



TASTE
HOLDINGS

Taste the good life



Annual Report 2009



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Taste is a South African-based management group that is invested in a portfolio of mostly franchised, category specialist and formula driven, quick-service restaurant and retail brands that have the following characteristics:

They are sustainably and compellingly branded, where the brand itself is an important differentiating factor.

They can reasonably be developed to be the South African customer's first choice in the categories in which they trade.

They maintain value leadership through operational excellence supported by high volumes relative to the category in which they trade.

They have common customers in the broad middle market and offer these customers strong value propositions relative to their segment.

The value proposition and brand equity is driven by relatively large marketing funds within their segment.

On balance, they offer sustainable returns to franchisees commensurate with the capital investment, risk and effort incurred to own and operate an individual outlet.

Each format is appropriately differentiated but complementary, relative to the balance of the Taste portfolio.

Each format offers opportunities for vertical integration such that material profit streams can reasonably be expected from sourcing and distribution, franchise management royalties and company store ownership.

Each format will both add and derive value from being part of the Taste portfolio greater than would be possible as a standalone entity.

VISION AND MISSION

We are clearly focused on becoming the preferred vertically integrated franchisor in Africa – not by size but by excelling in our chosen areas of diversified operation. We believe being the best means that superior returns for franchisees and stakeholders are just as important as responsible governance and corporate citizenship.



MAXI'S
More than just a meal

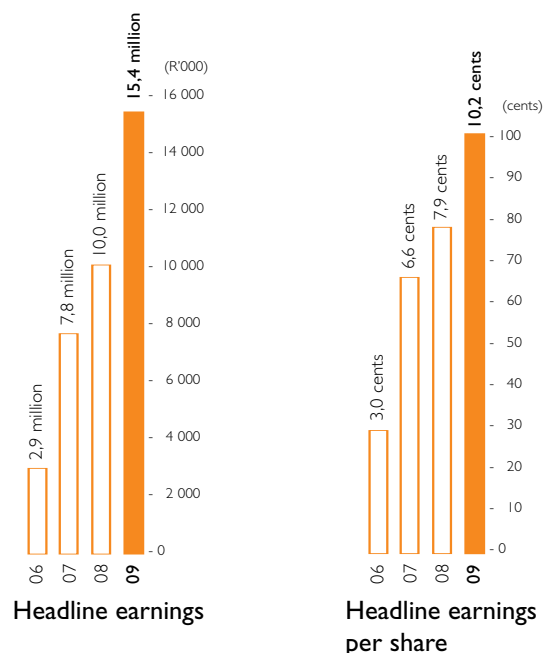
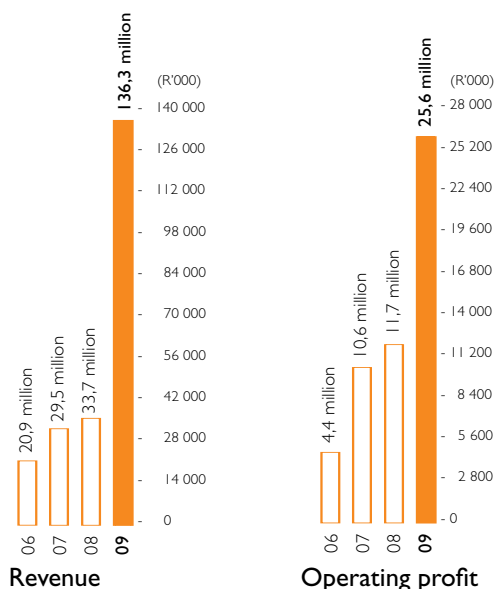
SCOOTERS
pizza
Hot. Tasty. Fast.

NWJ
JEWELLERY



Taste growth

FINANCIAL HIGHLIGHTS



▲ **Revenue up 303%**
to R136,3 million
(2008: R33,8 million)

▲ **Headline earnings up 55%**
to R15,4 million
(2008: R10,0 million)

▲ **EBITDA up 140%**
to R29,0 million
(2008: R12,1 million)

▲ **Cash earnings per share up 56%**
to 12,8 cents
(2008: 8,3 cents)

▲ **Operating profit up 118%**
to R25,6 million
(2008: R11,7 million)

▲ **Headline earnings per share up 29%**
to 10,2 cents
(2008: 7,9 cents)

▲ **Earnings per share up 78%**
to 14,2 cents
(2008: 8 cents)

▲ **System-wide sales up 52%**
to R567 million
(2008: R373 million)

GROUP AT A GLANCE



Food division

www.maxisfood.com

www.scooterspizza.co.za

Taste's food segment consists of the Maxi's and Scooters Pizza brands. Both brands target consumers in the LSM¹ 6 – 10 bands with strong value propositions and continual product innovation.

- **Maxi's** (60 stores) – award-winning casual dining restaurant format serving breakfast and lunch, and focused on adding value to consumers through its quality offering and contemporary appeal
- **Scooters Pizza** (124 stores) – the second-largest pizza chain in South Africa, built on delivery leadership, value for money and food quality communicated in a brand that has attitude and humour.

HIGHLIGHTS

- System-wide sales up 13% to R422 million.
- Operating profit in core franchising division up 12,4% to R19,4 million.
- 13 stores re-imaged.
- Scooters Pizza has the second largest adspend in its category.
- Maxi's is a finalist for the FASA Brand Builder and Franchisor of the Year.
- Maxi's has the third largest adspend in its category.

	Stores	Set up cost ²	Royalty ³	Marketing fund contribution ³	Average store size
Scooters Pizza	124	R900 000	7%	5%	80m ²
Maxi's	60	R1 900 000	6%	5%	220m ²



Jewellery division

www.nwj.co.za

NWJ is a fully integrated franchise jewellery chain. As an integrated franchise chain it owns and operates approximately 25% of the total outlets; provides franchising services to its network; and distributes 100% of the goods sold through the NWJ outlets. Of these goods sold approximately 45% is manufactured by the in-house manufacturing facility. This model provides in-house innovation capacity, fast routes to market and maintains input costs to franchisees through purchasing economies of scale.

NWJ is the fourth largest chain in South Africa by units, the third largest by sales and the second largest in advertising spend.

HIGHLIGHTS

- System-wide sales up 9,9% to R227 million.
- Retail operating profit margin of 23% across 19 company-owned outlets at year-end.
- Partnered with RCS group from 1 March 2009.
- NWJ is a finalist for FASA Franchisor of the Year.
- Opened 10 new outlets during the year.
- Voted "best place to buy jewellery" in the Readers Choice Survey for the fifth consecutive year.

	Stores	Set up cost ²	Royalty ³	Marketing fund contribution ³	Average store size
NWJ	76	R1 450 000	5%	4%	50m ²

¹Living standards measure

²This is approximate and excludes VAT

³This is based on a percentage of turnover



GROWTH DRIVERS

Sales growth drivers

- product innovation
- value perception
- disposable income
- interest rates
- food inflation
- re-imaging stores

New store growth opportunities

- Maxi's expansion within Caltex network
- Maxi's Express outlets
- Scooters Pizza mall store concept
- Scooters Pizza country town penetration

Segment profit drivers

- new store growth
- sales growth
- vertical integration strategy

SEGMENTAL INFORMATION

Revenue

	% change	Feb 09 R'000	Feb 08 R'000
Food	15	38 766	33 793
Franchise	18	35 426	29 913
Retail	-14	3 340	3 880

Operating profit

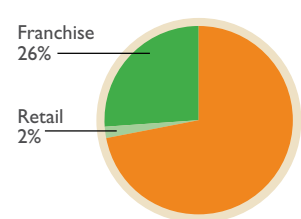
	% change	Feb 09 R'000	Feb 08 R'000
Food	6	18 510	17 521
Franchise	12	19 453	17 314
Retail	-556	(943)	207

Operating profit margin

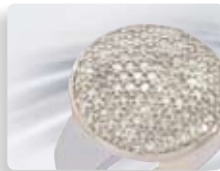
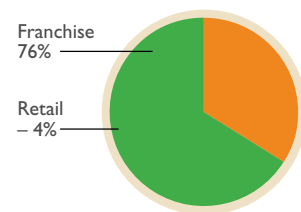
	% change	Feb 09 %	Feb 08 %
Food	-8	48	52
Franchise	-5	55	58
Retail	-660	-28	5

CONTRIBUTION TO GROUP

Revenue 28%



Operating profit 72%



GROWTH DRIVERS

Sales growth drivers

- advertising spend
- value perception
- disposable income
- interest rates

New store growth opportunities

- expansion into Western Cape
- converting independents
- brand re-positioning will give access to new malls

Segment profit drivers

- new stores
- sales growth
- own branded ranges
- utilisation of manufacturing capacity
- integrated IT

SEGMENTAL INFORMATION

Revenue

	contrib 2009	Feb 09 R'000
Jewellery	72%	97 579
Franchise & wholesale	52%	69 842
Retail	20%	27 737

Operating profit

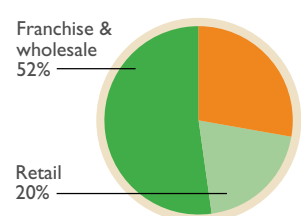
	contrib 2009	Feb 09 R'000
Jewellery	66%	16 749
Franchise & wholesale	41%	10 459
Retail	25%	6 290

Operating profit margin

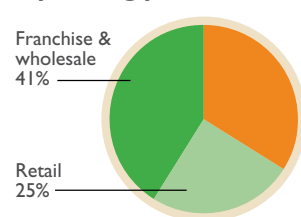
	Feb 09 %
Jewellery	17
Franchise & wholesale	15
Retail	23

CONTRIBUTION TO GROUP

Revenue 72%



Operating profit 66%



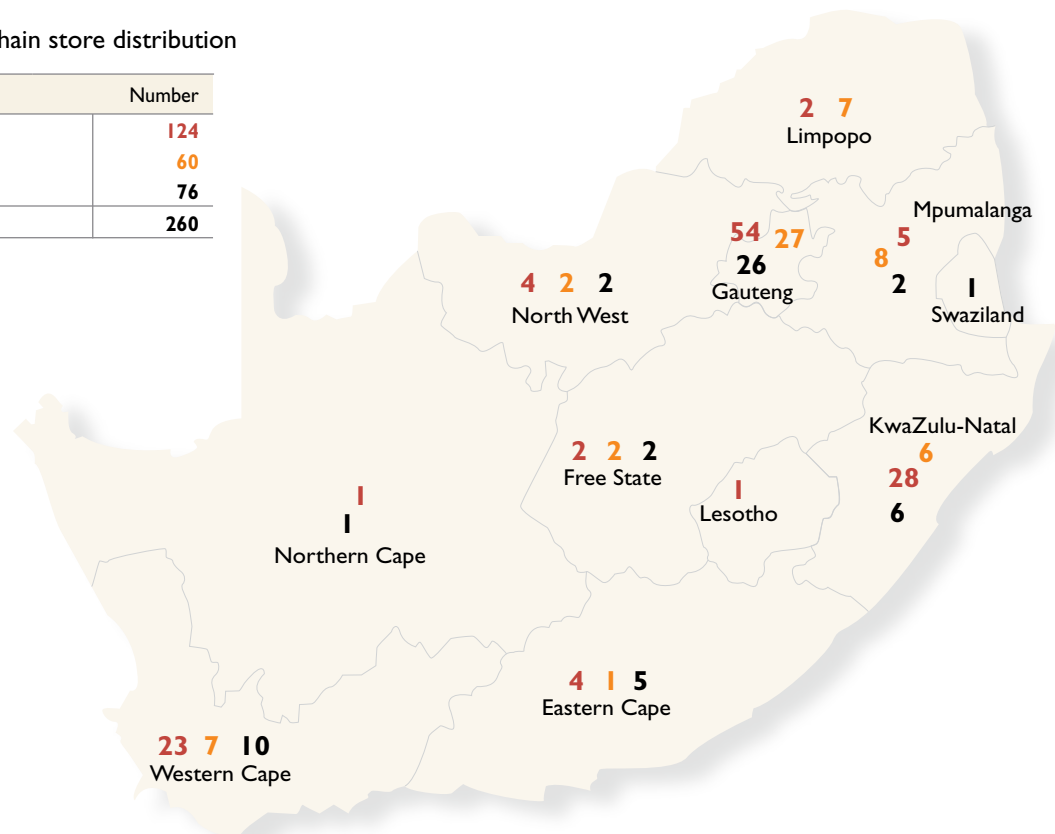
OPERATIONAL HIGHLIGHTS

- > Maxi's acquired and successfully converted seven existing BJ's sites located in Caltex forecourts on the national highways, effective 1 March 2008.
- > Taste acquired NWJ, a vertically integrated franchise chain with over 70 outlets nationally, effective 1 August 2008.
- > Maxi's negotiated an exclusive partnership deal with Caltex to open Maxi's restaurants in all the highway sites within South Africa.
- > Scooters Pizza and Maxi's are both accorded B-BBEE contributor levels of 2.
- > NWJ and Maxi's are two of the four finalists in the FASA Franchisor of the Year Award 2008.
- > NWJ opened 10 new sites during the year and was voted "Best place to buy jewellery" in the readers choice survey awards for the fifth consecutive year.

