1 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers replaces *IAS 18 – Revenue* for annual periods beginning on or after 1 January 2018. IFRS 15 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 control of promised goods or services to customers and that the amount of revenue should reflect the consideration to which the entity expects to be entitled in exchange for those goods and services.

The group has adopted this standard fully retrospectively as at the start of the earliest period presented (i.e. 1 July 2017). The consequential change in accounting policy has therefore resulted in a restatement of the comparative figures on the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows as detailed alongside.

The effect of adopting IFRS 15 on the opening statement of financial position as at 1 July 2017 is as follows:

R'000	Audited as at 30 June 2017	IFRS 15 adjustment – Initial franchise fees and distribution costs reallocation	IFRS 15 adjustment – Marketing funds	Total IFRS 15 adjustment	Restated as at 1 July 2017
Non-current assets					
Deferred tax	1 450	–	2 558	2 558	**4 008**
Current assets					
Loans receivable	19 085	–	(9 617)	(9 617)	**9 468**
Restricted cash	–	–	5 947	5 947	**5 947**
Cash and cash equivalents	265 953	–	(5 947)	(5 947)	**260 006**
		–	(9 617)	(9 617)	
Equity					
Retained earnings	605 388	(18 605)	(1 559)	(20 164)	**585 224**
Non-controlling interests	12 019	(1 167)	–	(1 167)	**10 852**
		(19 772)	(1 559)	(21 331)	
Non-current liabilities					
Contract liabilities	–	23 637	–	23 637	**23 637**
Deferred tax	60 924	(7 689)	1 412	(6 277)	**54 647**
		15 948	1 412	17 360	
Current liabilities					
Contract liabilities	–	3 824	–	3 824	**3 824**
Loans payable	6 912	–	(6 912)	(6 912)	**–**
		3 824	(6 912)	(3 088)	

3. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

3.1 IFRS 15 – Revenue from contracts with customers continued

The effect of adopting IFRS 15 on comparative information is as follows:

Statement of financial position R'000	Audited as at 30 June 2018	IFRS 15 adjustment – Initial franchise fees and distribution costs reallocation	IFRS 15 adjustment – Marketing funds	Total IFRS 15 adjustment	Restated as at 30 June 2018
Non-current assets					
Loans receivable	132 816	–	(14 333)	(14 333)	**118 483**
Deferred tax	1 736	–	4 014	4 014	**5 750**
		–	(10 319)	(10 319)	
Current assets					
Loans receivable	12 943	–	(438)	(438)	**12 505**
Restricted cash	–	–	6 796	6 796	**6 796**
Cash and cash equivalents	259 895	–	(6 796)	(6 796)	**253 099**
		–	(438)	(438)	
Equity					
Foreign currency translation reserve	30 022	(340)	–	(340)	**29 682**
Retained earnings	645 827	(21 453)	(2 568)	(24 021)	**621 806**
Non-controlling interests	10 919	(1 495)	–	(1 495)	**9 424**
		(23 288)	(2 568)	(25 856)	
Non-current liabilities					
Contract liabilities	–	27 813	–	27 813	**27 813**
Deferred tax	61 748	(9 057)	2 533	(6 524)	**55 224**
		18 756	2 533	21 289	
Current liabilities					
Contract liabilities	–	4 532	–	4 532	**4 532**
Loans payable	10 722	–	(10 722)	(10 722)	**–**
		4 532	(10 722)	(6 190)	

Statement of profit or loss and other comprehensive income R'000	Audited year ended 30 June 2018	IFRS 15 adjustment – Initial franchise fees and distribution costs reallocation	IFRS 15 adjustment – Marketing funds	Total IFRS 15 adjustment	Restated year ended 30 June 2018
Revenue	667 192	(4 411)	229 016	224 605	**891 797**
Cost of sales	(193 998)	(4 915)	(12 861)	(17 776)	**(211 774)**
Gross profit	473 194	(9 326)	216 155	206 829	**680 023**
Other income	44 903	–	(21 513)	(21 513)	**23 390**
Operating expenses	(316 205)	4 915	(194 602)	(189 687)	**(505 892)**
Operating profit before finance income	201 892	(4 411)	40	(4 371)	**197 521**
Interest income	31 322	–	(1 327)	(1 327)	**29 995**
Interest expense	(33)	–	(57)	(57)	**(90)**
Share of loss of equity-accounted investee (net of income tax)	(1 813)	–	–	–	**(1 813)**
Profit before income tax	231 368	(4 411)	(1 344)	(5 755)	**225 613**
Income tax expense	(68 159)	1 235	(335)	1 570	**(66 589)**
Profit after income tax	163 209	(3 176)	(1 009)	(4 185)	**159 024**
Other comprehensive income	3 773	(340)	–	(340)	**3 433**
Total comprehensive income	166 982	(3 516)	(1 009)	(4 525)	**162 457**
Profit attributable to:	163 209	(3 176)	(1 009)	(4 185)	**159 024**
Owners of the company	158 519	(2 848)	(1 009)	(3 857)	**154 662**
Non-controlling interests	4 690	(328)	–	(328)	**4 362**
Total comprehensive income attributable to:	166 982	(3 516)	(1 009)	(4 525)	**162 457**
Owners of the company	162 292	(3 188)	(1 009)	(4 197)	**158 095**
Non-controlling interests	4 690	(328)	–	(328)	**4 362**
Earnings per share (cents)	165.85	(2.98)	(1.06)	(4.04)	**161.81**
Diluted earnings per share (cents)	165.54	(2.97)	(1.06)	(4.03)	**161.51**
Headline earnings	153 656	(2 848)	(1 009)	(3 857)	**149 799**
Headline earnings per share (cents)	160.76	(2.98)	(1.05)	(4.03)	**156.73**
Diluted headline earnings per share (cents)	160.46	(2.97)	(1.06)	(4.03)	**156.43**

3. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

3.1 IFRS 15 – Revenue from Contracts with Customers continued

3.1.1 Changes to the group's accounting policies

Accounting for marketing funds and marketing fund administration fees

The franchise agreements concluded between the group and its franchisees provide for the payment by franchisees to the group of an ongoing franchise fee and a marketing fund contribution. Both the franchise fee and the marketing fund contribution are determined as a percentage of the franchised restaurants' sales. The franchise fee is paid by the franchisee to the group for the franchise support services provided by the group in terms of the franchise agreement, and for the ongoing access to intellectual property required by the franchisee to operate the franchised restaurant. The marketing fund contributions paid by the franchisee to the group are required, in terms of the franchise agreements, to be accounted for by the group separately to its own funds, and must be used on marketing-related costs for the benefit of the respective bodies of franchisees contributing to the respective marketing funds, save to the extent that the group may retain, for its own benefit, that amount of the marketing fund contributions required to defray the costs of administering the respective marketing funds on behalf of the respective bodies of franchisees. The group has accordingly established, and administers, a number of marketing funds, in accordance with the franchise agreements, to discharge its obligations to its franchisees in this regard.

In terms of *IAS 18 – Revenue*, revenue was recognised where the reporting entity acted as principal, and not agent. The board had previously exercised judgement in determining that the group was not exposed to the significant risks and rewards associated with the marketing fund contributions, and accordingly it acted as an agent of the respective bodies of franchisees, and not as principal, in administering the marketing funds. The marketing fund contributions were accordingly not recognised as revenue. To the extent that the marketing fund contributions were retained by the group to administer the respective marketing funds, these amounts were considered a recovery of costs incurred by the group and as such were included in *other income* in the statement of profit or loss and other comprehensive income. As marketing fund contributions were not recognised as revenue, the disbursement of marketing fund contributions on marketing services for the benefit of franchisees was not recognised as an expense to the group. The cumulative surplus or deficit in each marketing fund was consequently previously recognised as a financial liability (loan payable) or financial asset (loan receivable) respectively in the statement of financial position.

The group's separate legal obligations to provide franchise support services to franchisees and administer the marketing fund contributions received from franchisees on their behalf, cannot be considered separate and distinct performance obligations in accordance with IFRS 15, as the two legal obligations are integrally linked: a franchisee may not separately benefit from the marketing funds' activities without being a franchisee of the group and being entitled to the support services provided by the group to all its franchisees in terms of the franchise agreements. The services provided by the respective marketing funds are for the benefit of the respective brands and bodies of franchisees as a whole, and not specific individual franchisees or locations. The two legal obligations are accordingly highly interrelated and interdependent on each other, and considered a single performance obligation as contemplated by IFRS 15.

IFRS 15 requires that the revenue attributable to a performance obligation is recognised to depict the transfer of control of the promised goods or services. As there is only one performance obligation in terms of IFRS 15, the separate legal obligations cannot be accounted for separately. Accordingly, the marketing fund contributions are now recognised as revenue on the same basis as franchise fee revenue. Both franchise fee revenue and marketing fund contributions are considered to be sales-based royalties as contemplated by IFRS 15, and are therefore now recognised in the period in which the related franchisee sales are recognised. The disbursement of marketing fund contributions on marketing services are now recognised as an expense (disclosed as *marketing expenses* in the statement of profit or loss and other comprehensive income) as incurred. In addition, the respective marketing funds sell specific products to franchisees: these are recognised as revenue as the goods are sold, with the corresponding cost of goods sold recognised in *cost of sales* in the statement of profit or loss and other comprehensive income. The resulting surplus or deficit in any period is now recognised in profit or loss, although any such cumulative profit/surplus <u>is not for the benefit of the owners of the company, and will not, in the ordinary course of business, be distributable to shareholders</u>. No financial liability or financial asset is recognised for any cumulative surplus or deficit in a marketing fund. Instead, any surplus funds are identified as "restricted" cash balances as the group can only use these funds for future marketing purposes.