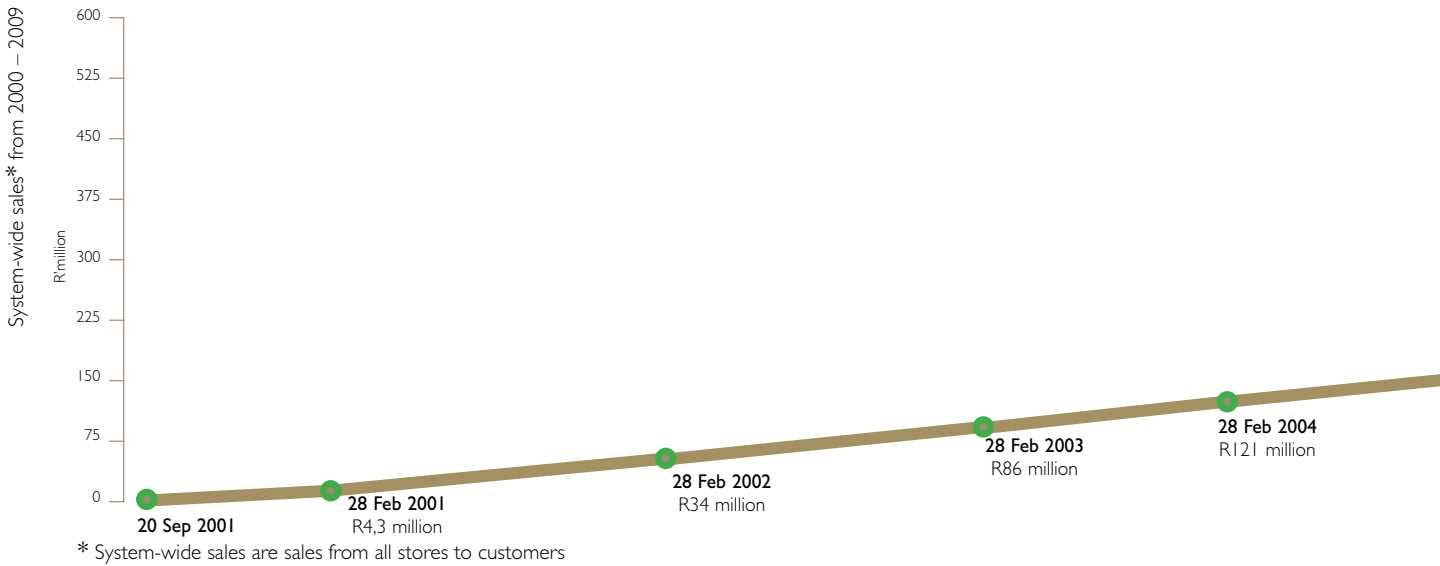
STORE DISTRIBUTION

Divisional / Chain store distribution

Stores	Number
Scooters	124
Maxi's	60
NWJ	76
Total	260



PERFORMANCE SINCE LISTING - June 2006



MILESTONES



2000

Scooters Pizza was the founding entity of Taste Holdings. The first store opened in September 2000, in Westville, Durban

Scooters Pizza opens seven outlets by December 2000



2001

Scooters Pizza acquires Chess Pizza, and converts seven outlets



Scooters Pizza expands to Gauteng opening three stores in one day

2002

Winner FASA Newcomer Franchisor of the Year

Winner FASA Brand Builder of the Year

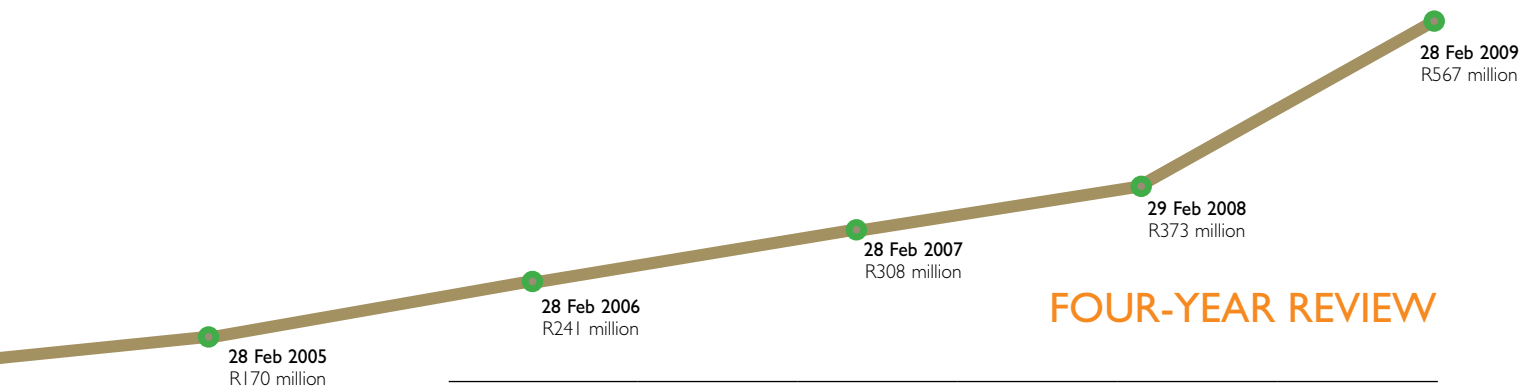


2004

Scooters Pizza opens 50th outlet, in just 48 months

Scooters Pizza opens first outlet in Western Cape





FOUR-YEAR REVIEW

Key indicators	28 February 2006	28 February 2007	29 February 2008	28 February 2009	3-year growth
Revenue	20 916	29 507	33 793	136 345	552%
Operating profit	4 418	10 649	11 715	25 585	479%
Total stores	120	147	161	260	117%
System-wide sales	241	308	373	567	135%
EPS	2,8	7,2	8,0	14,2	407%
HEPS	3,0	6,6	7,9	10,2	240%

2005

Scooters Pizza acquires Maxi's, with 28 stores

Scooters Pizza Winner FASA Brand Builder of the Year



2006



Scooters Pizza renamed to Taste Holdings to pursue the strategy of diversified franchisor

Taste Holdings lists on the Alternate Exchange ("AltX") of the Johannesburg Stock Exchange ("JSE")



Scooters Pizza voted "Best Pizza in Joburg" in the Leisure Options Readers Choice Awards

2007

Scooters Pizza Winner FASA Brand Builder of the Year for third time

Scooters Pizza opens **100th** outlet



2008



Quality Jewellery
Specially for you.

Acquired NWJ Quality Jewellers with 70 outlets

Acquired strategic BJ's sites and converted them to Maxi's



2009 MAXI'S

Maxi's and NWJ finalists in FASA Franchisor of the Year Awards

Maxi's finalist in FASA Brand Builder of the Year Award



* FASA – Franchise Association of Southern Africa
** AltX – Alternate Exchange

BUSINESS MODEL: COLLABORATION AND VERTICAL INTEGRATION

Taste Holdings Group

The Taste management model empowers divisions to grow their profit and generate operating leverage through operational autonomy within an agreed strategic and operational framework.

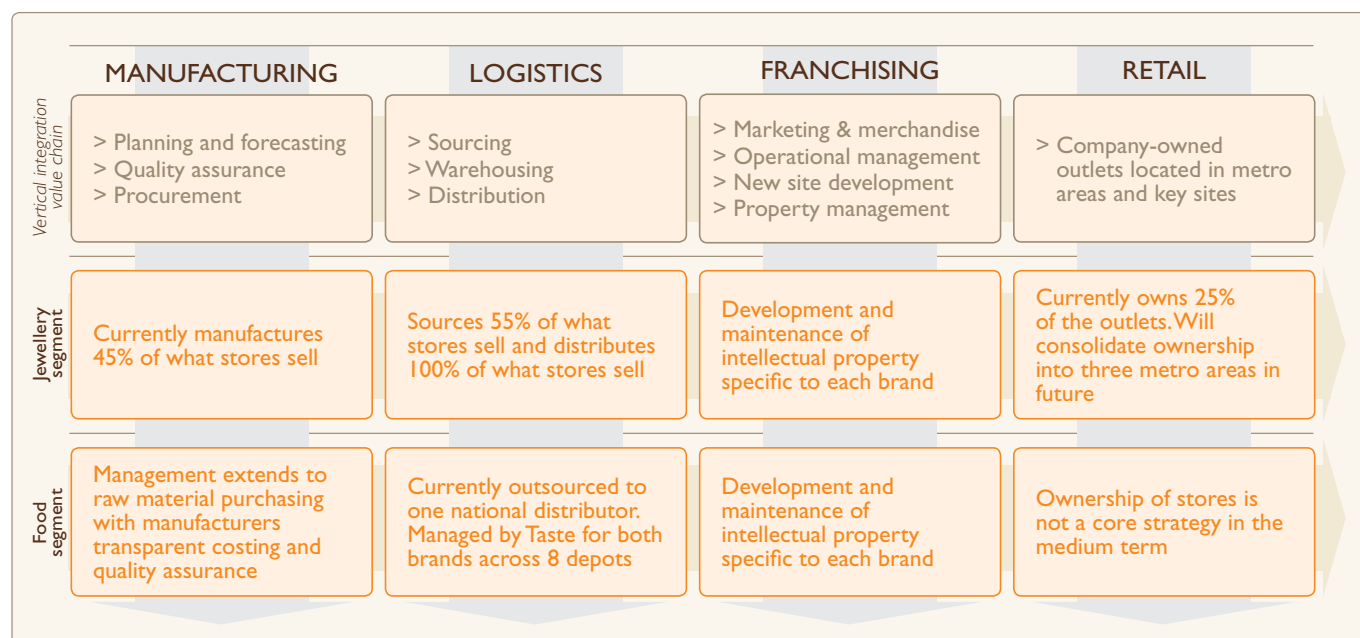
The group is responsible for the approval of brand and divisional strategies and the accompanying operational framework; the identification, development and retention of human capital across the group; managing the cash flows and financial structures of the divisions to the best advantage of the group; and promoting and incentivising collaboration between the divisions across key business drivers and shared platforms, via the Taste Collaboration Channel.

The model is executed through a decentralised decision-making executive committee, chaired by the CEO. The committee comprises the CEO, CFO and executive directors of Taste Holdings as well as brand Managing Directors.

Taste Collaboration Channels

The collaboration channel consists of forums where both best practice and collaboration ideas are shared between divisions and brands. Forums are focused on topics that relate to:

- the key business drivers of the divisions; property portfolio management; retail outlet design and image; marketing channels to common consumers in the LSM 6 – 10 category;
- franchise best practice implementation and franchisee performance management;
- common cost centres across divisions that are not a differentiating factor in the consumer offering and that reduce costs to the division; and
- customer satisfaction monitoring through the Taste Excellence Index – both franchisee satisfaction and end-consumer perceptions about the brands.



Taste Holdings Group

- Divisional and brand strategy approval
- Collaboration between divisions
- Acquisition strategy
- Operating framework for divisions
- Human capital management
- Control cash flows

Taste Collaboration Channels

Site

- Location approval, lease negotiations, property portfolio management
- Retail outlet design
- Store development, project management

Intelligence

- Market research
- Operational information
- Technology platforms

Customers

- Shared customer research into LSM 6 – 10 market
- Group media procurement
- Brand strategy approval through EXCO
- Customer satisfaction index measured through Taste Excellence Index

Franchisees

- Performance management and incentivisation
- Franchise best practice



Taste excellence

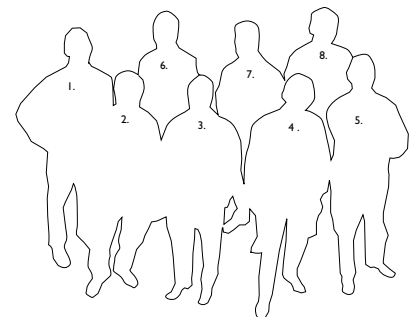
DIRECTORATE



1. Jay Currie
2. Bill Daly
3. Duncan Crosson
4. Hylton Rabinowitz
5. Luigi Gonzaga
6. Kevin Utian
7. Carlo Gonzaga
8. Anthony Berman

The board comprises four executive directors and four non-executive directors. The non-executive directors are fully independent of management and free to make their own decisions and independent judgements.

They enjoy no benefits from the company for their services as directors, other than their fees and potential capital gains and dividends on their interests in ordinary shares.





Bill Daly (66)
BA, LLB

*Non-executive Director
Chairman of the board
Chairman of the Remuneration and
Nominations Committee*

Bill is a BA LLB graduate of Stellenbosch University. He was admitted as an attorney, notary and conveyancer and practises as the Chairman of RL Daly Incorporated, an attorneys firm which specialises in the provision of call centre services to national corporates, retailers and banks.

Bill was one of the founding shareholders and the Chairperson of Scooters Pizza (Proprietary) Limited and has, since inception, been the Chairperson of Taste Holdings Limited. He is a director of a number of companies including a director and the Deputy Chairperson of HBZ Bank Limited.

Carlo Gonzaga (35)
BSocSci, LLB

Chief Executive Officer

Carlo completed a postgraduate LLB degree at the University of Natal after which he and his father, Luigi, owned four franchised pizza outlets in the Durban region. Carlo was Chairman of the Franchisee Council for three years and during this time Carlo won Marketer of the Year, and the Franchisee of the Year awards twice. In 1999 Carlo sold his interests and commenced the groundwork to create a new pizza delivery concept which became Scooters Pizza in September 2000.

Since 2000 Carlo has headed up the team that has driven the Scooters Pizza chain to win many prestigious awards; to acquire the Maxi's brand in 2005; the creating and listing of Taste Holdings in 2006 and the subsequent acquisition of NWJ Quality Jewellers in 2008. Carlo guides the strategic direction of the company and oversees the growth strategy of the company.

Duncan Crosson (43)
BCompt (Hons)

Chief Financial Officer

Duncan obtained his BCompt (Hons) whilst serving articles with Morrison Murray in Durban. Duncan gained valuable experience in a manufacturing and distribution environment servicing the retail and Fast Moving Consumer Goods industry. Duncan progressed to Chief Financial Officer and shareholder of the group of companies. Duncan joined Scooters Pizza in 2000 and has been a member of the board of directors of Scooters Pizza (Proprietary) Limited since 2001 and Taste Holdings Limited since inception. Duncan has been instrumental in the successful management and control of the significant growth of the group over the past nine years.

Luigi Gonzaga (64)
Executive Director

In 1996 Luigi opened a pizza franchise with Carlo and in the four years owned four outlets in the Durban region winning the Franchisee of the Year and Marketer of the Year awards on four occasions. Luigi is a key member of the executive team and his years of experience have been invaluable as the company continues to grow. Luigi specifically ensures that strategies are implemented in the Coastal region as well as strategically growing the region with site and franchisee recruitment. Luigi has owned six food franchises in the last 10 years. He is a vital contributor to the success of the group and currently owns four of the group's outlets.

Kevin Utian (40)
BCom, BAcc, CA(SA)

*Non-executive Director
Member of the Remuneration and
Nominations Committee*

Kevin is the CEO of Nando's South Africa, having been with the group for 14 years and served as Financial Director prior to his appointment as CEO. Kevin is a Chartered Accountant by profession and provides the group access to resources within the Nando's group. Kevin has been a board member from the inception of Scooters Pizza in 2000. Kevin's experience of the franchise model and exposure to international markets makes his contribution invaluable to the group.

Jay Currie (35)
BSc

*Non-executive Director
Chairman of the Audit and Risk Committee
Member of the Remuneration and Nominations
Committee*

Jay commenced his working career managing the Mala Mala Game Reserve before starting a private venture in the IT industry and then joining Compax Africa in 1998. He started with the Massdiscounters division of the listed South African retailer, Massmart in 1999 where he led a major re-investment in the Game and Dion chain IT systems and approach to supply chain management. He left his position as Systems & Supply Chain Director of Massdiscounters in 2006 to join the holding company, Massmart Holdings Limited as Group Commercial Executive where he is currently responsible for all areas of collaboration between the various businesses of the R40 billion retailer. Jay's experience in a multi-branded listed retailer is invaluable to the group.

Hylton Rabinowitz (60)
Managing Director NWJ

After owning and operating his own successful restaurants in Bulawayo and Durban, Hylton opened his first jewellery store, "Hylton's Jewellers", in Durban in 1983. The second store followed in the same year and the name changed to Natal Wholesale Jewellers. In 1988, NWJ purchased a share of one of the oldest jewellery manufacturers in Durban, Durban Manufacturing Jewellers, which supplied NWJ with the majority of its local manufactured jewellery, and in so doing gave NWJ the price advantage it needed to be one of the leading value jewellers in South Africa. Hylton sold the NWJ business to Taste in 2008 and continues to drive the growth of the business.

Anthony (Tony) Berman (67)
CA(SA)

*Appointed 1 April 2009
Independent non-executive Director
Chairman of the Audit and Risk Committee*

As a Chartered Accountant (SA), Tony has practised in Durban within the auditing profession his entire working life, serving articles with G. Hackner, Benn & Co, to which firm he returned after a few years on his own. Today, as Grant Thornton, a large internationally connected firm, Tony has had extensive experience as the Tax Partner and in recent years the Managing Partner of the Durban office. His areas of expertise include financial consulting, taxation, mergers and acquisitions, estate planning, valuations, exchange control, and he is an experienced consultant on corporate and general business.

Tony is well known for his love of tax and property – he has worked extensively in the property industry including commercial property syndications, sectional title and share blocks, having pioneered many of the financial procedures and structures for these types of transactions which are in common use today. During the past 15 years he has actively participated in, promoted and advised on the listed property sector.



Bill Daly

In less than one decade, we have convincingly demonstrated the focus, commitment and sheer passion that characterise Taste Holdings as we build a portfolio of diversified franchise brands.

The 12 months to 28 February 2009 marked the successful end of the group's third year as a listed company and the ninth since we opened doors as a single outlet. Measured by corporate time scales, neither is a particularly long period. The group's achievements – and consequent accolades – in less than one decade reflect the focus, commitment and sheer passion that characterise Taste Holdings: today our group has a portfolio of diversified franchise brands represented in 260 locations throughout South Africa.

One of the highlights of the year was the acquisition of NWJ, a 25-year-old jewellery franchise with a national footprint. NWJ met our criteria of being vertically integrated (from manufacturing to retail), a reputable brand positioned at the value end of the jewellery segment, and a business that Taste could grow. Perhaps, most importantly, was a shared commitment to the concept and benefits of franchising as a sustainable driver of growth and empowerment. The Chief Executive's report provides further details on this development and its potential for our group.



Financial overview

Because of the acquisition of NWJ, results are not strictly comparable to the prior year and some points bear noting in terms of future performance. While revenue trebled during the year this was largely due to the acquisition of NWJ, the largest franchised jewellery chain and fourth-largest jewellery chain by number of outlets in South Africa. The decrease in the group EBITDA margin from 36% to 21% was expected given the overall lower margin in the jewellery division because of its vertically integrated business model. Interestingly, in arguably the worst credit environment in recent memory, Taste Holdings was able to raise R50 million to finance the acquisition, reflecting support for both the group's cash-generative business model and its strong balance sheet.

Growing brand portfolio

After three years, we are building a solid track record as a diversified franchisor, close to our markets and focused on achieving our goal of becoming the preferred franchising company in Africa. In 2006, just over a year after expanding our portfolio with the acquisition of Maxi's, Taste Holdings was listed on the JSE's AltX and also celebrated opening the 100th Scooters store. In 2009, we acquired NWJ, marking our first segmental brand diversification.

Over the past three years, we have recorded store growth of 117% with system-wide sales growth of 135% to R576 million. Importantly, organic and acquisitive growth has underpinned a 243% increase in earnings per share – 240% at the headline earnings per share level.

While our performance during a time of ever-rising disposable income is commendable, it is perhaps more important to assess our achievements in adverse economic conditions. We believe this is when the true measure of our resolve to become a diversified franchising company, combined with our ability to execute, highlights the full potential of this group.

Corporate governance

We safeguard the interests of our company and those of our stakeholders by complying with the highest standards of corporate governance. We endorse the

Code of Corporate Practices and Conduct set out in King II and comply with both the principles and spirit of this benchmark. We welcome the publication of the draft version of King III, intended to keep South African companies aligned with global best practices, and will incorporate these recommendations into our regular governance reviews as appropriate.

Appreciation

It has been my privilege to chair this group and witness its growth since 2000. The passion, tenacity and commitment displayed by the senior management team, so capably led by Carlo Gonzaga, have permeated the entire group. While it is a considerably large business today, that team spirit and camaraderie remain a Taste hallmark and continue to set this group apart from its competitors.

My fellow board members are a steady source of support, experience and counsel, which is greatly appreciated.

Prospects

Various studies have shown that during times of financial hardship consumers tend to turn to trusted brand names for value and convenience. Scooters and Maxi's are among the leaders in their categories and therefore well placed to meet consumer needs in this challenging trading environment.

Equally, much of the jewellery market is occasion-driven. NWJ's competitive advantage rests on a vertically integrated business model that allows it to cut out intermediaries by manufacturing and distributing its own jewellery at extremely competitive prices.

Collectively, the Taste portfolio is ideally positioned to continue offering customers value for money, despite prevailing economic conditions.

Bill Daly

Chairman

Strong balance sheet and cash-generative business model

Well on track to becoming the preferred franchising company in Africa

Over the past three years organic and acquisitive growth has underpinned a 243% increase in earnings per share



Carlo Gonzaga

**Global Entrepreneurship Monitor South Africa 2008
National Report**

There has been a 2,6% increase in the level of early-stage entrepreneurial activity from 2006 to 2008, and more entrepreneurs are starting businesses because of an opportunity rather than to survive.

*This is encouraging, as **opportunity-driven entrepreneurship makes a far more significant contribution** to job creation and economic growth than necessity- or survival-driven entrepreneurship. In addition, opportunity-driven entrepreneurial activity accounted for 79% of total entrepreneurial activity, and many more black African individuals in particular are starting businesses because of an opportunity.*

*Despite the encouraging highlights, the findings broadly indicate that much remains to be done to accelerate entrepreneurship in South Africa and in doing so **empowering individuals, families and communities.***



Overview

Anecdotal evidence says that the average "overnight success" takes over 20 years. Taste's milestones, achievements and strategy to date support this long-term approach to sustainable business development. The acquisition of NWJ in August 2008 is another marker in a strategy of category diversification that began with the acquisition of Maxi's in April 2005.

Taste is a South Africa-based management group, listed on the JSE's AltX. We invest in a portfolio of restaurant and retail brands that are mostly franchised, and specialists in their respective categories. Each brand has the capacity to be vertically integrated, presenting opportunities to unlock further value over time. Importantly, we choose to be a category-diverse franchisor with a Southern-African geographical focus. Testimony to the strength of our franchise brands lies in the fact that two of the four finalists in the Franchise Association of Southern Africa's (FASA) 2008 franchisor of the year award came from the Taste Holdings stable.

Although our brands are part of a listed company, their management teams and franchisees are incentivised to act and operate with the heart and passion of their respective founding entrepreneurs.

Acquisitive growth

As part of our strategy to become a vertically integrated diversified franchisor, we acquired NWJ during the period. These results therefore include the contribution of the NWJ group for seven months. The transaction has added critical mass to our group and enhanced our leverage in several key success areas of our business model, such as effective advertising spend and property lease negotiations. Regional offices of NWJ, Maxi's and Scooters Pizza have been integrated and duplicate functions in the group will be eliminated over time.

During the year, we also acquired strategic BJ's sites situated in Caltex forecourts on national highways. BJ's operated a sit-down restaurant format, with similar seating capacity; kitchen layout; and menu offering to Maxi's. The acquisition included an agreement with Caltex to convert these sites to the Maxi's brand and gave Maxi's exclusivity to operate in all Caltex sites on national highways.

Financial performance

Detailed commentary on our performance appears in the annual financial statements later in this report, but several key aspects are worth highlighting.

Group revenue for the year increased 303% to R136,3 million (2008: R33,8 million), while EBITDA (earnings before interest, taxation, depreciation and amortisation) rose to R29,0 million, 140% above last year's R12,1 million. Total assets nearly trebled to R186,7 million (2008: R63,4 million).

Headline earnings increased 55% to R15,4 million (2008: R10,0 million) with headline earnings per share 29% higher than the previous year at 10,2 cents (2008: 7,9 cents). Earnings continue to be underpinned by strong cash flows, with cash earnings per share increasing 56% to 12,8 cents per share.

The group operating margin decreased to 19% (2008: 35%), as expected, after consolidating the lower overall margin of the jewellery division. This lower margin is a result of the jewellery division's vertically integrated model whereas the food division is not vertically integrated.

A successful business model

Our business model is founded on investing in entrepreneurs and the entrepreneurial spirit. Our portfolio of brands is mostly franchised. Each brand is a specialist in its respective category, and operates according to a proven and transferable formula. They are focused on lifestyle-enhancing or complementing the lifestyles of consumers in the broad middle market of the living standards measures or LSMs 6 – 10.

Our three brands display similar characteristics. They are compellingly branded where the brand itself is an important differentiating factor. They are founded on a strong value proposition – offering good quality and great value products to customers in the broad middle market. They present opportunities for vertical integration – so that material profit streams can be developed from sourcing and distribution, franchise management royalties and company store ownership.

Acquisition of NWJ adds critical mass and enhances the group's leverage in key success areas

Material profit streams are being developed from vertical integration

Management teams and franchisees are incentivised to act and operate with the heart and passion of their respective founding entrepreneurs

They all have large marketing funds within their sectors and market through similar channels to shared consumers.

In our food segment, we outsource our supply chain to a multi-temperature distributor with a broad presence across South Africa and a proven track record with other blue-chip customers in the food distribution and retailing industries. Taste manages quality and service levels and negotiates with suppliers on behalf of our franchisees. As the footprint of food outlets grows, so does the strength of the business case to own certain portions of the supply chain. This will offer greater benefits for our franchisees and even better value for their customers.

In our jewellery division, NWJ sources, distributes and manufactures an appealing range of affordable products. 45% of this is designed and manufactured in-house. Of the sourced jewellery, 30% is imported while the balance is sourced from local distributors and manufacturers. The manufacturing facility is located in Durban.

As a group, 72% of our revenue stems from income linked to system sales, while some 5% is derived from opening new stores and the sale of stores. The balance is attributable to company-owned retail outlets. As franchisees raise their own capital to fund new store openings and expansion, capital intensity for Taste Holdings is reduced while our cash-generating ability is strengthened, due to the high, but fixed costs, of operating a franchise model.

Ultimately, the true potential of the franchise model lies in the human factor – owner-managers prepared to go beyond the expected to deliver exceptional service and value to a growing base of customers.

Segmental review – food

The food division comprises the Maxi's and Scooters Pizza brands. Both brands target consumers in the broad middle market, offering superior value for money and convenience in contemporary store designs. Scooters trades in the fast-food sub-segment while Maxi's falls into the casual dining sub-segment, catering for breakfast, lunch and early-evening consumers.

System-wide sales (these are all sales from all stores) for this division grew 13% to R422 million (2008: R373 million) during the year, with growth in the

second half up 18% on the comparable period in 2008, despite tougher trading conditions. The division ended the 2009 year with 184 stores, up from 161 in 2008. Growth was driven largely by turnover increases recorded by re-imaged and converted Maxi's sites.

The renovation programme for both brands continued during the year, with 13 stores now re-imaged. On average these stores recorded turnover increases of over 15% on reopening with their new image.

System-wide sales increases translated to an 18% rise in revenue in the core franchising division to R35,4 million (2008: R29,9 million) and an increase in profit of 12,4% to R19,4 million (2008: R17,3 million). The margin decline to 55% (2008: 58%) in the franchising division is mainly the result of amortisation charges for BJ's conversions totalling R1,9 million, and impairment losses during the 2009 year.

Although franchisee operating expenses rose faster than sales, mainly due to electricity and wage increases above inflation, the combined purchasing leverage of the food division protected gross margins across both brands, despite below-inflation selling price increases to consumers during the year.

Scooters Pizza – the second-largest chain in South Africa – launched a value range and single person sized pizza, and expanded its offering to include pastas and salads during the year to very positive response, confirming that consumers demand value. Highlighting the benefits to franchisees of consistent advertising spend on the Scooters brand, the chain opened 15 new stores during the year.

Maxi's continued to benefit from its repositioning with positive same-store sales and new A-grade sites being offered to the chain. New-store growth was driven by increasing opportunities arising from the Caltex network beyond national highway sites, and in KwaZulu-Natal where the brand is represented by only three outlets. Maxi's converted all seven BJ's sites in Caltex forecourts by December 2008, with these sites recording year-on-year turnover growth of over 20%. During the year, Maxi's developed 20 new sites. Commendably, Maxi's was a finalist in both the FASA Brand Builder and Franchisor of the Year awards, reinforcing the benefits to existing and potential franchisees.

MAXI'S
More than just a meal



Maxi's footprint and market share expanding, reinforcing benefits for franchisees

Expanded product range from Scooters Pizza fulfilling consumers' demands for value, convenience and quality

13% system-wide sales increases translated to an 18% rise in revenue in the core franchising division and an increase in profit of 12,4%



Our brands are focused on enhancing the lifestyles of consumers in the broad middle market. The true potential of this model lies in the human factor; owner-managers prepared to go beyond the expected to deliver exceptional service and value to a growing base of customers.



Both brands have marketing funds that benefit from the group's media-buying power. As such, Scooters Pizza and Maxi's now enjoy the second- and third-highest adspend in their categories respectively. This ensures continued top-of-mind awareness for these brands as smaller competitors cut their marketing budgets, and reinforces the global fact that trusted brands which continue to market ahead of their competitors in tough trading environments gain market share.

Segmental review – jewellery

NWJ is a fully integrated franchise jewellery chain that owns and operates approximately 25% of the total outlets; provides franchising services to its franchise network; manufactures and distributes certain products sold by NWJ outlets, and sources and distributes items not manufactured by its owned facility.

NWJ is the fourth-largest jewellery chain in South Africa by units, with 76 outlets across the country, 10 of which were opened in the current financial year. As NWJ has a demonstrated ability to operate company-owned outlets, new store growth is not solely dependent on franchisee availability.

Services provided are comparable to Taste's food franchise division: NWJ offers franchisees operational and marketing support, project management, new site growth and development, and national brand-building strategies, in return for a royalty. The distribution function distributes 100% of goods sold through NWJ outlets. Of goods sold, approximately 45% is made by NWJ's manufacturing facility in Durban, 30% is imported and the balance is sourced locally. This model provides in-house innovation capacity, fast routes to market, and maintains input costs for franchisees through purchasing economies of scale. A further benefit in owning the manufacturing facility is that slow-moving or returned stock can either be reworked with negligible yield loss or transferred to another location where there is known demand.