Initial franchise fees

Franchisees are charged an initial fixed value franchise fee by the group, as franchisor, upon signature of the franchise agreements concluded with franchisees. The initial franchise fee is non-refundable. The franchise agreements oblige the group to undertake activities for the duration of the franchise agreement to, *inter alia*, support the franchisee's brand, where such activities significantly affect the intellectual property to which the franchisee has rights, without resulting in a transfer of control of specific goods or services. The group previously recognised revenue in respect of the initial franchise fees in full upon meeting the recognition criteria of IAS 18, i.e. where the inflow of economic benefits was probable and the amount could be reliably measured. However, as the group's performance obligation in relation to the initial franchise fee is satisfied over time, IFRS 15 requires that the revenue be recognised on a straight-line basis over the term of the franchise agreement.

Distribution costs

The group's manufacturing facilities supply products to the group's outsourced logistics service provider. The group is obliged, at its cost, to deliver the goods it manufactures and supplies to the logistics service provider, to specific depots belonging to the service provider. The performance obligation in terms of the contract with the service provider comprises a promise to both supply and deliver the inventory in question. Accordingly, the costs associated with delivering the inventory to the service provider's depots is a cost that is directly associated with transferring the control of the promised goods to fulfil the performance obligation in this regard. Consequently, distribution costs, which were previously disclosed separately on the statement of profit or loss and other comprehensive income as *distribution expenses*, have been reallocated to *cost of sales*.

The impact on revenue and other items of the primary financial statements such as deferred taxes, income tax expense, retained earnings, non-controlling interests and exchange differences on translation of foreign operations are detailed in the tables above.

3. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

3.2 IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments replaces *IAS 39 – Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

IFRS 9 was adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised as a transitional adjustment against retained earnings on 1 July 2018. The effect of the IFRS 9 transitional adjustment at 1 July 2018 is as follows:

R'000	Restated as at 30 June 2018*	IFRS 9 transitional adjustment	Restated as at 1 July 2018
Non-current assets			
Loans receivable	118 483	(5 651)	**112 832**
Current assets			
Trade and other receivables	99 997	(2 875)	**97 122**
Loans receivable	12 505	(1 155)	**11 350**
		(4 030)	
Equity			
Retained earnings	621 806	(8 855)	**612 951**
Non-controlling interests	9 424	(21)	**9 403**
		(8 876)	
Non-current liabilities			
Deferred tax	55 224	(805)	**54 419**

* Refer note 3.1.

The group adopted the consequential amendments to *IFRS 7 – Financial Instruments Disclosures* which are applied to disclosures for the year ended 30 June 2019, but these have not been generally applied to comparative information.

3.2.1 Changes to the group's accounting policies

Classification and measurement

Except for certain trade receivables, under IFRS 9, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI criterion").

On 1 July 2018 (the date of initial application of IFRS 9) the group has classified its financial instruments into the following IFRS 9 categories:

Financial instrument	IAS 39 Classification	IFRS 9 Classification and subsequent measurement	IAS 39 carrying amount R'000	IFRS 9 carrying amount R'000
Loans receivable	Loans and receivables	Amortised cost	130 988*	124 182
Loan receivable included in interest in equity-accounted investee	Loans and receivables	Amortised cost	3 461	3 461
Financial instruments included in trade and other receivables	Loans and receivables	Amortised cost	95 727	92 852
Cash and cash equivalents and restricted cash	Loans and receivables	Amortised cost	259 895	259 895
Financial liabilities included in trade and other payables	Other financial liabilities	Amortised cost	4 591	4 591
Shareholders for dividends	Other financial liabilities	Amortised cost	631	631

* Refer note 3.1.

The new classification and measurement of the group's debt financial assets are at amortised cost as they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

The assessment of the group's business models was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration assets and liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the group's accounting for impairment losses for financial assets by replacing IAS 39's *incurred loss approach* with a forward-looking *expected credit loss ("ECL") approach*. IFRS 9 requires the group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the group has applied the standard's simplified approach and has calculated ECLs based on lifetime ECLs.

3. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

3.2 IFRS 9 – Financial Instruments continued

3.2.1 Changes to the group's accounting policies continued

Impairment of financial assets

For debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. In all cases, the group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. On initial application of IFRS 9, as the group has been unable to determine without undue cost or effort, whether there has been a significant increase in credit risk since origination of the financial instruments existing at initial application, the group has recognised an allowance based on the lifetime ECLs, and will continue to do so, for those specific financial instruments until they are derecognised, in accordance with the transitional provisions of IFRS 9.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the group's debt financial assets. The increase in allowance resulted in an adjustment to retained earnings.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The group determined that the application of IFRS 9's impairment requirements at 1 July 2018 resulted in an additional impairment allowance as follows:

	R'000
Loss allowance at 30 June 2018 under IAS 39	7 553
Trade receivables	800
Loans receivable	6 753
Additional impairment recognised at 1 July 2018 under IFRS 9	9 681
Trade receivables	2 875
Loans receivable	6 806
Loss allowance at 1 July 2018 under IFRS 9	**17 234**
Trade receivables	3 675
Loans receivable	13 559

In addition to, and as a result of, the adjustments described above, other items of the primary financial statements such as deferred taxes, income tax expense, retained earnings, non-controlling interests and exchange differences on translation of foreign operations were adjusted as necessary.

4. OPERATING SEGMENTS

	2019 R'000	Restated 2018 R'000
External revenue		
Manufacturing and distribution	**201 934**	186 224
Franchise – Spur	**230 522**	210 073
Franchise – Pizza and Pasta	**37 588**	35 578
Franchise – John Dory's	**21 287**	19 714
Franchise – Captain DoRegos (refer note a)	**–**	2 526
Franchise – The Hussar Grill	**6 879**	6 206
Franchise – RocoMamas	**33 685**	31 100
Franchise – Nikos (refer note b)	**2 660**	–
Retail (refer note c)	**69 753**	69 534
Marketing (refer note d)	**245 112**	231 862
Other South Africa (refer note e)	**51 807**	60 284
Total South African segments	**901 227**	853 101
Unallocated – South Africa	**2 319**	1 329
Total South Africa	**903 546**	854 430
Australasia	**4 349**	6 560
Marketing (refer note d)	**7 266**	7 814
Other International (refer note h)	**29 618**	22 993
Total International	**41 233**	37 367
TOTAL EXTERNAL REVENUE	**944 779**	891 797

Refer notes on page 23.

4. OPERATING SEGMENTS continued

	2019 R'000	Restated 2018 R'000
Profit/(loss) before income tax		
Manufacturing and distribution	**73 360**	61 050
Franchise – Spur	**192 361**	176 328
Franchise – Pizza and Pasta	**23 453**	21 732
Franchise – John Dory's	**9 880**	9 409
Franchise – Captain DoRegos (refer note a)	**–**	4 604
Franchise – The Hussar Grill	**5 664**	4 790
Franchise – RocoMamas	**24 380**	21 471
Franchise – Nikos (refer note b)	**779**	–
Retail (refer note c)	**8 576**	6 785
Marketing (refer note d)	**12 555**	(1 237)
Other South Africa (refer note e)	**(6 208)**	(4 953)
Total South African segments	**344 800**	299 979
Unallocated – South Africa (refer note f)	**(74 143)**	(65 352)
Total South Africa	**270 657**	234 627
Australasia (refer note g)	**(16 992)**	(10 980)
Marketing (refer note d)	**917**	(107)
Other International (refer note h)	**12 663**	10 378
Total International segments	**(3 412)**	(709)
Unallocated – International (refer note i)	**(8 823)**	(6 492)
Total International	**(12 235)**	(7 201)
PROFIT BEFORE INCOME TAX AND SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEE	**258 422**	227 426
Share of loss of equity-accounted investee (net of income tax) (refer note 10)	**(1 345)**	(1 813)
PROFIT BEFORE INCOME TAX	**257 077**	225 613

Notes

a) **Franchise – Captain DoRegos** – The business was disposed of with effect from 1 March 2018. The prior year to 30 June 2018 includes a profit on disposal of the trademark and related intellectual property attributable to the business of R4.750 million (refer note 14).

b) **Franchise – Nikos** – The business was acquired with effect from 1 August 2018 (refer note 13).

c) **Retail** – This segment comprises the group's interests in local restaurants consisting of four The Hussar Grill restaurants and one RocoMamas outlet.

d) **Marketing** – These segments comprise the surplus or deficit of marketing fund contributions relative to marketing fund expenses for the year (refer note 3.1). The group is obligated, in accordance with the franchise agreements concluded between franchisees and the group, to spend the marketing fund contributions for the benefit of franchisees. Accordingly, any cumulative surplus recognised in profit is not for the benefit of the owners of the company, and will not, in the ordinary course of business, be distributable to shareholders.