System-wide sales increased 9,9% to R227 million (2008: R206 million), with the 11,4% increase in the last quarter of 2009 highlighting NWJ's positioning at the value end of the luxury goods segment. Excluding new stores, system-wide sales were positive in every quarter of the 2009 year, averaging 2,4% for the year. Fourth-quarter same-store sales increased 2,1%.

The operating margin in this division was 17%, as expected. The lower franchising margin of the

jewellery division compared to the franchising margin in the food division is due to the inclusion of manufacturing and distribution profits, which carry lower margins than franchising services.

The jewellery segment is driven by occasions or special events. By owning the manufacturing and distribution division, NWJ is able to quickly adapt to changing consumer demand which has seen a shift to buying silver, lighter-weight gold and stainless steel jewellery. During the year, NWJ continued to develop its own branded ranges, with positive response. Highlighting the commitment to the franchise model, NWJ was also a finalist in the FASA Franchisor of the Year awards.

Through Taste, NWJ has access to greater human resources and capital than before. Additionally, since Taste negotiates with media owners as one entity, the acquisition of NWJ has benefited the marketing funds of all three brands to achieve improved costs of advertising, a key success factor in both the food and jewellery segments.

Sustainable development

As a franchise group, the very nature of our business is focused on sustainable development. By providing the support infrastructure that enables franchisees to build businesses, employ people and transfer skills, Taste is instrumental in many facets of the Department of Trade and Industry's broad-based black economic empowerment guidelines, particularly those relating to skills development and enterprise development. The key to success in a franchising model is the ability to transfer skills to someone who does not have them. Equally, the sustainability of a franchise model is the financial success of its franchisees. The very nature of franchising aligns the goals and spirit of sustainable development in a South African context with the business goals of a franchisor and its shareholders.

Franchising is social responsibility in action every day.

Between 2006 and 2009, the number of Taste franchisees has grown from 221 to 414 and the group workforce from 2 651 to an estimated 4 900. Given that recent studies estimate an average of eight dependants for every job in the lower-income categories, the multiplier effect of these monthly incomes means our company is enhancing the quality of life of thousands of people. Importantly, the total payroll of franchisees and their employees far exceeds that of the Taste group.



A careful blend of company-owned stores and franchise outlets underpins the sustainable growth potential of NWJ

By owning the manufacturing and distribution division, NWJ is able to quickly adapt to changing consumer demand



The jewellery segment is driven by occasions or special events. By owning the manufacturing and distribution functions, NWJ is able to anticipate trends and respond with innovative, affordable ranges.



At present 27% of the group's 260 outlets are owned by franchisees from previously disadvantaged groups and (coincidentally) 27% of the group's outlets are owned by women.

Black economic empowerment

During the year, Taste and an independent assessor conducted an interim self-assessment in line with the Department of Trade and Industry's framework for measuring broad-based black economic empowerment. The qualification levels of our wholly owned subsidiaries in terms of the broad-based BEE interim scorecards are shown below:

Subsidiary score level		
Scooters Pizza	86%	Level 2 contributor
Maxi's	97%	Level 2 contributor
NWJ	42%	Level 7 contributor

Given that this is the first year of inclusion of NWJ in Taste this is a baseline score which the teams plan to improve on.

Appreciation

Taste is fortunate to have formidable teams, whose members breathe life daily into our culture and our principles. I thank every one of you and trust that you will continue to drive your careers to new heights with our group. Our directors and advisers are a steady source of sage counsel, and we are grateful for this support.

Despite challenging trading conditions in the last year, it has been a year of outstanding achievement on many levels. The support and commitment of our franchisees and network partners is deeply appreciated. We will repay your loyalty by doing what we do best – supporting the growth of your business and our own. We formally welcome our newest members – the teams of NWJ – and look forward to your contributions as we tackle the new year together as entrepreneurs and partners.

Prospects

The Taste food division continues to grow top-line sales, and the strong value offerings of both Maxi's and Scooters Pizza place the brands at the forefront of consumer choice in their areas. Scooters Pizza has

approved a new mall concept, and Maxi's penetration into the Caltex network will offer the food division new growth opportunities in 2009. Taste will continue to explore vertical integration opportunities in this division. The focus during the year will be on containing costs while increasing marketing activity and the geographical presence of both brands. The majority of planned new outlets are to existing franchisees and indicate an encouraging willingness to reinvest in the brands. The jewellery division, although not as defensive as the food division by industry, is fortunate to be at the value end of its segment with arguably the strongest value proposition among the top four chains. The sale of selected company stores as part of the retail strategy will release cash and enhance divisional cash flow. New sites are increasingly becoming available as independent jewellers feel the brunt of buying down in this sector. Through its manufacturing division, NWJ is able to respond quickly to changing consumer needs and maintain its strong value offering to consumers. Its relatively stronger advertising spend and franchise ownership model positions it favourably to gain market share from other chains in the coming year.

Taste remains committed to becoming a diversified franchisor; invested in carefully selected brands (currently retail and restaurant) in southern Africa. While we will continue to assess opportunities in line with our strategy, we are focused on growing our existing divisions profitably by aggressively containing costs; driving top-line system-wide sales; and extracting synergies between the brands, particularly the head-office support costs of the franchise divisions.

In entrepreneurship



Carlo Gonzaga
Chief Executive Officer

Focus on growing existing divisions profitably while containing costs and driving top-line sales and extracting synergies

Taste is fortunate to have formidable teams, whose members breathe life daily into our culture and our principles

27% of the group's 260 outlets are owned by franchisees from previously disadvantaged groups



Taste life

Overview

To safeguard the interests of the company and all its stakeholders, Taste Holdings is committed to complying with the highest standards of corporate governance, knowing that good governance helps shareholders assess the quality of the group and its management, and supports investors in their decision-making processes. The group endorses the Code of Corporate Practices and Conduct contained in the second King Committee Report on Corporate Governance (King II) and embraces the principles of integrity, transparency and accountability. The directors believe Taste Holdings complies with the principles and spirit of King II and the Listings Requirements of the JSE Limited. Governance structures and processes are reviewed regularly to take account of changes in the group and best practices in the corporate governance arena.

Board of directors

The board is responsible for the company's overall policy. It provides guidance and input on strategic direction, planning, acquisitions, performance measurement, resource allocation, key appointments, standards of conduct and communication with shareholders. The board meets quarterly to review operational performance and strategic issues.

The board comprises four non-executive directors and four executive directors. Non-executive directors are independent of management and free to make their own decisions and judgements. They enjoy no benefits from the company for their services as directors, other than their fees and potential capital gains and dividends on their interests in ordinary shares.

The board retains full and effective control of the company. Apart from regular meetings, additional meetings are arranged annually to review strategy,

planning, operations, financial performance, risk and capital expenditure, human resource and environmental management. The board is also responsible for monitoring the activities of executive management. Daily management of the group's affairs is the responsibility of the chief executive officer who co-ordinates the implementation of board policy through the group executive committee, which he chairs.

Comprehensive board packs, including minutes of previous meetings, a detailed agenda, and relevant proposals and information, are distributed timeously to directors to enable effective decision-making at board meetings.

If directors are unable to attend board meetings, they are required to provide feedback on the documentation circulated prior to the meeting and this comment is then incorporated into the meeting. This ensures that the group still receives the benefit of the absent member's knowledge, despite him not being able to attend.

The company's corporate philosophy is consistent with the principles of King II in that:

- the roles of chairman and chief executive officer are separated
- the company has a non-executive chairman
- service contracts for executive directors do not exceed five years
- this division of responsibilities ensures a balance of authority and power; with no one individual having unrestricted decision-making powers. The group has a decentralised approach to managing and controlling the business and implementation is monitored through structured reporting channels. The directors are informed of progress through regular reporting at board meetings and ongoing communications.

Taste Holdings complies with the principles and spirit of King II and the Listings Requirements of the JSE Limited

Daily management of the group's affairs is the responsibility of the chief executive officer who co-ordinates the implementation of board policy through the group executive committee, which he chairs



	Board	Audit and risk	Remuneration and nomination
Number of meetings	4	2	1
Ramsay L'Amy Daly (Bill)	4		1
Carlo Gonzaga	4		
Duncan Crosson	4		
Luigi Gonzaga	4		
Hylton Rabinowitz – appointed 1 August 2008	2		
David Buxton (alternate) – appointed 1 August 2008	1		
Jay Currie	4	2	1
Kevin Utian	3		1
Designated adviser		2	

Board committees

The directors have delegated specific responsibilities to two sub-committees to assist the board in discharging its duties. Each committee has a clear mandate and the directors confirm that the committees have functioned according to these written terms of reference during the year.

Remuneration and Nominations Committee

Ramsay L'Amy Daly (Bill) (chairman)
Kevin Utian
Jay Currie

Remuneration

The remuneration committee, which has been in place since 2000, is responsible for the remuneration of senior executives and the remuneration policy for all employees. This policy is based on the premise that fair and competitive remuneration should motivate individual achievement and enhance the company's overall performance. This is achieved through a combination of fixed and performance-enhancing incentives to attract and retain competent and

experienced employees. The committee meets annually. Details of directors' remuneration are disclosed in note 34 on page 66 of the annual report.

The chief executive officer attends meetings by invitation but is not entitled to vote and does not participate in discussions about his own remuneration.

The committee's primary functions are to:

- establish a formal and transparent procedure for developing a policy on executive remuneration
- determine remuneration for executive directors and senior management
- propose fees for non-executive directors
- assess and review remuneration policies, employee share incentive schemes, performance bonuses and service contracts
- determine the award of shares to executives and staff.

Remuneration and Nominations

Committee (continued)

Nominations

The role of the committee is to:

- identify and nominate qualified candidates to the board
- ensure the board has an appropriate balance of skills, experience and diversity
- advise on the board's composition, ensuring a balance between executive and non-executive directors
- ensure effective succession planning for senior management.

Audit and Risk Committee

Jay Currie (chairman)

Anthony Berman – appointed chairman 1 April 2009

Designated adviser

Audit

The audit committee meets at least bi-annually and comprises one independent non-executive director, an independent representative and an executive director. Its composition was reviewed in 2008 in light of the corporate laws amendment act.

Its role is to assist the board by performing an objective and independent review of the organisation's finance and accounting controls. The company maintains accounting and administrative control systems required for the current levels of operations. The committee will review and monitor the:

- effectiveness of the group's information systems and other systems of internal control
- effectiveness of the internal audit function
- reports of external and internal auditors
- annual report, and specifically the annual financial

statements included in that report

- accounting policies of the group and any proposed revisions
- external audit findings, reports and fees and their approval
- compliance with applicable legislation and requirements of regulatory authorities
- setting the principles for recommending the use of external auditors for non-audit services.

The internal and external auditors have unrestricted access to the audit committee and its chairman to ensure their independence is not impaired. The directors are satisfied that an adequate system of internal control was in place for the review period and until the approval of the annual report.

Risk

The committee formally reports to the board each year. It is tasked with ensuring major risks are identified and managed through a formalised process. The chief executive officer and chief financial officer regularly assess risk to the group in accordance with agreed principles.

The risk management committee, together with the internal audit function, provides assurance to the board of directors that presented information is accurate, complete and reliable. The board is satisfied that an adequate process for identifying, evaluating and managing significant risk was in place for the year under review and until the time of approving the annual report.

Sustainable development



Sustainable development is a cornerstone of the Taste Holdings group: our very existence depends on the services we provide to our franchisees, enabling each of them in turn to build lasting businesses that create jobs and support communities. Given our firm belief that entrepreneurship is a vital underpin to economic growth and development, we will continue to focus on supporting entrepreneurs and enhancing the multiplier effect generated by job creation in this segment.

We are also firmly committed to reporting on sustainability – the so-called triple bottom line of economic, social and environmental performance. As the group expands and matures, so too will the scope of our reporting on sustainability. In this respect, we will be guided by the accepted international benchmark of the Global Reporting Initiative (GRI) and the United Nations Global Compact to ensure that our approach to sustainability is both appropriate and comprehensive, and that our reporting standards evidence incremental improvement over time.

Code of ethics

The company adheres to a stringent code of ethics that commits employees to high standards of integrity, behaviour, good faith and accountability in dealing with stakeholders. The group promotes education and training of employees on the implications of corporate governance, and the King II report. The company also invests in educating all employees on the specifics of being a listed entity, including closed periods and the principles of shares traded on a stock exchange.

The board is satisfied that no material breaches of

ethical behaviour occurred during the year and confirms that the group continues to comply with the highest standards of business practices.

Communication

The company has a policy of open and transparent communication with its ordinary shareholders and other stakeholders and meets regularly with institutional shareholders, investment analysts and other stakeholders. Financial results are published in national print media and are available on the corporate website (www.tasteholdings.co.za). Shareholders are encouraged to attend annual general meetings, where sufficient time is provided for discussion of relevant agenda items with executive management.

Given our firm belief that entrepreneurship is a vital underpin to economic growth and development, we will continue to focus on supporting entrepreneurs and enhancing the multiplier effect generated by job creation in this segment.



Annual financial statements 2009



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DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 28 February 2009

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and group as at the end of the financial year and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and group and all employees are required to maintain the highest ethical standards in ensuring the company and group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company and group is on identifying, assessing, managing and monitoring all known forms of risk across the company and group. While operating risk cannot be fully eliminated, the company and group endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the annual financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash-flow forecast for the year to 28 February 2010 and, in the light of this review and the current financial position, they are satisfied that the group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

Although the board of directors is primarily responsible for the financial affairs of the company and group, they are supported by the group's external auditors.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 29.

The annual financial statements set out on pages 30 to 72, which have been prepared on the going-concern basis, were approved by the board of directors on 13 May 2009 and were signed on its behalf by:



Carlo Ferdinando Gonzaga
Chief Executive Officer

Frankenwald

13 May 2009

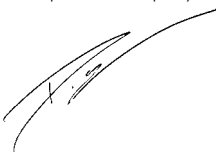


Duncan John Crosson
Chief Financial Officer

DECLARATION BY COMPANY SECRETARY

Taste Holdings Annual Report 2009

The Company Secretary certifies that the company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, No 61 of 1973, and that all such returns are true, correct and up to date.



Duncan John Crosson
Company Secretary

Frankenwald

13 May 2009

To the shareholders of Taste Holdings Limited

We have audited the accompanying annual financial statements and group annual financial statements of Taste Holdings Limited, which comprise the directors' report, the balance sheet as at 28 February 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 72.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the annual financial statements and group financial statements present fairly, in all material respects, the financial position of the company and of the group as of 28 February 2009, and of their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



BDO Spencer Steward (Johannesburg) Incorporated

Registered Auditors
Chartered Accountants (SA)

Per: Stephen Shaw

13 May 2009

13 Wellington Road
Parktown
2193

DIRECTORS' REPORT

for the year ended 28 February 2009

The directors have pleasure in submitting their report for the year ended 28 February 2009.