e) **Other South Africa** – Other local segments include the group's training division, export business, décor manufacturing business, call centre and radio station which are each individually not material. The profit in the current year includes retrenchments costs of R1.410 million attributable to the group's décor manufacturing business.

f) **Unallocated – South Africa** – Loss includes:

	Note	**2019 R'000**	2018 R'000
Net finance income		**32 789**	30 537
Impairment allowance – GPI receivable	11.4	**(6 688)**	–
Impairment allowance – expected credit loss on other financial instruments	11	**(1 443)**	–
Contingent consideration fair value adjustment (refer note 13)		**(1 555)**	(12 745)
Cash-settled share-based payment credit		**–**	885
Fair value loss on related economic hedge		**–**	(3 168)
Equity-settled share-based payment charge		**(3 272)**	(1 919)
Profit on disposal of Braviz funding instruments	10.2	**–**	17 500
Litigation costs – SARS dispute	16.1	**(86)**	(1 692)
Profit/(loss) of Spur Foundation Trust, all of which is attributable to non-controlling interests		**408**	(1 040)

g) **Australasia** – Loss includes:

	Note	**2019 R'000**	2018 R'000
Impairment allowance – expected credit loss on financial instruments	11	**(8 868)**	(6 753)
Impairment of loan included in investment in associate	10.1	**(3 357)**	–
RocoMamas establishment costs (travel, legal, marketing and preopening costs) (refer note 10.1)		**–**	(2 253)
Foreign exchange losses		**(10)**	(44)
Other assets written off		**–**	(477)

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

i) **Unallocated – International** – The current year includes the Zambia litigation settlement and related legal costs amounting to R2.350 million (refer note 16.2). Includes a foreign exchange loss of R0.592 million (2018: R0.357 million).

5. REVENUE

	2019 R'000	Restated 2018 R'000
Sales-based royalties	**588 999**	539 420
Ongoing franchise fee income	**354 494**	326 896
Marketing fund contributions	**234 505**	212 524
Recognised at a point in time	**326 037**	324 832
Sales of purchased and manufactured sauces	**150 853**	145 067
Retail restaurants' sales	**69 753**	69 534
Distribution income	**46 517**	34 981
Sales of franchisee supplies	**45 188**	51 893
Sales of marketing materials	**9 162**	17 181
Rebate income	**4 564**	6 176
Recognised over time	**29 743**	27 545
Initial franchise fee income	**10 392**	6 836
Services rendered	**10 640**	10 738
Marketing supplier contributions	**8 711**	9 971
Total external revenue	**944 779**	891 797

6. OTHER INCOME

	2019 R'000	Restated 2018 R'000
Profit on disposal of property, plant and equipment	**11**	156
Profit on sale of equity-accounted investee (refer note 10.2)	**–**	17 500
Profit on disposal of intangible asset (refer note 14)	**–**	4 750
Spur Foundation donation income	**1 654**	872
Other	**253**	112
Total other income	**1 918**	23 390

7. OPERATING PROFIT BEFORE FINANCE INCOME

The following items have been taken into account in determining operating profit before finance income (other than those items disclosed in other income (see note 6)):

	2019 R'000	2018 R'000
Amortisation – intangible assets	**884**	1 281
Depreciation	**9 969**	9 406
Fair value loss on derivative financial instruments at fair value through profit or loss	**–**	3 168
Foreign exchange loss	**602**	401
Impairment losses – Financial instruments	**20 375**	7 813
Bad debts – trade receivables	**254**	1 195
Impairment of loan advanced to associate (refer note 10.1)	**3 357**	–
Impairment allowance – trade receivables	**146**	(135)
Impairment allowance – loans receivable (net) (refer note 11)	**16 618**	6 753
Reversal of impairment allowance – loans receivable (refer note 11)	**(2 916)**	–
Write off of loans receivable (refer note 11)	**2 916**	–
Other non-trading losses	**1 555**	12 745
Fair value loss on contingent consideration liability (refer note 13)	**1 555**	12 745

8. RECONCILIATION OF TAX RATE

	2019 %	Restated 2018 %
South African normal tax rate	**28.0**	28.0
Effect of foreign jurisdictions	**–**	0.1
Non-deductible fair value loss on contingent consideration liability	**0.2**	1.6
Non-deductible loan impairments	**1.3**	0.8
Non-deductible other expenditure (listings costs, retrenchment costs and capital items and items not in the production of income)	**1.5**	2.3
Non-taxable interest income	**(1.0)**	(1.1)
Non-taxable income – marketing fund surplus	**(0.1)**	–
Non-taxable profit on disposal of Braviz loans	**–**	(3.6)
Non-taxable profit on disposal of Captain DoRegos	**–**	(0.6)
Prior year underprovision	**0.2**	–
Share of loss of equity-accounted investee	**0.2**	0.2
Tax losses on which deferred tax not raised	**1.5**	0.6
Tax losses utilised on which deferred tax not provided	**(0.5)**	(0.5)
Withholding taxes not recoverable	**1.6**	1.7
Effective rate of tax	**32.9**	29.5

9. EARNINGS PER SHARE

Statistics	2019 cents	Restated 2018 cents
Basic earnings per share	**173.69**	161.81
Diluted earnings per share	**173.22**	161.51
Headline earnings per share	**173.68**	156.73
Diluted headline earnings per share	**173.21**	156.43

The earnings used for diluted earnings per share are the same as the earnings used for basic earnings per share, which equates to profit attributable to the owners of the company of R165.118 million (2018: R154.662 million) for the group.

Reconciliation of shares in issue to weighted average and dilutive weighted average number of ordinary shares

	2019 ’000	2018 ’000
Shares in issue at beginning of year	**108 481**	108 481
Shares repurchased at beginning of year	**(12 972)**	(12 812)
Shares repurchased during the year weighted for period held by the group (refer note 12)	**(477)**	(89)
Shares issued during the year weighted for period in issue	**33**	–
Weighted average number of ordinary shares in issue for the year	**95 065**	95 580
Dilutive potential ordinary shares weighted for period outstanding	**257**	181
Dilutive weighted average number of shares in issue for the year	**95 322**	95 761

Reconciliation of headline earnings

	2019 R’000	Restated 2018 R’000
Profit attributable to owners of the company	**165 118**	154 662
Profit on disposal of intangible assets	**–**	(4 750)
Profit on disposal of property, plant and equipment	**(11)**	(156)
Income tax impact of above adjustments	**3**	44
Amount of above adjustments attributable to non-controlling interests	**–**	(1)
Headline earnings	**165 110**	149 799

10. INTEREST IN EQUITY-ACCOUNTED INVESTEE

10.1 RocoMamas Australia – Associate

	2019 R'000	2018 R'000
Balance at beginning of year	**3 461**	–
Loan advanced to investee	**1 241**	5 274
Share of loss of equity-accounted investee (net of income tax)	**(1 345)**	(1 813)
Impairment of loan recognised in terms of IFRS 9	**(3 357)**	–
Balance at end of year	**–**	3 461

During the prior year, with effect from 1 July 2017, the group acquired 45% of the issued share capital in RocoMamas Restaurants Australia Pty Ltd ("RRA"), a newly incorporated company incorporated and domiciled in Australia, for a nominal consideration. During the prior year, the group advanced R5.274 million to RRA on loan account for the purposes of capitalising the entity and in respect of which settlement is neither planned nor likely to happen in the foreseeable future. The purpose of the investment was to establish a partnership with entrepreneurs having industry expertise in Australia to launch the RocoMamas brand in that country. To this end, subsidiaries in the group granted a subsidiary of RRA a master franchise agreement, in terms of which the entity was granted rights to exploit the RocoMamas trademarks and related intellectual property in Australasia. RRA furthermore provided finance to another subsidiary of RRA in the prior year to build the first RocoMamas restaurant in Australia, trading in Melbourne, which commenced trading in June 2018.

During the current year, further advances of R1.241 million were made to RRA on the same terms as above, to fund working capital of the business.

The loss in the current year relates to the trading operations of the business. The loss in the prior year related to costs incurred to establish the entities concerned, refine the intellectual property for the brand in the country and pre-opening costs associated with the new restaurant.

Sustained operating losses of the business in the year indicated a potential impairment. The board has considered the future cash flows of the business and has concluded that the prospects of recovery of the group's funding of the investment is negligible. The carrying value of the investment (comprising a loan receivable from the associate) has accordingly been impaired in full.

10.2 Braviz Fine Foods

In March 2014, the group acquired a 30% interest in Braviz Fine Foods (Pty) Ltd ("Braviz"), a start-up operation which established a rib processing plant in Johannesburg for R0.4 million. The group had previously advanced loans in the amount of R36.250 million to the entity, the full extent of which were impaired in the financial year ended 30 June 2017.

During the prior year, with effect from 6 November 2017, the group concluded an agreement to sell its equity interest and loan claims with Braviz to the existing Braviz shareholders for the sum of R17.500 million. This was received in cash in March 2018. A profit before income tax of R17.500 million, and a tax credit of R3.257 million was recognised in the prior year.

11. LOANS RECEIVABLE

	2019 R'000	Restated 2018 R'000
Total gross loans receivable at end of year	**138 500**	137 741
Impairment allowance	**(27 148)**	(6 753)
Opening impairment allowance	**(6 753)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018 (refer note 3.2)	**(6 806)**	–
Current year impairment allowance	**(16 670)**	(6 753)
Reversal of impairment allowance	**52**	–
Effect of foreign exchange	**113**	–
Impairment allowance reversed against actual write off	**2 916**	–
Current portion included in current assets	**(105 961)**	(12 505)
Total non-current loans receivable	**5 391**	118 483

11.1 Franchisees (other Australia)

	2019 R'000	Restated 2018 R'000
Gross loans receivable at end of year	**5 808**	7 531
Impairment allowance	**(3 588)**	(2 916)
Opening impairment allowance	**(2 916)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**(591)**	–
Current year impairment allowance	**(2 997)**	(2 916)
Impairment allowance reversed against actual write-off	**2 916**	–
Current portion included in current assets	**(2 220)**	(2 874)
Non-current portion	**–**	1 741

These loans amount to AU$585 163 (2018: AU$739 102) at the reporting date. The loans are subject to interest of between 2% above the Reserve Bank of Australia's cash rate and a fixed rate of 4.5%. The loans are repayable over various periods of up to five years. The loans are all secured by at least a personal suretyship of the shareholders of the respective franchisees.

The loans include a balance with related party, White Cloud Restaurant Pty Ltd (which is partially owned (95%) by a director of Spur Corporation Ltd, Mark Farrelly) in the amount of R2.112 million (2018: R2.172 million). While the restaurant is trading profitably, it continues to face liquidity challenges. The security provided (in the form of a personal suretyship of the shareholder of the franchisee), is restricted to the jurisdiction of New Zealand and is therefore considered to be insufficient to mitigate the risk of expected credit losses. Consequently, in addition to the IFRS 9 transitional adjustment of R0.278 million, a further allowance for credit losses of R0.778 million has been recognised during the year.

The loans include a balance of R2.297 million advanced to the franchisee of Apache Spur. The franchisee has defaulted on its loan. Given the poor trading performance of the restaurant in question, the directors consider the prospects of recovery of any significant amount of the loan to be low. Consequently, in addition to the IFRS 9 transitional adjustment of R0.313 million, the remaining balance of the loan has been impaired in the current year.

The prior year includes a loan of R2.916 million advanced to an entity trading as Panarottis Currambine which was impaired in full as at 30 June 2018. The entity was liquidated in the current year and the loan has consequently been written off.

11.2 Franchisees (other foreign)

	2019 R'000	Restated 2018 R'000
Gross loans receivable at end of year	**242**	1 790
Impairment allowance	**(102)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**(154)**	–
Reversal of impairment allowance	**52**	–
Current portion included in current assets	**(140)**	(1 790)
Non-current portion	**–**	–

These loans amount to €15 069 (2018: €111 361) as at the reporting date. The loans bear interest at 0.5% above the six-month EURIBOR* rate of interest and are repayable over 12 months. The loans are secured by personal suretyships of the shareholders of the respective franchisees.

11.3 Franchisees (local)

	2019 R'000	Restated 2018 R'000
Gross loans receivable at end of year	**5 363**	7 349
Impairment allowance	**(894)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**(631)**	–
Current year impairment allowance	**(263)**	–
Current portion included in current assets	**(2 695)**	(2 324)
Non-current portion	**1 774**	5 025

* Euro Interbank Offered Rate.

These loans bear interest at between the prime overdraft rate of interest and 3% 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.

11. LOANS RECEIVABLE continued

11.4 GPI Investments 1 (RF) (Pty) Ltd

	2019 R'000	Restated 2018 R'000
Gross loan receivable at end of year	**110 225**	100 695
Impairment allowance	**(10 812)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**(4 124)**	–
Current year impairment allowance	**(6 688)**	–
Current portion included in current assets	**(99 413)**	–
Non-current portion	**–**	100 695

With effect from 30 October 2014, the company concluded various agreements to issue 10 848 093 new ordinary shares to a wholly owned subsidiary of Grand Parade Investments Ltd ("GPI"), GPI Investments (RF) (Pty) Ltd ("GPIRF"), a strategic black empowerment partner. 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 ("B-BBEE") credentials for the same period. The shares were issued at a price of R27.16 per share resulting in the aggregate proceeds from the issue of shares amounting to R294.657 million. This receivable comprises the group's investment in cumulative compulsorily redeemable five-year preference shares in an unconsolidated structured entity, GPIRF, with a combined subscription value of R72.328 million at initial recognition (30 October 2014), as part of the group's funding of the GPI B-BBEE transaction.

The preference shares accrue dividends at a rate of 90% of the prevailing prime overdraft rate of interest and are subordinated in favour of the external funding provider 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 by GPIRF, but ranks behind the debt owing by GPIRF to an external finance company. The preference share investment is treated as a financial asset carried at amortised cost, but was initially recognised at fair value.

Based on the Spur Corporation Ltd share price at the reporting date, the value of the shares held by GPIRF is insufficient to settle the group's receivable, in the event of default, after GPIRF has settled the external debt. Accordingly, an impairment allowance has been recognised in the current period, in addition to the IFRS 9 transitional adjustment at 1 July 2018.

Subsequent to the reporting date, the group concluded a transaction to reacquire the Spur Corporation Ltd shares held by GPIRF, the proceeds of which were used by GPIRF to settle the loan (refer note 17.2).

11.5 Hunga Busters Pty Ltd

	2019 R'000	Restated 2018 R'000
Gross loans receivable at end of year	**5 032**	6 137
Impairment allowance	**(5 032)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**(528)**	–
Current year impairment allowance	**(4 504)**	–
Current portion included in current assets	**–**	(2 733)
Non-current portion	**–**	3 404

The entity in question is a related party as it is partially owned (50%) by the group's franchise executive for Australia, José Vilar. This loan arose on the disposal of two former company-owned restaurants in Australia during the 2015 financial year. The loan is denominated in Australian dollars, with a carrying value of AU$507 029 (2018: AU$602 199) 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 which commenced in October 2015. The loan is secured by a personal suretyship of the shareholder of the franchisee and pledge of the shares in the franchisee entity.

The entity has been late in meeting its commitments on the loan on several occasions during the year. In addition, the entity has significant outstanding liabilities and is not generating sufficient cash to settle its obligations. The franchisee has consequently indicated its intention to cease trading one of the restaurants. As a result, the security is considered to have negligible value and the directors consider the prospects of recovery of any significant amount of the loan to be low. Accordingly, in addition to the IFRS 9 transitional adjustment at 1 July 2018, the remaining balance of the loan was impaired in full in the current year.

11.6 Avecor Investments Pty Ltd trading as Panarottis Tuggerah

	2019 R'000	Restated 2018 R'000
Gross loan receivable at end of year	**3 847**	5 001
Impairment allowance	**(646)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**(430)**	–
Current year impairment allowance	**(216)**	–
Current portion included in current assets	**(890)**	(1 066)
Non-current portion	**2 311**	3 935

The loan is denominated in Australian dollars with a gross carrying amount of AU$387 563 (2018: AU$490 752) at the reporting date. The loan is subject to interest at a fixed rate of 4.5% and is repayable in 60 equal monthly instalments which commenced in March 2018. The loan is secured by a pledge of the shares in the borrower and personal suretyship of the borrower's shareholder.

11.7 Panawest Pty Ltd trading as Panarottis MacArthur

	2019 R'000	Restated 2018 R'000
Gross loan receivable at end of year	**4 691**	5 196
Impairment allowance	**(4 691)**	(3 837)
Opening impairment allowance	**(3 837)**	–
Current year impairment allowance	**(967)**	(3 837)
Effect of foreign exchange	**113**	–
Current portion included in current assets	**–**	(477)
Non-current portion	**–**	882

The loan is denominated in Australian dollars with a gross carrying amount of AU$472 688 (2018: AU$509 897) at the reporting date. The loan is subject to interest at a fixed rate of 4.5% and is repayable in 36 equal monthly instalments which commenced in March 2018. The loan is secured by a pledge of the shares in the borrower and personal suretyship of the borrower's shareholder.

The restaurant in question ceased trading in June 2019 as a result of poor trading. Consequently, the security is considered to have negligible value and the directors consider the prospects of recovery of any significant amount of the loan to be low. An impairment loss of R3.837 million was recognised in the prior year and the remaining balance of the loan has been impaired in full in the current year.

11. LOANS RECEIVABLE continued

11.8 KG Holdings Family Trust

	2019 R'000	Restated 2018 R'000
Gross loan receivable at end of year	**3 292**	4 042
Impairment allowance	**(1 383)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**(348)**	–
Current year impairment allowance	**(1 035)**	–
Current portion included in current assets	**(603)**	(1 241)
Non-current portion	**1 306**	2 801

The receivable arises from the disposal of the Captain DoRegos business in the prior year (refer note 14). The receivable is payable in equal monthly instalments over 48 months commencing from 1 June 2018 and bears interest at the prime overdraft rate of interest. The receivable is secured by a personal guarantee from the purchaser and a trust which holds immovable property.