Nature of business

Taste Holdings Limited is an investment holding company listed on the Alternative Exchange (AltX) of the JSE. The company's subsidiaries are consumer brand holding companies engaged in the franchising of consumer-branded trademarks and ownership of retail stores. The company is involved in the establishment of new business, marketing and advertising of the brands and the operational control of the franchised outlets to ensure consistency and compliance across the chains.

On 1 March 2008, a subsidiary of the company concluded a transaction with BJ's Franchising (Proprietary) Limited and Chevron South Africa to take over all the BJ's sites within Caltex service station forecourts along the national highways within South Africa. These sites have been converted into Maxi's restaurants.

On 1 August 2008, the company purchased 100% of NWJ Fine Jewellery (Proprietary) Limited "NWJ" for a total consideration of R95,1 million. NWJ is a vertically integrated, predominantly franchised chain of outlets that retails a range of quality jewellery and watches via 76 outlets situated in major shopping centres around South Africa. Details of this transaction are reflected in note 22 to the financial statements.

Events subsequent to year-end

The directors are not aware of any significant events that have occurred between the end of the financial year and the date of this report that may materially affect the results of the company and the group for the period under review or their financial position at 28 February 2009.

Authorised and issued share capital

During the period the company issued 45 161 291 ordinary par value shares of R0,00001 at a value of R0,62 to the NWJ vendors and agents as part consideration for purchase of NWJ.

As a result of the above issue, share premium of R27 999 549 was raised after accounting for share issue costs.

The authorised and issued share capital of the company at 28 February 2009 is set out in note 15 to the annual financial statements.

Borrowing limitations

In terms of the articles of association of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

Non-current assets

There was no major change in the nature or the use of the property, plant and equipment and intangible assets owned by the company or any of its subsidiaries during the year under review except for the recognition of the NWJ trademark intangible, on acquisition of the NWJ business. Details of this intangible are reflected in note 5 to the financial statements.

Dividends

No dividends were declared or paid to shareholders during the year.

Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Change in appointment
Carlo Ferdinando Gonzaga	South African	
Duncan John Crosson	South African	
Jay Bayne Currie	South African	
Kevin Utian	South African	
Hylton Rabinowitz	South African	Appointed 1 August 2008
Luigi Gonzaga	South African	
Ramsay L'Amy Daly (Bill)	South African	
David Buxton (alternate)	British	Appointed 1 August 2008

David Buxton resigned with effect from 30 June 2009 and Anthony Berman was appointed to the board on 1 April 2009.

In terms of the company's articles of association, Jay Bayne Currie and Bill Daly retire at the forthcoming annual general meeting. These gentlemen, both being eligible, offer themselves for re-election. Anthony Berman having been appointed on 1 April 2009, resigns at the annual general meeting, but being eligible, offers himself for re-election. Service agreements with the directors of Taste Holdings Limited at the date hereof do not impose any abnormal notice periods on the company.

Shareholders will be asked to confirm these re-appointments at the forthcoming annual general meeting.

Secretary

The secretary of the company is Duncan John Crosson of:

Business address 12 Tetford Circle
Millenium Bridge Business Park
La Lucia Ridge
4051

Postal address PO Box 78333
Sandton City
2146

Subsidiaries

Details of the company's subsidiary companies are contained in note 6 to the financial statements. The company had an interest in its subsidiaries' aggregate profit after taxation of R15 596 748 (2008: R10 215 145) and in their losses after taxation of R43 261 (2008: R35 780).

Special resolutions

At a general meeting of the shareholders on 21 July 2008 the following resolution was passed:

- General authority to directors to acquire the company's shares.

Directors' interests

No contracts in which directors or officers of the company or group had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries were entered into during the year.

At 28 February 2009				
Director	Number of shares held		Total	%
	Beneficially direct	Beneficially indirect		
Carlo Gonzaga and associates		9 376 260	9 376 260	5,46
Duncan Crosson	7 293 082		7 293 082	4,24
Luigi Gonzaga and associates		6 382 722	6 382 722	3,71
Ramsay L'Amy Daly (Bill) and associates		4 582 909	4 582 909	2,67
Jay Currie	10 661 768		10 661 768	6,20
Hylton Rabinowitz	31 219 953		31 219 953	18,16
David Buxton (alternate)	7 259 989		7 259 989	4,22
	56 434 792	20 341 891	76 776 683	44,67

At 29 February 2008				
Director	Number of shares held		Total	%
	Beneficially direct	Beneficially indirect		
Carlo Gonzaga and associates		9 376 260	9 376 260	7,40
Duncan Crosson	7 293 082		7 293 082	5,76
Luigi Gonzaga and associates		6 099 722	6 099 722	4,81
Ramsay L'Amy Daly (Bill) and associates		4 582 909	4 582 909	3,62
Jay Currie	10 661 768		10 661 768	8,41
	17 954 850	20 058 891	38 013 741	30,00

Subsequent to year-end, on 21 May 2009, Luigi Gonzaga and associates purchased 53 569 shares.

Report by the Audit Committee

The corporate Laws Amendment Act 24 of 2006 (CLAA) came into effect on 14 December 2007. The composition of the Audit Committee is in line with the provisions of the CLAA and is chaired by Jay Currie. During the financial year ended, in addition to the duties set out on page 24 of the corporate governance report, the Audit Committee carried out its functions as follows:

- Nominated the appointment of BDO Spencer Steward (Johannesburg) Inc (BDO) as the registered independent auditor after satisfying itself through enquiry that BDO is independent as defined in terms of the CLAA.
- Determined the fees to be paid to BDO and their terms of engagement.
- Ensured that the appointment of BDO complied with the CLAA and any other legislation relating to the appointment of auditors.
- Reviewed the nature of non-audit services provided by the external auditors in order to ensure that the fees for such services do not become so significant as to call to question their independence. BDO provide non-audit services to the company and the Audit Committee has pre-approved the contract for tax administration services by BDO.

The Audit Committee has satisfied itself through enquiry that BDO and Mr Stephen Shaw, the designated auditor, are independent of the company.

The Audit Committee recommended the financial statements for the year ended 28 February 2009 for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

BALANCE SHEET

as at 28 February 2009

	Notes	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	7 606	1 028	529	319
Intangible assets	5	68 306	1 004	–	–
Investments in subsidiaries	6	–	–	121 058	16 002
Deferred tax	10	1 086	452	207	150
Goodwill	5	16 102	16 122	–	–
Other financial assets	9	606	–	–	–
		93 706	18 606	121 794	16 471
Non-current assets held for sale	8	1 805	–	–	–
Current assets					
Inventories	12	58 601	67	–	–
Loans to group companies	7	–	–	4 154	4 744
Other financial assets	9	2 339	1 088	–	–
Advertising levies	11	2 987	1 982	–	–
Trade and other receivables	13	16 742	13 702	186	11
Taxation		3 272	–	–	–
Cash and cash equivalents	14	7 214	27 960	6 242	26 005
		91 155	44 799	10 582	30 760
Total assets		186 666	63 405	132 376	47 231
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Share capital	15	43 143	25 078	54 626	26 626
Retained income/(loss)		41 185	19 758	(619)	455
		84 328	44 836	54 007	27 081
Liabilities					
Non-current liabilities					
Long-term employee benefits	16	658	276	658	206
Borrowings	17	39 337	–	–	–
Derivative at fair value	18	1 049	–	–	–
Deferred tax	10	17 293	–	–	–
Balances due to vendors	17	2 941	–	2 941	–
		61 278	276	3 599	206
Current liabilities					
Loans from group companies	7	–	–	66 130	19 543
Current tax payable		170	1 141	56	–
Borrowings	17	11 239	595	–	–
Bank overdrafts	14	3 461	–	2	–
Derivative at fair value	18	874	–	–	–
Balances due to vendors	17	7 059	–	7 059	–
Provisions	20	973	–	–	–
Trade and other payables	21	17 284	16 557	1 523	401
		41 060	18 293	74 770	19 944
Total liabilities		102 338	18 569	78 369	20 150
Total equity and liabilities		186 666	63 405	132 376	47 231

INCOME STATEMENT

for the year ended 28 February 2009

	Notes	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
Revenue	23	136 345	33 793	10 956	5 623
Cost of sales	24	(53 376)	(1 466)	–	–
Gross profit		82 969	32 327	10 956	5 623
Other income		935	58	–	–
Operating expenses		(58 319)	(20 670)	(9 651)	(8 620)
Operating profit/(loss)	25	25 585	11 715	1 305	(2 997)
Negative goodwill arising on acquisition	22	6 964	–	–	–
Fair value adjustment on derivative	18	(1 923)	–	–	–
Interest income	26	2 051	2 458	1 657	2 297
Finance costs	27	(5 174)	(37)	(4 037)	(6)
Profit/(loss) before taxation		27 503	14 136	(1 075)	(706)
Taxation	28	(6 076)	(4 166)	1	(27)
Profit/(loss) for the period		21 427	9 970	(1 074)	(733)
Attributable to:					
Equity holders of the parent		21 427	10 001	(1 074)	(733)
Minority interest		–	31	–	–

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2009

	Share capital R'000	Share premium R'000	Accumulated profit/(loss) R'000	Minority interest R'000	Total equity R'000
Group					
Balance at 1 March 2007	1	25 077	9 757	31	34 866
Changes in equity:					
Profit for the year	–	–	10 001	(31)	9 970
Total changes	–	–	10 001	(31)	9 970
Balance at 1 March 2008	1	25 077	19 758	–	44 836
Changes in equity:					
Profit for the year	–	–	21 427	–	21 427
Issue of shares (net of costs)	1	18 064	–	–	18 065
Total changes	1	18 064	21 427	–	39 492
Balance at 28 February 2009	2	43 141	41 185	–	84 328
Note	15	15			
Company					
Balance at 1 March 2007	1	25 077	1 188	–	26 266
Changes in equity:					
Loss for the year	–	–	(733)	–	(733)
Issue of shares (net of costs)	–	1 548	–	–	1 548
Total changes	–	1 548	(733)	–	815
Balance at 1 March 2008	1	26 625	455	–	27 081
Changes in equity:					
Loss for the year	–	–	(1 074)	–	(1 074)
Issue of shares (net of costs)	1	27 999	–	–	28 000
Total changes	1	27 999	(1 074)	–	26 926
Balance at 28 February 2009	2	54 264	(619)	–	54 007
Note	15	15			

CASH FLOW STATEMENT

for the year ended 28 February 2009

	Notes	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
Cash generated from/(used in) operations	30	24 053	10 216	3 082	(2 931)
Interest income		2 051	2 458	1 657	2 297
Finance costs		(5 174)	(37)	(4 037)	(6)
Income tax paid	31	(13 316)	(6 008)	–	(74)
Net cash from operating activities		7 614	6 629	702	(714)
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	(2 943)	(1 162)	(409)	(428)
Proceeds of property, plant and equipment	4	1 392	54	–	–
Acquisition of intangible assets	5	(6 519)	(689)	–	–
Acquisition of non-current assets held for sale		(2 355)	–	–	–
Acquisition of subsidiary	22	(95 122)	–	(105 056)	–
Proceeds on disposal of goodwill		1 362	(1 362)	–	–
Loans advanced to group companies		–	–	46 546	2 299
Loans advanced		(2 232)	(338)	–	–
Net cash from investing activities		(106 417)	(3 497)	(58 919)	1 871
Cash flows from financing activities					
Proceeds from issues of equity shares	15	18 065	–	28 000	1 548
Increase in long-term employee benefits		382	–	452	–
Loans raised from vendors		10 000	–	10 000	–
Loans raised/(repaid)		45 692	(2 404)	–	–
Net cash from financing activities		74 139	(2 404)	38 452	1 548
Change in cash and cash equivalents		(24 664)	728	(19 765)	2 705
Cash and cash equivalents at beginning of year		27 960	27 232	26 005	23 300
Cash acquired on acquisition of subsidiary	22	457	–	–	–
Cash and cash equivalents at end of year	14	3 753	27 960	6 240	26 005

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

I. Accounting policies

Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous period.

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and entities (including special purpose entities) controlled by the company or its subsidiaries. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the annual financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets excluding goodwill of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill arising on business combination

Goodwill arising on acquisition is recognised as an asset and initially and subsequently measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill is not amortised but is subject to an annual impairment review (see note I.3).

Trademarks recognised as part of a business combination

Trademarks are recognised as an intangible asset where the trademark has a long-term value. Acquired trademarks are only recognised where title is clear or the trademark could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable. The group typically arrives at the cost of such trademarks on a relief from royalty basis.

Where the acquired trademark is seen as having a finite useful economic life, it is subject to amortisation, which in respect of trademarks currently held is 10 – 40 years, being the period for which the group has exclusive rights to those trademarks. Where the acquired trademark is seen as having an indefinite useful economic life, it is not amortised and is carried at original cost.

Trademarks are reflected at cost less accumulated amortisation but are subject to an annual impairment review (see also note I.4).

I.1 Significant estimates and judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the group makes judgements as to whether there are observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

I. Accounting policies (continued)

I.1 Significant estimates and judgements (continued)

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Allowance for slow moving, damaged and obsolete stock

Management has made estimates of the selling price and direct cost to sell on inventory items to write stock down to the lower of cost and net realisable value. Any write down is included in operating profit. Any stock that is physically identified as slow moving, damaged or obsolete is written off when discovered.

Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Estimated residual values and useful lives of property, plant and equipment

Property, plant and equipment is depreciated to its estimated residual value over its estimated useful life.

Management has applied their judgement based on past experience to determine expected useful lives and residual values of property, plant and equipment. Refer to note 1.2.

I.2 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items, to their residual values over their estimated useful lives, on a straight-line basis, being a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the group.

Where an item comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and depreciated over their estimated useful lives.

Item	Average useful life
Furniture and fixtures	6 years
General equipment	6 years
IT equipment	3 years
Kitchen equipment	10 years
Leasehold improvements	5 years
Motor vehicles	5 years
Office equipment	5 – 6 years
Plant and machinery	5 years

The residual value and the useful life of each asset, as well as the method of depreciation, are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Internally generated goodwill is not recognised as an asset. Negative goodwill on acquisition is recognised directly in profit or loss.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

I. Accounting policies (continued)

I.4 Intangible assets (continued)

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Deferred lease charges represent the premium paid for the securing of key sites. Deferred lease charges are carried at cost less accumulated amortisation less any impairment losses. Deferred lease charges are amortised over the period of the underlying lease agreements. Deferred lease charges are classified as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Trademark and intellectual property	40 years
Deferred lease charges	Agreement period

I.5 Investments in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the date of acquisition or from the date control is achieved. The results of subsidiaries are included to the date of disposal or the date control is relinquished.