The borrower is in arrears with the instalments due on the loan as at the reporting date. Given the security in place, the directors are of the view that there are reasonable prospects of recovery, although the risk of credit losses has escalated. Therefore, in addition to the IFRS 9 transitional adjustment of R0.348 million, a further allowance for credit losses of R1.035 million has been recognised during the year.

12. SHARES REPURCHASED BY SUBSIDIARIES

During the year, a wholly owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 853 000 (2018: 160 000) Spur Corporation Ltd shares at an average cost of R22.99 (2018: R26.54) per share, totalling R19.609 million (2018: R4.246 million). A further 100 000 shares were transferred from Share Buy-back (Pty) Ltd to The Spur Foundation Trust, in accordance with a previously approved shareholders' resolution to donate 500 000 of the company's shares (100 000 per annum over a period of five years, of which the final tranche was donated during the current year). In addition, a wholly owned subsidiary of the company, Spur Group (Pty) Ltd, acquired 209 800 (2018: nil) shares to be held in escrow on behalf of participants of the Spur Group Forfeitable Share Plan, at a cost of R4.763 million (2018: Rnil) from The Spur Management Share Trust while, in terms of the same plan, 133 000 shares were vested with participants. At the reporting date, the group owned 7 026 701 (2018: 6 196 901) Spur Corporation Ltd treasury shares, held by Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd, at a total cost of R126.370 million (2018: R107.586 million).

The balance per the statement of financial position comprises the cost of the Spur Corporation Ltd shares that have been repurchased by subsidiaries, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd, and those held by consolidated structured entities, The Spur Management Share Trust and The Spur Foundation Trust. At the reporting date, the entities in question held 13 691 599 (2018: 12 971 599) of the company's shares in aggregate.

13. BUSINESS COMBINATION – NIKOS COALGRILL GREEK

With effect from 1 August 2018, the group acquired 51% of the business of Nikos Coalgrill Greek ("Nikos"). At the effective date, Nikos operated six franchised restaurants. The brand offers affordable, quality, artisanal Greek food in a contemporary dining environment, giving the group exposure to a market that its existing brands did not cater for directly.

The fair value of the net assets acquired at the acquisition date amounted to:	**R'000**
Intangible assets (trademarks and related intellectual property)	**2 032**
Deferred tax liability	**(569)**
Total fair value of net assets acquired	**1 463**
Attributable to non-controlling interest	**(717)***
Group's share of net assets acquired	**746**
Goodwill arising on acquisition	**3 722**
Total purchase consideration	**4 468**
In cash	**5 012**
Contingent consideration	**(544)**
Net cash flow on acquisition of subsidiary	**(5 012)**

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

Intangible assets comprise the Nikos 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.

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

The purchase consideration is determined as five times Nikos' profit before interest, tax, depreciation and amortisation ("EBITDA") of the third year following the date of acquisition. Following an initial payment of R5.012 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 EBITDA 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 R6.112 million as at the effective date, the present value of which was R4.468 million. A contingent consideration receivable was accordingly recognised at fair value at the acquisition date of R0.544 million.

The maximum purchase consideration is unquantifiable as it is based on the third year's EBITDA. In determining the third year's EBITDA, the revenue of the business will be limited to that attributable to the first 40 restaurants in operation (if applicable).

13. BUSINESS COMBINATION – NIKOS COALGRILL GREEK continued

The goodwill is attributable to the 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 R0.301 million are included in *Administration expenses* in the statement of profit or loss and other comprehensive income.

From the date of acquisition, the business contributed R2.660 million revenue, profit before income tax of R0.779 million and profit after income tax of R0.537 million, of which R0.263 million is attributable to non-controlling interests. The acquired business has only been formally trading since July 2017. Had the group acquired the business at 1 July 2018, the impact on the group's revenue and profit would not have been materially different to that reported.

14. PRIOR YEAR DISPOSAL OF CAPTAIN DOREGOS

During the prior year, the group disposed of the Captain DoRegos business, comprising largely trademarks and related intellectual property which had been impaired in full in earlier years, with effect from 1 March 2018 for a consideration of R4.750 million. Of the total consideration, R0.750 million was settled in cash in the prior year and the balance of R4.000 million is repayable over four years (refer note 11.8).

15. DIRECTORS' EMOLUMENTS

The following emoluments were paid by the company and subsidiary companies:

R'000	Guaranteed remuneration	Equity compensation benefits[1]	Performance bonus[2]	Total remuneration included in profit or loss
2019				
Executive directors and prescribed officer				
For services, as employees, to subsidiary companies				
Directors serving during the year				
Allen Ambor[3]	**2 904**	**–**	**–**	**2 904**
Pierre van Tonder	**6 057**	**517**	**446**	**7 020**
Mark Farrelly	**3 871**	**258**	**287**	**4 416**
Phillip Matthee	**3 150**	**226**	**233**	**3 609**
Total executive directors	**15 982**	**1 001**	**966**	**17 949**
Prescribed officer				
Kevin Robertson	**2 796**	**211**	**190**	**3 197**
Non-executive directors				
For services, as directors, to the company				
Directors serving during the year				
Cora Fernandez[4]	**17**	**–**	**–**	**17**
Dineo Molefe	**425**	**–**	**–**	**425**
Mike Bosman[5]	**331**	**–**	**–**	**331**
Mntungwa Morojele	**425**	**–**	**–**	**425**
Muzi Kuzwayo	**425**	**–**	**–**	**425**
Shirley Zinn[4]	**17**	**–**	**–**	**17**
Dean Hyde[6]	**213**	**–**	**–**	**213**
Keith Getz[6]	**213**	**–**	**–**	**213**
Keith Madders[6]	**213**	**–**	**–**	**213**
	2 279	**–**	**–**	**2 279**
For services, as directors, to subsidiary companies				
Directors serving during the year				
Keith Getz[6, 7]	**195**	**–**	**–**	**195**
Keith Madders[6, 8]	**122**	**–**	**–**	**122**
	317	**–**	**–**	**317**
Total non-executive directors	**2 596**	**–**	**–**	**2 596**
Total remuneration	**21 374**	**1 212**	**1 156**	**23 742**

Refer page 38 for footnotes.

15. DIRECTORS' EMOLUMENTS continued

R'000	Guaranteed remuneration	Termination payout and leave pay	Equity compensation benefits[1]	Performance bonus[2]	Total remuneration included in profit or loss
2018					
Executive directors and prescribed officer					
For services, as employees, to subsidiary companies					
Directors serving during the year					
Allen Ambor	4 356	–	(30)	–	4 326
Pierre van Tonder	5 732	–	15	219	5 966
Mark Farrelly	3 686	–	3	176	3 865
Ronel van Dijk[9]	2 443	3 280	(129)	124	5 718
Phillip Matthee[10]	750	–	10	–	760
Total executive directors	**16 967**	**3 280**	**(131)**	**519**	**20 635**
Prescribed officer					
Kevin Robertson	2 674	–	32	117	2 823
Non-executive directors					
For services, as directors, to the company					
Directors serving during the year					
Dean Hyde	425	–	–	–	425
Dineo Molefe	425	–	–	–	425
Keith Getz	425	–	–	–	425
Keith Madders	425	–	–	–	425
Mntungwa Morojele	425	–	–	–	425
Muzi Kuzwayo	425	–	–	–	425
	2 550	**–**	**–**	**–**	**2 550**
For services, as directors, to subsidiary companies					
Directors serving during the year					
Keith Getz[7]	184	–	–	–	184
Keith Madders[8]	144	–	–	–	144
	328	**–**	**–**	**–**	**328**
Total non-executive directors	**2 878**	**–**	**–**	**–**	**2 878**
Total remuneration	**22 519**	**3 280**	**(99)**	**636**	**26 336**

Refer page 38 for footnotes.

The board considers there to be no prescribed officers (as defined in section 1 of the Companies Act) with the exception of Kevin Robertson.

No directors or prescribed officers were paid for services to associates.

The following number of share awards allocated to directors and prescribed officers in terms of the equity-settled Forfeitable Share Plan ("FSP") vested during the current year:

	FSP shares ’000
Tranche 1	
Pierre van Tonder	**15**
Mark Farrelly	**10**
Phillip Matthee	**5**
Kevin Robertson (prescribed officer)	**10**
	40

The following number of share-linked awards have been allocated to directors and prescribed officers in terms of the equity-settled Forfeitable Share Plan ("FSP") and Share Appreciation Rights ("SAR") Scheme and were outstanding as at the reporting date:

	FSP shares		**SAR rights**	
	2019 ’000	2018 ’000	**2019 ’000**	2018 ’000
Executive directors and prescribed officer				
Pierre van Tonder – tranche 1	**–**	15	**–**	409
Pierre van Tonder – tranche 2	**15**	15	**534**	534
Pierre van Tonder – tranche 3	**–**	–	**964**	–
Mark Farrelly – tranche 1	**–**	10	**–**	353
Mark Farrelly – tranche 2	**10**	10	**461**	461
Mark Farrelly – tranche 3	**–**	–	**496**	–
Phillip Matthee[10] – tranche 1	**–**	5	**–**	74
Phillip Matthee[10] – tranche 2	**5**	5	**97**	97
Phillip Matthee[10] – tranche 3	**–**	–	**403**	–
Kevin Robertson (prescribed officer) – tranche 1	**–**	10	**–**	242
Kevin Robertson (prescribed officer) – tranche 2	**10**	10	**315**	315
Kevin Robertson (prescribed officer) – tranche 3	**–**	–	**329**	–
Total awards allocated	**40**	80	**3 599**	2 485

Refer page 38 for footnotes.

15. DIRECTORS' EMOLUMENTS continued

Footnotes

[1] The equity compensation benefit is the *pro rata* share-based payments expense (in terms of *IFRS 2 – Share-based Payments*) attributable to each of the directors.

[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).

[3] Retired with effect from 28 February 2019.

[4] Appointed with effect from 17 June 2019.

[5] Appointed as director with effect from 15 November 2018 and as chairman with effect from 1 March 2019.

[6] Retired with effect from 6 December 2018.

[7] In addition to the standard non-executive director's fee of R212 500 (2018: R425 000) approved by shareholders, Keith Getz's fees include payments to a related party of R0.195 million (2018: R0.184 million) for Mr Getz's attendance at three (2018: three) meetings each of the board of directors of Steak Ranches International BV and Spur International Ltd BVI, all of which he chaired.

[8] In addition to the standard non-executive director's fee of R212 500 (2018: R425 000) approved by shareholders, Keith Madders' fees include payments for attendance at three (2018: three) meetings of the Steak Ranches International BV board.

[9] Resigned with effect from 31 March 2018.

[10] Appointed with effect from 1 April 2018.

16. LITIGATION AND CONTINGENT LIABILITIES

16.1 Income tax in respect of 2004 – 2009 share incentive scheme

As previously reported, SARS had previously issued additional assessments to wholly owned subsidiary, Spur Group (Pty) Ltd ("Spur Group"), in respect of the 2005 to 2012 years of assessment totalling R22.034 million (comprising R13.996 million in additional income tax and R8.038 million in interest). The additional assessments were issued following the disallowance of a deduction claimed in respect of the 2004 share incentive scheme. The total of the additional assessments was paid in previous financial years. Following failed alternative dispute resolution proceedings, the matter was heard in the Income Tax Court in February 2018. The Tax Court found in favour of Spur Group, but SARS has appealed the ruling. The appeal was heard by a full bench of the Tax Court on 29 July 2019 but no judgement has yet been issued. The board, in consultation with its tax advisors, remains confident that the probability of SARS' appeal being successful is low. Consequently, no liability has been raised in respect of the assessments issued to date and the payments made to date are accounted for as prepayments of income tax.

16.2 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, as alleged by the board of SRIBV.

SRL claimed 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 defended the action, denying the repudiation of the franchise agreement. Following several years of stalled legal proceedings, the matter was finally resolved by a court-ordered mediation on 30 January 2019. Giving consideration to the uncertainty, costs and time to litigate against a Zambian franchisee, under Zambian law and in a Zambian court, the board of SRIBV concluded that it was in the interests of the company to agree to an amount of US$120 000 in full and final settlement of the matter, without conceding on the legal merits of the case. Accordingly, an expense in the amount of R2.350 million (comprising the settlement and related legal costs) has been recognised in profit or loss for the year.

16.3 Legal dispute with former franchisee – Tzaneen, South Africa

In January 2018, wholly owned subsidiary, Spur Group, instituted legal action against Magnacorp 544 CC (“Magnacorp”) for outstanding franchise and marketing fees in the amount of R0.078 million. Magnacorp had previously operated a Spur Steak Ranch franchise restaurant in Tzaneen, South Africa, but Spur Group cancelled the franchise agreement after Magnacorp breached the terms of the franchise agreement. Magnacorp has defended the action and alleges that Spur Group repudiated the franchise agreement, in that the cancellation thereof was unlawful. Magnacorp has lodged a counterclaim in the amount of R19.488 million, primarily for loss of profits arising out of the alleged repudiation. Spur Group denies the repudiation of the franchise agreement and maintains that the cancellation was valid. The board is confident that it will be able to defeat Magnacorp’s counterclaim and noted an exception to Magnacorp’s counterclaim in that, among other things, in terms of the franchise agreement, the franchisor is not liable to the franchisee for any consequential loss, loss of profits or any other form of indirect loss or damages howsoever arising or caused. A court date to hear the matter has yet to be determined. The board, in consultation with its legal advisors, is confident that it will be able to successfully defend this claim and, consequently, no liability has been raised.

17. SUBSEQUENT EVENTS

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

17.1 Dividends

On 11 September 2019, the board declared a final dividend of 73 cents per ordinary share in respect of the 2019 financial year, which was paid on 7 October 2019.

17.2 Share repurchases

Shareholders were advised on 27 June 2019 of the details of a transaction concluded between the company, a subsidiary, Grand Parade Investments Ltd (“GPI”) and GPIRF, in terms of which the company would acquire the 10 848 093 shares in the company held by GPIRF for a total consideration of R260.354 million.

At the same time, the company concluded an agreement to acquire 6 635 901 shares in the company held by wholly owned subsidiary, Share Buy-back (Pty) Ltd, for a total consideration of R145.393 million.

The transactions were subject to the approval of the company’s shareholders and certain other regulatory requirements. The circular detailing the transactions and notice of general meeting was mailed to shareholders on 27 August 2019. The necessary shareholders’ resolutions were passed at the general meeting held on 25 September 2019, and the transactions were implemented on 15 October 2019. The proceeds were used by GPIRF to settle the receivable detailed in note 11.4. The aforementioned circular provides further details of the transactions.

Upon reacquiring the shares, the company has applied to have the shares delisted and cancelled.

18. PREPARATION OF FINANCIAL STATEMENTS

These summarised financial statements have been prepared under the supervision of the chief financial officer, Phillip Matthee CA(SA).

19. COMMENTARY ON RESULTS

Trading performance

Spur Corporation posted a resilient performance for the year to June 2019 as total franchised restaurant sales across the local and international operations increased by 7.2% to R7.6 billion. Trading conditions continue to be challenging in the low growth domestic market while the group's international business was impacted by the weak economy and high operating costs in Australia.

Franchised restaurant sales in South Africa grew by 6.2% as the group's main middle-income customer base came under increasing pressure in the slowing economic climate.

The group's trading results reported in this commentary exclude the Captain DoRegos chain which was sold with effect from 1 March 2018.

In this constrained spending environment, management continues to focus on enhancing franchisee margins across the brands. Measures include expanding the range of "home-made" products manufactured in Spur restaurants, rationalising menu offerings in certain brands to promote efficiencies, renegotiating rentals and reducing the size of restaurants where appropriate. These factors are positively impacting franchisee margins and profitability, resulting in a more sustainable franchise business.

The group has embraced the call-and-collect and delivery models and experienced strong growth from third party delivery services, such as Mr D Food and Uber Eats, across all brands.

After increasing local restaurants sales by 11.3% and 1.3% in the first and second quarters of the financial year respectively, the group reported growth of 7.5% in the third quarter and 6.0% in the fourth quarter.

Spur Steak Ranches increased restaurant sales by 5.4% for the year and by 4.2% in existing restaurants. Spur's loyal customer base of over 1.2 million active adult Spur Family Card members is a key driver of sales growth. Franchisees' commitment to the iconic Spur brand is evident in their investment of R80.2 million in new restaurants and the relocation or revamping of existing outlets over the past year. Thirteen new Spur restaurants were opened, including three of the smaller format Spur Grill & Go outlets.

Spur was ranked first in the *Sunday Times* Generation Next survey for the Coolest Eat Out Place for the 15th consecutive year and continues to be the largest retail brand in South Africa on Facebook and Twitter.

Restaurant sales in Pizza and Pasta, incorporating Panarottis and Casa Bella, grew by 0.9% as the Panarottis chain continued to be impacted by aggressive discounting by competitors in the takeaway pizza market. In this environment, management has shifted the brand's strategy away from discounting to focus on product quality and value. As anticipated by management, this has had a negative impact on turnover in the short term.

Restaurant sales in RocoMamas grew by 7.5%. RocoMamas has been one of the fastest growing restaurant brands in the country's casual dining sector and has a national footprint of 72 restaurants, complemented by 13 international outlets. An increased investment in marketing, including the first brand television commercial, saw RocoMamas return to positive existing business growth in the second half of the year, following a decline in the first half. The first two outlets for RocoGo, a smaller on-the-go concept, were opened and an additional outlet is planned for the new year. Further potential sites are being actively pursued.

John Dory's increased restaurant sales by 4.6%, benefiting from the reopening of two major outlets which were temporarily closed due to shopping mall redevelopments.

The Hussar Grill's higher-income customers continue to be resilient in the economic downturn and the brand's restaurant sales grew by 13.4%. The Hussar Grill has strengthened its positioning as the premium steakhouse brand in the Western Cape and has successfully expanded its presence into Gauteng.

The group acquired a 51% shareholding in the Nikos Coalgrill Greek chain, which comprised six restaurants at the effective date of 1 August 2018. Three outlets have been opened post-acquisition in Gauteng, including a smaller format restaurant in Rosebank (Johannesburg). The chain contributed franchised restaurant sales of R65.9 million for the 11 months since acquisition.