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

I.6 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investment are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to (from) group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to group companies are classified as loans and receivables. Loans from group companies are classified as liabilities at amortised cost.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor; probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of a allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. Cash and cash equivalents are classified as loans and receivables.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs. Bank overdraft and borrowings are classified as liabilities at amortised cost.

Other financial liabilities

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method. These include loans due to vendors and long-term employee benefits.

Other loans and receivables

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost less any accumulated impairment.

These financial assets are not quoted in an active market and have fixed or determinable payments.

Non-current assets held for sale

Non-current assets are held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Derivative financial instruments

The group uses derivative financial instruments to manage its exposure to interest rate risk. Further details of derivative financial instruments are disclosed in note 36.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Derivative financial instruments (continued)

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1.7 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- the parent is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the income statement.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability. This asset or liability is not discounted.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal incurs.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognised in the period in which the services are rendered and is not discounted.

Long-term employee benefits

Long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within 12 months after the end of the period in which the employees render the related service. The cost of long-term employee benefits is recognised in the period in which the service is rendered, and are carried at amortised cost.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

I. Accounting policies (continued)

I.11 Revenue (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

Franchise joining fees are recognised in the month when the outlet opens for trading.

I.12 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

I.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

I.14 Advertising levies

The group receives advertising levies from franchisees which are utilised in the advertising and promotion of the group's brands. Advertising expenditure incurred in excess of the levies received is carried forward as a prepaid expense to be set off against future levies.

Any amounts not expended are carried forward as liabilities to be set off against future advertising expenditure.

I.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

2. Standards and interpretations not yet effective

At the date of authorisation of these annual financial statements, the following standards and interpretations relevant to the group were issued but not yet effective:

Standards and amendments to existing standards issued, but not yet effective comprise:

IFRS 2 *Share-Based Payment*

This amendment deals with vesting conditions and cancellations. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IFRS 3 *Business Combinations*

This amendment deals with the accounting for business combinations. This amendment to the standard is effective for annual periods beginning on or after 1 July 2009. The group does not intend to adopt this standard early. Management is still in the process of assessing the impact of the adoption of this standard on the financial statements.

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

This amendment deals with plans to sell the controlling interest in a subsidiary. This amendment to the standard is effective for annual periods beginning on or after 1 July 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IFRS 7 *Financial Instruments: Disclosures*

This amendment deals with presentation of finance costs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is still in the process of assessing the impact of the adoption of this standard on the financial statements.

IFRS 8 *Operating Segments*

The standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. This standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that adoption of this standard will not have a significant impact on the financial statements.

IAS 1 *Presentation of Financial Statements*

This amendment deals with amendments to structure of Financial Statements and current/non-current classification of derivatives. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that this standard will not have a significant impact on the financial statements but will result in additional disclosure.

IAS 7 *Statement of Cash Flows*

This amendment deals with classification of expenditures on unrecognised assets. The amendment to this standard is effective for annual periods beginning on or after 1 January 2010. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

This amendment deals with the status of implementation guidance. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 10 *Events after the Reporting Period*

This amendment deals with dividends declared after the end of the reporting period. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2. Standards and interpretations not yet effective (continued)

IAS 16 *Property, Plant and Equipment*

This amendment deals with recoverable amount and sale of assets held for rental. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 17 *Leases*

This amendment deals with the classification of leases for land and buildings. The amendment to this standard is effective for annual periods beginning on or after 1 January 2010. The group does not intend to adopt this standard early. Management is still in the process of assessing the impact of the adoption of this standard on the financial statements.

IAS 18 *Revenue*

This amendment deals with costs of originating a loan. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 23 *Borrowing Costs*

This amendment only allows the capitalisation model and components of borrowing costs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 27 *Consolidated and Separate Financial Statements*

This amendment deals with the measurement of the cost of investments when adopting IFRS for the first time, consequential amendments from changes to business combinations and measurement of a subsidiary held for sale in the separate financial statements. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 28 *Investments in Associates*

This amendment deals with consequential amendments from changes to business combinations, required disclosures when investments in associates are accounted for at fair value through profit or loss and impairment of investment in associate. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is still in the process of assessing the impact of the adoption of this standard on the financial statements.

IAS 31 *Interests in Joint Ventures*

This amendment deals with consequential amendments from changes to business combinations and required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 32 Financial Instruments: Presentation

This amendment deals with certain financial instruments that will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 34 Interim Financial Reporting

This amendment deals with earnings per share disclosures in interim financial reports. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 36 Impairment of Assets

This amendment deals with disclosure of estimates used to determine the recoverable amount. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 38 Intangible Assets

This amendment deals with advertising activities, promotional activities and unit of production method of amortisation. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 39 Financial Instruments: Recognition and Measurement

This amendment deals with reclassification of derivatives into or out of the classification of at fair value through profit or loss, designating and documenting hedges at the segment level and applicable effective interest rate on cessation of fair value hedge accounting. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

IAS 40 Investment Property

This amendment deals with property under construction or development for future use as investment property, consistency of terminology with IAS 8 and investment property held under lease. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

3. Segment reporting

A reportable segment is a distinguishable business component of the group:

- that engages in business activities from which it may earn revenues and expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

For management purposes, the group is organised into three major operating divisions:

- Food
- Jewellery
- Corporate services

Food consists of Scooters and Maxi's franchise and retail divisions and Jewellery consists of NWJ franchise and wholesale and retail divisions.

Such structural organisation is determined by the nature of risks and returns associated to each business segment and is representative of the internal reporting structure used for management reporting.

Segment profit includes revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The following tables present details of revenue, operating profit, assets and liabilities by business segment.

	Contribution %	2009 R'000	Contribution %	2008 R'000
Segment revenue				
Food	28	38 766	100	33 793
Franchise	26	35 426	89	29 913
Retail	2	3 340	11	3 880
Jewellery	72	97 579		–
Franchise and wholesale	51	69 842		–
Retail	20	27 737		–
Group revenue	100	136 345	100	33 793
Segment profit				
Food	72	18 510	150	17 521
Franchise	76	19 453	148	17 314
Retail	(4)	(943)	2	207
Jewellery	65	16 749		–
Franchise and wholesale	41	10 459		–
Retail	25	6 290		–
Corporate services	(38)	(9 674)	(50)	(5 806)
Group revenue	100	25 585	100	11 715

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Contribution %	2009 R'000	Contribution %	2008 R'000
Segment assets				
Food	11	21 072	35	22 191
Franchise	10	19 071	32	20 141
Retail	1	2 001	3	2 050
Jewellery	44	82 998		–
Franchise and wholesale	26	48 565		–
Retail	18	34 433		–
Corporate services	44	82 596	65	41 214
Total group assets	100	186 666	100	63 405
Segment liabilities				
Food	12	12 015	98	18 146
Franchise	12	11 857	97	18 029
Retail		158	1	117
Jewellery	59	60 791		–
Franchise and wholesale	59	60 002		–
Retail	1	789		–
Corporate services	29	29 532	2	423
Total group assets	100	102 338	100	18 569

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2009

4. Property, plant and equipment

	2009			2008		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Group						
Furniture and fixtures	10 491	(4504)	5 987	854	(311)	543*
Motor vehicles	355	(299)	56	16	(9)	7
Office equipment	834	(661)	173	83	(59)	24*
IT equipment	4 324	(3 642)	682	988	(549)	439
Kitchen equipment	–	–	–	15	(3)	12
Leasehold improvements	479	(140)	339	–	–	–
Plant and machinery	1 749	(1382)	367	–	–	–
General equipment	6	(4)	2	6	(3)	3
Total	18 238	(10 632)	7 606	1 962	(934)	1 028
Company						
Furniture and fixtures	74	(8)	66	–	–	–
Leasehold improvements	286	(28)	258	–	–	–
IT equipment	463	(258)	205	428	(109)	319
Total	823	(294)	529	428	(109)	319

Reconciliation of property, plant and equipment – Group 2009

	Opening balance R'000	Additions R'000	Acquisition of subsidiary R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	543	2 384	4 976	(1 008)	(908)	5 987
Motor vehicles	7	–	149	(60)	(40)	56
Office equipment	24	11	206	(1)	(67)	173
IT equipment	439	240	437	(67)	(367)	682
Kitchen equipment	12	–	–	(11)	(1)	–
General equipment	3	–	–	–	(1)	2
Leasehold improvements	–	308	89	(11)	(47)	339
Plant and machinery	–	–	514	–	(147)	367
Total	1 028	2 943	6 371	(1 158)	(1 578)	7 606

Reconciliation of property, plant and equipment – Group 2008

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	102	570	–	(129)	543
Motor vehicles	27	–	(17)	(3)	7
Office equipment	33	29	–	(38)	24
IT equipment	130	547	(8)	(230)	439
Kitchen equipment	–	15	–	(3)	12
General equipment	4	–	–	(1)	3
Total	296	1 161	(25)	(404)	1 028

*Re-classification compared to previously reported amounts.

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Company 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	–	75	–	(9)	66
Leasehold improvements	–	286	–	(28)	258
IT equipment	319	48	(11)	(151)	205
Total	319	409	(11)	(188)	529

Reconciliation of property, plant and equipment – Company 2008

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
IT equipment	–	428	–	(109)	319
Total	–	428	–	(109)	319

5. Intangible assets

Group	2009			2008		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks and intellectual property	62 673	(914)	61 759	–	–	–
Deferred lease charges	6 617	(1 124)	5 492	1 338	(334)	1 004
Computer software	1 054	–	1 054	–	–	–
Total	70 344	(2 038)	68 306	1 338	(334)	1 004

Reconciliation of intangible assets – Group 2009

	Opening balance R'000	Additions R'000	Acquisition of subsidiary R'000	Disposals R'000	Amortisation R'000	Total R'000
Trademarks and intellectual property	–	–	62 673	–	(914)	61 759
Deferred lease charges	1 004	5 465	–	–	(976)	5 492
Computer software	–	1 054	–	–	–	1 054
Total	1 004	6 519	62 673	–	(1 890)	68 306

Reconciliation of intangible assets – Group 2008

	Opening balance R'000	Additions R'000	Acquisition of subsidiary R'000	Disposals R'000	Amortisation R'000	Total R'000
Deferred lease charges	315	689	–	–	–	1 004
Total	315	689	–	–	–	1 004

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

5. Intangible assets (continued)

Trademarks and intellectual property

The above trademarks and intellectual property consist of the Natal Wholesale Jewellers "NWJ" trademark. This originated through the acquisition of the subsidiary during the 2009 financial year. The recoverable amount of this trademark is determined based on a value in use calculation which uses cash-flow projections based on financial budgets approved by directors covering a three-year period. Cash flows beyond the three-year period have been extrapolated using a steady 5% per annum growth rate. The cash flows were discounted using a weighted average cost of capital of 18%.

Key assumptions in the value in use calculations include budgeted margins and budgeted franchise revenue streams. Such assumptions are based on historical results adjusted for anticipated growth. These assumptions are a reflection of management's past experience in the market in which the unit operates. In addition, the various sensitivity analyses performed by changing key variables in the calculation and the recoverable amount exceeded the carrying amount in all instances.

This trademark is amortised on a straight-line basis over 40 years.

Deferred lease charges

These represent a premium paid for the securing of key sites and are amortised over the duration of the underlying lease agreements ranging between two to 10 years.

The recoverable amounts for these charges were determined to be higher than their carrying amounts. The value in use calculations were based on future cash flows taking into account a conservative 5% growth in turnover, that were discounted at a rate of 16% over the period of each respective lease agreement.

Computer software

This represents the actual costs incurred to develop a point of sale system for use in NWJ. These costs are initially capitalised and not depreciated. Once the point of sale system comes into use, it will be reclassified under property, plant and equipment and will be depreciated over its expected useful life.

Goodwill

Group	2009			2008		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Goodwill	16 102	–	16 102	16 122	–	16 122
Total	16 102	–	16 102	16 122	–	16 122

Reconciliation of Goodwill – Group 2009

	Opening balance R'000	Additions R'000	Acquisition of subsidiary R'000	Disposals R'000	Amortisation/ impairment R'000	Total R'000
Goodwill	16 122	–	1 451	(1362)	(109)	16 102
Total	16 122	–	1 451	(1362)	(109)	16 102

Reconciliation of Goodwill – Group 2008

	Opening balance R'000	Additions R'000	Acquisition of subsidiary R'000	Disposals R'000	Depreciation R'000	Total R'000
Goodwill	14 760	1 362	–	–	–	16 122
Total	14 760	1 362	–	–	–	16 122

5. Intangible assets (continued)

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

	2009 R'000	2008 R'000
Maxi's brand	14 760	14 760
Company-owned stores	1 342	1 362
Total goodwill	16 102	16 122

The goodwill acquired during the year relates to a NWJ company-owned retail outlet. This goodwill formed part of the assets acquired in the NWJ subsidiary. Goodwill disposed related to a Maxi's company-owned store.

Maxi's brand

Indefinite life as management believes that there is no foreseeable limit to the period over which the group will continue to generate revenues from their continued use. Supporting this assumption is the fact that the brand held is established, well known and, reasonably can be expected to generate revenues beyond the group's strategic horizon. In addition, the group can continue to renew legal rights attached to such trademarks without significant cost and intends to do so for the foreseeable future.

The recoverable amount is based on a value in use calculation which uses cash-flow projections based on financial budgets approved by directors covering a three-year period. Cash flows beyond the three-year period have been extrapolated using a steady 5% per annum growth rate. The cash flows were discounted using a weighted average cost of capital of 18%.

Key assumptions in the value in use calculations include budgeted margins and budgeted franchise revenue streams. Such assumptions are based on historical results adjusted for anticipated growth. These assumptions are a reflection of management's past experience in the market in which the unit operates. In addition, the various sensitivity analyses performed by changing key variables in the calculation and the recoverable amount exceeded the carrying amount in all instances.

Company-owned stores

The recoverable amount is based on a value in use calculation which uses cash-flow projections based on financial budgets approved by directors covering a three-year period. Cash flows beyond the three-year period have been extrapolated using a steady 5% per annum growth rate. The cash flows were discounted using a weighted average cost of capital of 16%.

Goodwill is not amortised.