New restaurant openings contributed to international restaurant sales increasing by 12.3% on a constant exchange rate basis and by 16.2% in Rand terms. Trading in Africa, Mauritius and the Middle East remains strong, although trading in certain African countries including Namibia, Kenya and Lesotho has been slower. At a constant exchange rate, restaurant sales in Africa grew by 18.3% (49 outlets (2018: 38 outlets)), Mauritius by 21.2% (13 outlets (2018: 11 outlets)) and the Middle East by 80.6% (four outlets (2018: two outlets)).

Restaurant trading conditions in Australia and New Zealand continue to be impacted by high operating costs, escalating rentals and declining disposable income, with sales in the region declining by 15.9% following the closure of three restaurants.

Restaurant expansion

The group opened 59 restaurants across all brands. In South Africa, 39 outlets were opened in addition to the six Nikos restaurants that were acquired, while 15 closed during the year.

A record 20 international outlets were opened as the group continued to focus its international expansion strategy mainly on territories where the business has an established presence, in order to ultimately reach critical mass.

Eight Panarottis restaurants opened in Zambia, increasing the number of outlets in the country to 13. Other restaurants were opened in Mauritius (Panarottis and RocoMamas), Botswana (RocoMamas), Kenya (Panarottis), Namibia (Spur) and Saudi Arabia (RocoMamas). The group opened its first restaurants in India (Pune) and Cyprus (Nicosia) during the year, both being RocoMamas outlets. The Hussar Grill opened its first outlet in Saudi Arabia (Khobar).

Restaurant footprint at 30 June 2019

Franchise brand	South Africa	International	Total
Spur Steak Ranches	299	37	**336**
Pizza Pasta	91	22	**113**
John Dory's Fish Grill Sushi	52	3	**55**
The Hussar Grill	20	2	**22**
RocoMamas	72	13	**85**
Nikos Coalgrill Greek	9	–	**9**
Total	**543**	**77**	**620**

19. COMMENTARY ON RESULTS continued

Financial performance

Group revenue increased by 5.9% to R944.8 million. Revenue from the South African operations, which accounted for 95.6% of total group revenue, increased by 5.7% and international revenue by 10.3%.

Franchise revenue in Spur increased by 9.7%, Pizza and Pasta by 5.6%, John Dory's by 8.0%, The Hussar Grill by 10.8% and RocoMamas by 8.3%.

Local retail revenue, representing the group's interests in four The Hussar Grill restaurants and one RocoMamas outlet, grew by 0.3%. While The Hussar Grill outlets continued to perform well, turnover at the RocoMamas outlet in Green Point (Cape Town) was 24.4% lower for the period following the opening of a franchised RocoMamas in a nearby suburb.

The manufacturing and distribution division grew revenue by 8.4% as the group increased its standard recovery from franchisees on outsourced distribution volumes from 3% to 4% of sales through the distribution channel from January 2019.

Following the adoption of *IFRS 15 – Revenue from Contracts with Customers*, the marketing fund contributions paid by franchisees are now recognised as revenue on the same basis as franchise fee revenue. Marketing fund contributions were previously not recognised as revenue. Both the franchise fee and the marketing fund contributions are determined as a percentage of the franchised restaurants' sales. Revenue of R252.4 million (2018: R239.7 million), comprising R245.1 million (2018: R231.9 million) in South Africa and R7.3 million (2018: R7.8 million) internationally, has been recognised from marketing fund contributions. The group is contractually obliged to spend any cumulative surplus in the marketing funds on marketing activities for the benefit of franchisees, and such surplus will therefore not be distributed to the company's shareholders.

Profit before income tax in the South African operations increased by 15.4% and by 9.5% excluding the impact of the marketing funds, with good performances from the manufacturing and distribution segment (+20.2%), The Hussar Grill (+18.2%), RocoMamas (+13.5%), retail (company-owned restaurants) (+26.4%) and a continued recovery in Spur, which increased profit by 9.1%.

In the International division, the operations in Africa, Mauritius, the Middle East, India and Cyprus collectively increased revenue by 28.8%. Revenue in Australasia was 33.7% lower.

Profitability in Australasia was negatively impacted by lower revenue and franchisee loan impairment losses of R12.0 million. This contributed to the international division posting a loss of R12.2 million for the year.

Profit before income tax increased by 13.9%. Excluding the marketing segments, profit before tax increased by 7.3%. This includes financial instrument impairment losses of R20.1 million (2018: R6.7 million), including an impairment of R6.7 million relating to the GPI black economic empowerment transaction funding and franchisee loans of R13.4 million, R2.3 million relating to the settlement of a legal dispute with a former franchisee in Zambia (previously disclosed as a contingent liability) and R1.4 million in severance payments following a restructure in the group's décor manufacturing business. The previous year includes a R12.7 million fair value loss on the RocoMamas contingent consideration liability, a profit of R17.5 million on the disposal of the Braviz rib manufacturing facility, and a R4.8 million profit on the disposal of the Captain DoRegos business.

Comparable profit before income tax, excluding exceptional and one-off items, increased by 15.9%.

Headline earnings increased by 10.2% to R165.1 million, with diluted headline earnings per share 10.7% higher at 173.2 cents.

The total dividend has been increased by 10.6% to 136 cents per share.

Prospects

The group expects trading conditions to remain constrained in the short to medium term against the background of low economic growth, the weak labour market, fragile consumer confidence and continued pressure on household budgets from rising food, fuel and utility costs.

In this environment, management will maintain its focus on tight cost management, excellent product quality and the profitability of franchisees.

Technology continues to disrupt our industry and we are pursuing several opportunities within our digital transformation strategy. In response to the significant demand by customers for cost-effective convenience, the group is planning to launch its own click-and-collect service in the year ahead to complement the services currently offered by third party service providers. The group's model will be more cost effective than outsourced channels as well as being more customer-centric, ensuring a better service to customers while maintaining a direct relationship between the group's brands and their customers.

The group plans to open at least 11 restaurants in South Africa in the year ahead across all brands.

Ten new international restaurants are planned for the new year. These include three RocoMamas outlets in Saudi Arabia, two additional restaurants in each of Kenya and Nigeria, and one outlet in each of Mauritius, Zambia and Zimbabwe.

While international expansion will continue to focus on countries where the group currently operates, new territories will be considered if the group is able to secure a local partner with the expertise, infrastructure and financial resources to open a set minimum number of franchised restaurants, and the local economic and political environment can support our presence.

Management continues to evaluate the operations in Australia and New Zealand given the challenging trading conditions, high franchisee operating costs and financial losses being incurred in these countries.

CURRICULA VITAE OF DIRECTORS UP FOR ELECTION OR RE-ELECTION

Mntungwa Morojele (60) (re-election)

Lead independent director

9 years of service

CA (Lesotho); Higher National Diploma in Business Studies – Farnborough College of Technology, UK; Bachelor of Business Administration – University of Charleston, USA; MAcc – Georgetown University, USA; MBA – University of Cape Town

Mntungwa has established and managed various companies, including Briske Performance Solutions and Motebong Tourism Investment Holdings, iKapa Events and Facilities, and 3RE South Africa. He has served on the boards of Gray Security Services and the UCS Group, and serves on the boards of Capital Eye Investments (and four of its subsidiaries) and VeriFone Africa. He was appointed as LID on 1 March 2011.

Mike Bosman (58) (appointed during the year)

Appointed to the board 15 November 2018 and as chairman 1 March 2019

BCom (Hons); LLM – University of Cape Town; AMP – Harvard; CA(SA)

Mike is an independent non-executive director of AVI Ltd and MTN South Africa and was recently appointed as an independent non-executive director of EOH Holdings Ltd. He serves on the audit and risk committees of all these companies. He is non-executive chairman of the largest independent wine distribution company in South Africa, Vinimark. Mike has previously in his career worked at Investec in corporate and project finance and later served as the group CEO for communication groups \TBWA and FCB. He also previously served as independent non-executive director at Venfin Ltd and Primedia Ltd.

Cora Fernandez (46) (appointed during the year)

Appointed 17 June 2019

BCompt (Hons); CA(SA)

Cora has extensive investment management and private equity experience, having previously served as chief executive: institutional business of Sanlam Investment Management, managing director of Sanlam Investment Management and CEO of Sanlam Private Equity. She serves on the investment committees of 27Four Black Business Growth Fund and the National Empowerment Fund. Her directorships include Sphere Holdings and Tiger Brands, and she is a trustee of certain retirement funds in the Allan Gray stable.

Prof Shirley Zinn (57) (appointed during the year)

Appointed 17 June 2019

BA; BEd; Higher Diploma in Education – University of Western Cape; MEd – University of Western Cape; EdM – Harvard; EdD – Harvard

Shirley is an acclaimed HR practitioner who has held senior positions in the corporate and public sectors. She previously headed HR at Woolworths Holdings, Standard Bank South Africa, Nedbank Group and the South African Revenue Service. She provides consulting and advisory services in HR, transformation, leadership and education. Shirley is a professor at the University of Pretoria's Department of Human Resource Management and is a past president of the Institute for People Management South Africa. Shirley serves on the boards of Sanlam, MTN South Africa, Shoprite Holdings, AfroCentric, and AdvTech.