6. Investments in subsidiaries

Name of company	Directly held	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
NWJ Holdings (Proprietary) Limited	Taste Holdings Limited	100	–	100	–
NWJ Fine Jewellery (Proprietary) Limited	Taste Holdings Limited	100	–	105 056 924	–
Maxi's Grill Marketing (Proprietary) Limited	Taste Holdings Limited	100	100	16 000 000	16 000 000
Scooters Western Cape Retail (Proprietary) Limited – dormant	Taste Holdings Limited	100	100	100	100
Scooters Pizza Fordsburg (Proprietary) Limited – dormant	Taste Holdings Limited	100	100	1 000	1 000
Scooters Pizza Wierda Park (Proprietary) Limited – dormant	Taste Holdings Limited	100	100	100	100
Scooters Pizza Pietermaritzburg (Proprietary) Limited – dormant	Taste Holdings Limited	51	51	51	51
Scooters Pizza Grosvenor Crossing (Proprietary) Limited	Taste Holdings Limited	100	100	200	200
Scooters Pizza (Proprietary) Limited	Taste Holdings Limited	100	100	100	100
Taste Holdings Share Trust	Taste Holdings Limited	100	100	–	–
				121 058 576	16 001 551

The carrying amounts of subsidiaries are shown net of impairment losses of Rnil (2008: Rnil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
7. Loans to/(from) group companies				
Subsidiaries				
NWJ Fine Jewellery (Proprietary) Limited	–	–	(43 768)	–
Maxi's Grill Marketing (Proprietary) Limited	–	–	3 658	3 640
Scooters Pizza (Proprietary) Limited	–	–	(22 154)	(19 372)
Scooters Pizza Grosvenor Crossing (Proprietary) Limited	–	–	73	67
Scooters Pizza Wierda Park (Proprietary) Limited	–	–	(149)	(154)
Scooters Pizza Pietermaritzburg (Proprietary) Limited	–	–	(59)	(17)
Scooters Pizza Fordsburg (Proprietary) Limited	–	–	10	5
Taste Holdings Share Trust	–	–	413	1 032
All the above loans except for the loan to NWJ Fine Jewellery (Proprietary) Limited are unsecured, interest-free and have no fixed terms of repayment				
The loan from NWJ Fine Jewellery (Proprietary) Limited is unsecured, bears interest at 15,62% and has no fixed terms of repayment				
	–	–	(61 976)	(14 799)
Current assets	–	–	4 154	4 744
Current liabilities	–	–	(66 130)	(19 543)
	–	–	(61 976)	(14 799)
8. Non-current assets held for sale				
Scooters Pizza Brits	648	–	–	–
Scooters Pizza Parklands	173	–	–	–
Scooters Pizza Blue Downs	584	–	–	–
Maxi's Eco Park	400	–	–	–
	1 805	–	–	–

The above amounts represent the value of the operating assets of each store available for sale. There are no liabilities at year-end. The carrying amount of the operating assets approximated their fair value at year-end.

All the above except for Maxi's Eco Park were purchased at year-end and therefore no income or expense is recognised in the income statement relating to these assets. A loss of R448 560 relating to Maxi's Eco Park is reflected in the operating results for the year.

The original acquisition cost of Maxi's Eco Park has been impaired by R550 000 to its carrying value of R400 000, being the proceeds realised on disposal subsequent to year-end.

These assets and operating results thereof are reported in the retail food segment of the segment report as per note 3. It is management's intention to dispose of these within the next 12 months to potential and existing franchisees.

There is no intention to provide financing for any such disposals.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
9. Other financial assets				
Loans and receivables				
So Fresh Foods CC	999	1 428	–	–
The loan is unsecured, bears interest at prime interest rate and is repayable in 54 equal instalments				
Loan to minority shareholder in subsidiary	89	89	–	–
This loan is unsecured, bears interest at prime and has no fixed terms of repayment				
Loans to NWJ franchised stores	1 831	–	–	–
These loans are secured over the assets of these franchised stores, are interest-bearing at prime +2% and are repayable over an average of six months				
Flamingo Moon Trading CC	139	–	–	–
The loan is secured by a deed of suretyship from the members, bears interest at 10% and is repayable in 12 equal instalments of R13 750 commencing 1 November 2008				
Deo Volente Deovil CC	886	–	–	–
This loan is secured by a first right to purchase the franchised outlet and a deed of suretyship from the members of the Close Corporation, bears interest at prime and is repayable in 54 equal instalments of R23 293 commencing 1 November 2008				
Loans and receivables impairment So Fresh Foods CC	(999)	(429)	–	–
	2 945	1 088	–	–
Non-current assets	606	–	–	–
Current assets	2 339	1 088	–	–
	2 945	1 088	–	–

The directors consider that the carrying amount of loans and other receivables approximate their fair value. Loans and receivables are measured at amortised cost using the effective interest rate method. The table below details the ageing of loans and receivables and impairments thereto.

	2009			2008		
	Gross loans and receivables	Impairment	Net loans and receivables	Gross loans and receivables	Impairment	Net loans and receivables
Group R'000						
Less than 30 days	2 158	(999)	1 159	1 428	(429)	999
31 to 60 days	37	–	37	–	–	–
61 to 90 days	37	–	37	–	–	–
91 to 120 days	37	–	37	–	–	–
Over 120 days	1 675	–	1 675	89	–	89
	3 944	(999)	2 945	1 517	(429)	1 088

As at 28 February 2009, loans and receivables of R999 189 (2008: R429 245) were impaired. This amount has been included in operating expenses in the income statement.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Reconciliation of provision for impairment of other financial assets				
Opening balance	429	–	–	–
Provision for impairment	999	429	–	–
	1 428	429	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
10. Deferred tax				
Tax losses available for set off against future taxable income	46	46	–	–
Non-deductible temporary differences	906	406	207	150
Prepayments	(126)	–	–	–
Temporary differences relating to acquisition of subsidiary	(17 293)	–	–	–
Accelerated wear and tear	(279)	–	–	–
Derivative at fair value	539	–	–	–
	(16 207)	452	207	150
Deferred tax asset	1 086	452	207	150
Deferred tax liability	(17 293)	–	–	–
	(16 207)	452	207	150
Reconciliation of deferred tax				
At beginning of the year	452	516	150	102
Movement in temporary differences	634	(64)	57	48
Temporary differences relating to acquisition of subsidiary	(17 293)	–	–	–
	(16 207)	452	207	150

The deferred tax liability raised on the acquisition of the NWJ subsidiary relates to the NWJ trademark intangible. This liability will be decreased as the intangible is amortised over its expected useful life.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
11. Advertising levies				
This amount represents advertising expenditure incurred in excess of the levies received from franchisees (refer note 1.14)	2 987	1 982	–	–
12. Inventories				
Ingredients and promotional items	48	67	–	–
Catering equipment	248	–	–	–
Raw materials, components – Jewellery	1 384	–	–	–
Finished goods – Jewellery	55 565	–	–	–
Packaging – Jewellery	1 793	–	–	–
	59 038	–	–	–
Inventory write downs	(437)	–	–	–
Jewellery inventory has been pledged to Rand Merchant Bank Limited	58 601	67	–	–
13. Trade and other receivables				
Gross trade receivables	16 886	14 403	–	11
Provisions for doubtful debt	(1 512)	(914)	–	–
Net trade receivables	15 374	13 489	–	11
Prepayments	562	–	–	–
Deposits	223	28	175	–
Sundry debtors	115	–	11	–
VAT	94	51	–	–
Store development in advance	374	134	–	–
	16 742	13 702	186	11

13. Trade and other receivables (continued)

No independent credit ratings are available for any of the trade receivables. The credit quality of trade receivable has been assessed based on the historical information of the counter-party and any evidence of financial distress, including non-adherence to credit terms. Normal credit terms are within 30 days from statement.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The table below illustrates the ageing analysis of trade receivables impaired and provided for and trade receivables past due and not provided for:

R'000	2009			2008		
	Gross trade receivables	Provision for impairment	Net trade receivables	Gross trade receivables	Provision for impairment	Net trade receivables
Group						
Less than 30 days	11 908	(97)	11 811	11 742	(36)	11 706
31 to 60 days	1 073	(148)	925	540	(22)	518
61 to 90 days	729	(211)	518	392	(122)	270
91 to 120 days	366	(79)	287	182	(50)	132
Over 120 days	2 810	(977)	1 833	1 547	(684)	863
	16 886	(1 512)	15 374	14 403	(914)	13 489

Trade and other receivables impaired.

As of 28 February 2009, trade and other receivables were impaired and provided for:

The amount of the provision as of 28 February 2009 is R1 511 620 (2008: 914 198).

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Reconciliation of provision for impairment of trade and other receivables is as follows:				
Opening balance	912	1 298	–	–
Provision for impairment	1 142	538	–	–
Amounts written off as uncollectable	(542)	(922)	–	–
	1 512	914	–	–

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade receivables mentioned above.

The group does not hold any collateral as security. All amounts receivable are denominated and recoverable in ZAR.

Company

Credit quality of trade and other receivables

No independent credit ratings are available. The majority of the trade and other receivables are deposits paid to suppliers and lessors.

Fair value of trade and other receivables

There is no material difference between the fair value of trade and other receivables and their book value.

Trade and other receivables past due and not impaired

There are no trade and other receivables past due and not impaired.

Trade and other receivables impaired

At 28 February 2009, there were no trade and other receivables impaired or provided for:

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade receivables mentioned above. The company does not hold any collateral as security.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
14. Cash and equivalents				
Cash and cash equivalents consist of:				
Bank balances	7 214	27 960	6 242	26 005
Bank overdraft	(3 461)	–	(2)	–
	3 753	27 960	6 240	26 005

A guarantee is in place over guarantee facilities to the amount of R149 700 in favour of the lessor of a lease entered into by Taste Holdings Limited with the lessor.

A blanket guarantee is in place over guarantee facilities to the amount of R1 462 977 in favour of the lessor of leases entered into by NWJ Fine Jewellery (Proprietary) Limited with these lessors.

A blanket guarantee is in place over guarantee facilities to the amount of R649 455 in favour of the lessor of leases entered into by Maxi's Grill Marketing (Proprietary) Limited with these lessors.

The directors consider that the carrying value of cash and cash equivalents approximate their fair value.

There is a R10 million overdraft facility in place with First National Bank of South Africa Limited, and a short-term guarantee with Taste Holdings Limited for R5 million. The abovesaid facility may be temporarily increased to R30 million for the period 1 September to 7 January each year. The bank overdraft bears the same security as the loan by Rand Merchant Bank (see note 17).

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
15. Share capital				
Authorised				
500 000 000 ordinary shares of R0,00001 each	5	5	5	5
328 118 709 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Issued				
Ordinary shares – 171 881 291 (2008: 126 720 000)	2	1	2	1
Share premium (net of costs)	43 141	25 077	54 624	26 625
	43 143	25 078	54 626	26 626

16. Long-term employee benefits				
Held at amortised cost				
Long-term performance incentive scheme. This incentive scheme is awarded to eligible employees by the Remuneration Committee conditional upon certain performance targets and minimum employment periods.	658	276	658	206
Non-current liabilities				
At amortised cost	658	276	658	206

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
17. Borrowings				
Rand Merchant Bank Limited	50 576	–	–	–
This loan bears interest at the ZAR-JIBAR-SAFEX plus 4,8% and is repayable within five years from 1 August 2008.				
This loan is secured by:				
– cession given by NWJ Fine Jewellery (Proprietary) Limited (Reg. No. 2007/033055/07), ("NWJ"), Taste Holdings Limited (Reg. No. 2000/002239/06) ("Taste Holdings"), Scooters Pizza (Proprietary) Limited (Reg. No. 2003/016093/07) ("Scooters Pizza") and Maxi's Grill Marketing (Proprietary) Limited (Reg. No. 2000/030078/07) ("Maxi's Grill"), in form and substance acceptable to the bank, in favour of the bank of any and/or all rights, title and interest in and to their debtors.				
– cession given by NWJ, Taste Holdings, Scooters Pizza and Maxi's Grill, in form and substance acceptable to the bank, in favour of the bank of any and/or all their rights, title and interest in and to their credit balances held with the bank.				
– an unlimited cross suretyship, in form and substance acceptable to the bank, in favour of the bank, for the joint and several obligations of and between NWJ, Taste Holdings, Scooters Pizza and Maxi's Grill.				
– registration of general notarial covering bond over the inventory, plant and equipment of NWJ, Taste Holdings, Scooters Pizza and Maxi's Grill, in favour of the bank, in the aggregate amount of R85 000 000 (eighty-five million rand) plus such further amounts for costs as may be provided for in the bond, together with a cession of short-term insurance cover over the said movable assets and noting of the bank's interest thereon.				
Nedbank Limited	–	595	–	–
This loan bears interest at the prime overdraft rate. Secured by unrestricted cession of debtors and unrestricted suretyship with loan funds by Scooters Pizza (Proprietary) Limited in favour of Maxi's Grill Marketing (Proprietary) Limited.				
Balances due to vendors	10 000	–	10 000	–
Balances due to the NWJ vendors				
This loan will be paid to vendors over a two-year period based on certain inventory warranties being met. As any amounts become payable. The amounts released will bear interest at variable depositors rates.				
	60 576	595	10 000	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
17. Borrowings (continued)				
Non-current liabilities				
Rand Merchant Bank Limited	39 337	–	–	–
Balance due to vendors	2 941	–	2 941	–
	42 278	–	2 941	–
Current liabilities				
Rand Merchant Bank Limited	11 239	–	–	–
Balance due to vendors	7 059	–	7 059	–
Nedbank Limited	–	595	–	–
	18 298	595	7 059	–
18. Derivative at fair value				
Interest rate swap	1 923	–	–	–
Interest rate swap derivative. A variable rate of 11,425% was swapped for a fixed rate of 10,82% on 15 December 2008, both with the same premium of 4,8%. This relates to the loan with Rand Merchant Bank Limited for the acquisition of the NWJ business. The rate was fixed for a period of 24 months ending 20 November 2010				
	1 923	–	–	–
Non Current liabilities	1 049	–	–	–
Current liabilities	874	–	–	–
	1 923	–	–	–
19. Employee benefits				
The group and company have no post-employment obligations to any employee with respect to medical aid, pension, retirement annuity or life insurance after leaving employment of Taste Holdings Limited or any of its subsidiaries.				
20. Provisions				
Product warranties	473	–	–	–
Provision for stock guarantees	500	–	–	–
	973	–	–	–
21. Trade and other payables				
Trade payables	11 766	14 357	63	59
Amounts received in advance	1 434	1 235	–	–
VAT	1 232	425	772	43
Payroll accruals	1 850	108	538	114
Other accrued expenses	899	406	150	185
Lay bye deposits	103	–	–	–
Other payables	–	26	–	–
	17 284	16 557	1 523	401

22. Acquisition of subsidiary

During the year the group acquired 100% of NWJ Fine Jewellery (Proprietary) Limited. This company is engaged in jewellery manufacturing and the retail and wholesaling of jewellery and operates principally in South Africa. The purchase was effective from 1 August 2008. The fair values of assets and liabilities acquired were as follows:

Property, plant and equipment	6 371
Intangible assets *	62 673
Goodwill	1 451
Inventory	56 062
Trade and other receivables	11 846
Other financial assets	624
Advertising levies	679
Cash and cash equivalents	457
Borrowings	(4 289)
Taxation	(2 205)
Deferred tax *	(17 451)
Trade and other payables	(14 132)
Net assets acquired	102 086
Negative goodwill on acquisition	(6 964)
Total consideration	95 122
Paid as follows:	
Consideration paid in shares	18 065
Consideration paid in cash	67 057
Deferred consideration	10 000
	95 122

The purchase consideration (including transaction costs) was discharged by the issue of 45 161 291 Taste shares, a cash payment of R67,05 million and a deferred amount of R10,0 million which will be potentially released to the NWJ vendors over a two-year period based on certain inventory warranties being met.