DIRECTORS NOMINATED FOR ELECTION AS MEMBERS OF THE AUDIT COMMITTEE

Dineo Molefe (42) as chair (existing member)

6 years of service

CA(SA); BCompt (Hons) – Unisa; Master's in International Accounting – University of Johannesburg; Advanced Management Program – Wharton Business School, University of Pennsylvania

Dineo has held various executive positions and is currently CEO at T-Systems South Africa, a subsidiary of Deutsche Telekom AG. She previously served as group CFO at Thebe Investment Corporation and finance executive at Vodacom. She has also worked for the Industrial Development Corporation and Eskom Holdings in various roles. She has served as director, audit committee member and audit committee chair of numerous boards. She is a non-executive director on the board of Thebe Investment Corporation, where she serves on the audit committee, and on the interim board of the Road Accident Fund where she chairs the audit committee.

Mntungwa Morojele (60) (existing member)

Refer Annexure 2.

Cora Fernandez (46) (new member)

Refer Annexure 2.

NON-EXECUTIVE DIRECTORS' EMOLUMENTS

	Proposed fee per annum* 2020	Actual fee per annum* 2019
Chairman of the board	**R975 000#**	R650 000#
Member of the board	**R425 000**	R425 000
Chair/member of the audit committee	**R80 000/R40 000**	
Chair/member of the nominations and remuneration committee	**R75 000/R30 000**	
Chair/member of the social, ethics and environmental sustainability committee	**R75 000/R30 000**	
Member of the risk committee	**R30 000**	

* Amounts stated exclusive of VAT, where applicable.
# The chairman's fee is inclusive of all committee memberships and meeting attendances.

In proposing the fees for the financial year ending 30 June 2020, the board has considered market information relating to JSE small cap companies in the *consumer discretionary* sector, as detailed in the *Non-executive directors: Practices and fees trends* report issued by PwC in January 2019, and pitched the fees at the upper quartile of the market. The board has furthermore restructured the fees to take consideration of board meeting attendance and subcommittee membership.

The board is of the opinion that the proposed fees take into account the qualifications, experience and opportunity cost of the targeted profile of non-executive directors for the company, and are appropriate to retain existing, and attract potential new, non-executive directors.

The non-executive directors do not receive any other form of remuneration, including professional or consultancy fees and the like, from the company.

The proposed fee will result in an increase in fees from R2.800 million to R3.560 million on a comparable annualised basis. This increase also assumes an increase in the number of board meetings from two in the 2019 financial year to three in the 2020 financial year.

ANNEXURE 5

DIRECTORS' AND PRESCRIBED OFFICER'S INTERESTS IN THE SHARES OF THE COMPANY

Shares

Details of directors' interests in the ordinary shares are as follows:

	2019			2018		
	Direct beneficial	**Indirect beneficial**	**Held by associates**	Direct beneficial	Indirect beneficial	Held by associates
Allen Ambor[#]				–	464 609	–
Pierre van Tonder	**15 000**	**–**	**–**	–	–	–
Mark Farrelly	**10 000**	**–**	**–**	–	–	–
Phillip Matthee	**5 000**	**–**	**–**	–	–	–
Keith Getz[^]				2 491	–	820
Total	**30 000**	**–**	**–**	2 491	464 609	820
% interest*	**0.0**	**–**	**–**	0.0	0.5	0.0

* These percentages are based on shares in issue less shares repurchased by subsidiary companies, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.

[#] Retired with effect from 28 February 2019.

^ Retired with effect from 6 December 2018.

In terms of the group's long-term Forfeitable Share Plan, certain shares have been acquired by a wholly owned subsidiary to hold in escrow on behalf of the participants of the scheme. The participants are not permitted to trade in these shares, to exercise any voting rights attached to these shares, or entitled to any dividends accruing to these shares, for a period of three years following the grant date of the shares and accordingly have no beneficial rights of ownership during this period. The participants become entitled to the voting rights and dividends relating to the shares after a three-year period from the grant date has lapsed, provided that they remain employed by the group throughout this period. The shares held in escrow on behalf of directors are listed below:

	2019	2018
Pierre van Tonder	**15 000**	30 000
Mark Farrelly	**10 000**	20 000
Phillip Matthee	**5 000**	10 000

There have been no changes in directors' interests in share capital from 30 June 2019 to the date of issue of the integrated report.

ANNEXURE 6

SHAREHOLDER ANALYSIS

MAJOR SHAREHOLDERS

The following are shareholders (excluding directors) holding 3% or more of the company's issued share capital at 30 June 2019:

	Number of shares	%*
Grand Parade Investments Ltd	19 295 824	19.0
Coronation Fund Managers	9 603 170	9.5
Allan Gray	8 495 263	8.4
Fidelity	7 985 798	7.9
Investec	5 581 801	5.5
Foord	4 780 660	4.7

* These percentages are based on shares in issue less shares repurchased by subsidiary companies, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.

PUBLIC/NON-PUBLIC SHAREHOLDERS

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

	Number of shareholders	Number of shares	%
Non-public shareholders			
Directors and associates	3	30 000	–
Subsidiaries holding treasury shares	2	7 026 701	6.5
The Spur Management Share Trust	1	6 164 898	5.7
The Spur Foundation Trust	1	500 000	0.5
Major shareholder	1	19 295 824	17.7
Public shareholders	2 451	75 463 503	69.6
Total	**2 459**	**108 480 926**	**100.0**

ANALYSIS OF SHAREHOLDING

An analysis of the spread of shareholding is presented below:

Shareholder spread	**Number of shareholders**	**%**	**Number of shares**	**%**
1 – 10 000 shares	2 086	84.8	2 876 201	2.7
10 001 – 25 000 shares	148	6.0	2 391 100	2.2
25 001 – 50 000 shares	71	2.9	2 594 421	2.4
50 001 – 100 000 shares	49	2.0	3 445 148	3.2
100 001 – 500 000 shares	68	2.8	15 076 776	13.9
500 001 – 1 000 000 shares	21	0.9	14 754 044	13.6
1 000 001 shares and over	16	0.6	67 343 236	62.0
Total	**2 459**	**100.0**	**108 480 926**	**100.0**

Distribution of shareholders	**Number of shareholders**	**%**	**Number of shares**	**%**
Banks and nominees	31	1.3	3 714 710	3.4
Empowerment funds	2	0.1	19 295 824	17.8
Endowment funds	25	1.0	622 915	0.6
Individuals	1 865	75.9	4 545 671	4.2
Insurance companies	30	1.2	1 975 096	1.8
Medical funds	9	0.4	558 413	0.5
Mutual funds	119	4.8	45 637 888	42.1
Own holdings	2	0.1	7 026 701	6.5
Pension and retirement funds	140	5.7	13 418 059	12.4
The Spur Foundation Trust	1	0.0	500 000	0.5
The Spur Management Share Trust	1	0.0	6 164 898	5.7
Other corporate bodies	234	9.5	5 020 751	4.5
Total	**2 459**	**100.0**	**108 480 926**	**100.0**

ANNEXURE 7

SHARE CAPITAL

	Number of shares 2019 ’000	Number of shares 2018 ’000	2019 R’000	2018 R’000
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	**108 481**	108 481	**1**	1
Cumulative shares repurchased by subsidiaries	**(7 027)**	(6 197)	**–**	–
Cumulative shares held by The Spur Management Share Trust (consolidated structured entity)	**(6 165)**	(6 375)	**–**	–
Cumulative shares held by The Spur Foundation Trust (consolidated structured entity)	**(500)**	(400)	**–**	–
	94 789	95 509	**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.

Subsequent to the reporting date, the group concluded a transaction to re-acquire Spur Corporation Ltd shares from GPIRF, as detailed in note 17.2 of the summarised consolidated financial statements.

ANNEXURE 8

MATERIAL CHANGE STATEMENT

The directors report that there have been no material changes to the affairs, financial or trading position of the company and group since 30 June 2019 to the date of posting of this report, other than disclosed in this report.

ANNEXURE 9

GOING CONCERN

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

COMPANY INFORMATION

NON-EXECUTIVE DIRECTORS

Independent non-executive directors

Michael Bosman (appointed to the board 15 November 2018 and appointed as chairman 1 March 2019)
Cora Fernandez (appointed 17 June 2019)
Dineo Molefe
Mntungwa Morojele – lead independent director
Muzi Kuzwayo
Prof Shirley Zinn (appointed 17 June 2019)
Dean Hyde (retired 6 December 2018)
Keith Madders MBE (British) (retired 6 December 2018)

Non-independent non-executive directors

Keith Getz (retired 6 December 2018)
Prabashinee Moodley (retired 6 December 2018) – representative of B-BBEE shareholder, Grand Parade Investments Ltd

EXECUTIVE DIRECTORS

Allen Ambor (retired 28 February 2019) – executive chairman
Pierre van Tonder – group chief executive officer
Mark Farrelly – group chief operating officer
Phillip Matthee – group chief financial officer

SPONSOR

Sasfin Capital (a member of the Sasfin Group)

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Tel: 011 370 5000
Fax: 011 688 7721
www.computershare.com

COMPANY SECRETARY

Kilgetty Statutory Services (South Africa) (Pty) Ltd
Tel: 021 417 8734
E-mail: spur@spur.co.za

SPUR CORPORATION HEAD OFFICE AND REGISTERED ADDRESS

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SPURCORPORATION.COM

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