The fair value of the Taste shares issued was determined to be R0,40 per share, based on the market price at the time of issue.

During the seven months for which the NWJ results were included in the group's results, NWJ contributed R97,6 million to revenue and R16,7 million to operating profit. The revenue for NWJ for the 12 months ended 28 February 2009 was R156,3 million and the operating profit for the same period was R25,3 million.

* Intangible assets and deferred tax include the NWJ trademark and the deferred tax liability on the same.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
23. Revenue				
Services rendered and franchise revenue	99 921	29 048	–	–
Development	2 000	865	–	–
Gross receipts	61 847	27 657	–	–
Gross expenditure	59 847	26 792	–	–
Management fees	–	–	10 956	5 623
Retail outlet sales	34 424	3 880	–	–
	136 345	33 793	10 956	5 623
24. Cost of sales				
Cost of goods sold	53 376	1 466	–	–
25. Operating profit				
Operating profit for the year is stated after accounting for the following:				
Income from subsidiaries				
Administration and management fees	–	–	10 956	5 623
	–	–	10 956	5 623
Operating lease charges				
Premises	6 053	1 229	–	–
Motor vehicles	431	217	101	110
Equipment	139	28	–	–
	6 623	1 474	101	110
Profit on sale of property, plant and equipment	234	28	–	–
Advertising contribution by franchisor	–	–	–	–
Advertising royalties invoiced to franchisees	(24 632)	(18 811)	–	–
Advertising paid on behalf of franchisees	24 632	18 811	–	–
Depreciation on property, plant and equipment	1 578	404	188	109
Employee costs	27 107	10 405	5 275	5 699
Research and development	67	152	–	80
Impairment on loans to group companies	–	–	642	525
Impairment of inventory	82	–	–	–
Profit on exchange differences	410	–	–	–
Other impairment losses	1 658	–	–	–
Amortisation of intangibles	1 890	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
26. Investment revenue				
Interest revenue				
Bank	2 051	2 458	1 657	2 297
27. Finance costs				
Bank	5 174	7	4 037	6
Other interest paid	–	30	–	–
	5 174	37	4 037	6
28. Taxation				
Major components of the tax expense/(income)				
Current				
SA normal income tax – current period	6 812	4 044	–	–
SA normal income tax – recognised in current year for prior periods	56	58	56	75
	6 868	4 102	56	75
Deferred				
Current period	(853)	64	(117)	48
Recognised in current year for prior periods	61	–	61	–
	(792)	64	(56)	(48)
	6 076	4 166	61	27
Reconciliation of the tax expense	%	%	%	%
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28,00	29,00	28,00	29,00
Impairment/reversal of impairment of loans	–	–	(16,73)	(25,19)
Prior period underprovision	0,43	–	(10,90)	–
Exempt income	(7,09)	–	–	–
Disallowable expenses	0,76	0,47	(0,37)	–
Effective rate	22,10	29,47	0,00	3,81
29. Auditors' remuneration	R'000	R'000	R'000	R'000
Fees	509	385	57	39
Other services	80	41	27	8
	589	426	84	47

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
30. Cash generated from/(used in) operations				
Profit (loss) before taxation	27 503	14 136	(1 075)	(707)
Adjustments for:				
Depreciation and amortisation	3 468	404	188	109
Profit on sale of assets	(234)	(28)	–	–
Interest received	(2 051)	(2 458)	(1 657)	(2 297)
Finance costs	5 174	37	4 037	7
Impairment loss	1 658	–	642	525
Negative goodwill	(6 964)	–	–	–
Fair value adjustment on derivative	1 923	–	–	–
Changes in working capital:*				
Inventories	(2 472)	(67)	–	–
Trade and other receivables	8 806	(10 510)	(175)	(11)
Advertising levies	(326)	–	–	–
Provisions	973	–	–	–
Trade and other payables	(13 405)	8 702	1 122	(557)
	24 053	10 216	3 082	(2 931)
31. Tax paid				
Balance at beginning of the period	(1 141)	(3 047)	–	–
Current tax for the period recognised in income statement	(6 868)	(4 102)	–	(74)
Acquisition of subsidiary	(2 205)	–	–	–
Balance at end of the period	(3 102)	1 141	–	–
	(13 316)	(6 008)		(74)
32. Commitments				
The group and company have commitments arising from property leases for its own business operations, leases entered into to secure key sites for franchised outlets as well as contracts entered into to lease motor vehicles and equipment. With regards to leases entered into to secure sites, it is the group's policy to enter into sublease agreements with the franchisees on the same terms and conditions as those in the main lease.				
The net future minimum rentals due under operating leases are as follows:				
Amounts due for motor vehicles and equipment	1 887	1 960	130	208
Gross amounts due under property leases	70 092	35 317	3 624	4 539
Less amounts recoverable from sub-lessees	(39 481)	(28 246)	–	–
	32 498	9 031	3 754	4 747
The net future minimum rentals are repayable as follows:				
Payable within the next 12 months	23 365	1 430	842	784
Thereafter	9 133	7 601	2 912	3 963
	32 498	9 031	3 754	4 747

*Adjusted for NWJ take-on balances.

		Group		Company	
		2009	2008	2009	2008
		R'000	R'000	R'000	R'000
33. Related parties					
Relationships					
Subsidiaries	Refer to note 6				
Shareholders with significant influence	Chickenland (Proprietary) Limited Hylton Rabinowitz				
Members of key management	Hylton Rabinowitz Carlo Ferdinando Gonzaga Duncan John Crosson Luigi Gonzaga David Buxton				
Related-party transactions					
The group, in the ordinary course of business, entered into various transactions with related parties. These transactions occurred under terms and conditions no more favourable to those entered into with third parties.					
Franchise agreement					
Directors of the group have interests in six franchised outlets. Franchise fees and product sales have been charged under terms and conditions no more favourable than those entered into with third parties.					
Loan accounts – Owing to related parties					
Group companies – Refer to note 7 above		–	–	(61 976)	(14 799)
Shareholders – Refer to note 9		89	89	–	–
Management fees received from related parties					
Scooters Pizza (Proprietary) Limited		–	–	4 992	4 106
Maxi's Grill Marketing (Proprietary) Limited		–	–	2 648	1 517
NWJ Fine Jewellery (Proprietary) Limited		–	–	3 779	–
IT Management fees received from related parties					
Scooters Pizza (Proprietary) Limited		–	–	163	241
Maxi's Grill Marketing (Proprietary) Limited		–	–	73	218
Interest paid on loan from related parties					
NWJ Fine Jewellery (Proprietary) Limited		–	–	(3 748)	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2009

34. Directors' emoluments

Year-ended 2009	Basic R'000	Motor vehicle R'000	Medical aid R'000	Incentive bonus R'000	Other allowances R'000	Long-term employee benefits R'000	Total R'000
Executive – Paid by Company							
Carlo Gonzaga	966	84	40	184	10	132	1 416
Duncan Crosson	707	78	54	159	12	107	1 117
Luigi Gonzaga	556	84	40	128	–	86	894
	2 229	246	134	471	22	325	3 427
Executive – Paid by subsidiary							
Hylton Rabinowitz – appointed 1 August 2008	721	84	56	–	70	–	931
David Buxton – appointed 1 August 2008	639	70	34	–	70	–	813
	1 360	154	90	–	140	–	1 744
Year-ended 2008 – Paid by company							
Carlo Gonzaga	824	84	36	–	6	–	950
Duncan Crosson	620	72	48	–	10	–	750
Luigi Gonzaga	480	84	36	–	–	–	600
Louis Minnaar – resigned 4 June 2007	153	28	11	–	42	–	234
	2 077	268	131	–	58	–	2 534
Non-executive fees							
						2009 R'000	2008 R'000
Bill Daly						144	79
Trevor Edwards – resigned 31 July 2007						–	26
Jay Currie						99	70
Chickenland (Proprietary) Limited – K Utian						63	57
						276	232

35. Financial assets and liabilities by category

Financial assets by category

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designate R'000	Held to maturity investments R'000	Available for sale R'000	Total R'000
Group 2009						
Trade and other receivables	16 742	–	–	–	–	16 742
Cash and cash equivalents	7 214	–	–	–	–	7 214
Advertising levies	2 987	–	–	–	–	2 987
Other financial assets	2 945	–	–	–	–	2 945
	29 888	–	–	–	–	29 888
Group 2008						
Trade and other receivables	13 702	–	–	–	–	13 702
Cash and cash equivalents	27 960	–	–	–	–	27 960
Advertising levies	1 982	–	–	–	–	1 982
Other financial assets	1 088	–	–	–	–	1 088
	44 732	–	–	–	–	44 732
Company 2009						
Loans to group companies	4 154	–	–	–	–	4 154
Trade and other receivables	186	–	–	–	–	186
Cash and cash equivalents	6 242	–	–	–	–	6 242
	10 582	–	–	–	–	10 582
Company 2008						
Loans to group companies	4 744	–	–	–	–	4 744
Trade and other receivables	11	–	–	–	–	11
Cash and cash equivalents	26 005	–	–	–	–	26 005
	30 760	–	–	–	–	30 760

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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35. Financial assets and liabilities by category (continued)

Financial liabilities by category

	Liabilities at amortised cost R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Total R'000
Group 2009				
Borrowings	50 576	–	–	50 576
Derivative at fair value	1 923	–	–	1 923
Balances due to vendors	10 000	–	–	10 000
Long-term employee benefits	658	–	–	658
Bank overdrafts	3 461	–	–	3 461
Trade and other payables	17 284	–	–	17 284
	83 902	–	–	83 902
Group 2008				
Borrowings	595	–	–	595
Long-term employee benefits	276	–	–	276
Trade and other payables	16 557	–	–	16 557
	17 428	–	–	17 428
Company 2009				
Balances due to vendors	10 000	–	–	10 000
Loans from group companies	66 130	–	–	66 130
Long-term employee benefits	658	–	–	658
Trade and other payables	1 523	–	–	1 523
Bank overdrafts	2	–	–	2
	78 313	–	–	78 313
Company 2008				
Loans from group companies	19 543	–	–	19 543
Long-term employee benefits	206	–	–	206
Trade and other payables	401	–	–	401
	20 150	–	–	20 150

Fair value

There is no material difference between carrying value and fair value of financial instruments.

36. Risk management

The group's activities expose it to a variety of risks. These risks include: liquidity risk, interest rate risk, credit risk and foreign exchange risk.

Liquidity risk

The group's exposure to liquidity risk is that insufficient funds will be available to meet future obligations as they fall due. The group manages liquidity risk through an ongoing review of its future commitments and of the facilities available from financial institutions. Cash flow forecasts are prepared and adequate unutilised borrowing facilities are maintained. The following table represents the group and company's outstanding contractual maturity profile. The analysis presented is based on the undiscounted contractual obligation.

	Group			Total
	<1 year	1 – 2 years	2 – 5 years	
2009/R'000				
Borrowings	11 239	13 924	25 413	50 576
Derivative at fair value	874	1 049	–	1 923
Balances due to vendors	7 059	2 941	–	10 000
Long-term employee benefits	–	165	494	658
Bank overdrafts	3 461	–	–	3 461
Trade and other payables	17 284	–	–	17 284
Taxation	170	–	–	170
	40 087	18 079	25 907	84 072
2008/R'000				
Borrowings	595	–	–	595
Long-term employee benefits	–	69	207	276
Trade and other payables	16 557	–	–	16 557
Taxation	1 141	–	–	1 141
	18 293	69	207	18 569
	Company			Total
	<1 year	1 – 2 years	2 – 5 years	
2009/R'000				
Balances due to vendors	7 059	2 941	–	10 000
Loans from group companies	66 130	–	–	66 130
Long-term employee benefits	–	165	493	658
Trade and other payables	1 523	–	–	1 523
Bank overdrafts	2	–	–	2
Taxation	56	–	–	56
	74 770	3 106	493	78 369
2008/R'000				
Loans from group companies	19 543	–	–	19 543
Long-term employee benefits	–	–	206	206
Trade and other payables	401	–	–	401
	19 944	–	206	20 150

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2009

36. Risk management (continued)

Interest rate risk

The group and company's interest rate risk arises from fixed and variable rate interest bearing assets and liabilities described in the table below. The group and company manage their interest rate exposure by fixing interest rates at favourable terms by way of interest rate swaps, by only depositing cash and cash equivalents with major banks with high-quality credit standing and by limiting exposures to any one counter-party. During the year the group entered into an agreement to fix the interest rate on the loan with Rand Merchant Bank for the acquisition of the NWJ business, for a 24 month period ending 30 November 2010. As the interest rate swap did not qualify as a cash flow hedge in terms of IAS 39, the full amount of the derivative for the 24 months has been charged to the income statement. (see note 18). A hypothetical increase/decrease in interest rates by 1%, with all other variables remaining constant would increase/decrease profits after tax by R102 625 (2008: R172 352) for the group and R106 254 (2008: R155 401) for the company. At reporting date, the interest rate profile of the group's interest bearing financial instruments was:

	Interest rates applicable	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
Fixed rate instruments					
Assets					
Other financial assets (see note 9)	10%	139	–	–	–
Liabilities					
Derivative at fair value (see note 18)	15,62%	1 923	–	–	–
Loans from group companies (see note 7)	15,62%	–	–	43 768	–
Variable rate instruments					
Assets					
Other financial assets (see note 9)		89	89	–	–
Other financial assets (see note 9)	Prime + 2%	1 831	–	–	–
Other financial assets (see note 9)	Prime	886	–	–	–
Cash and cash equivalents	Daily call rates	7 214	27 960	6 242	26 005
Liabilities					
Bank overdraft	Prime	3 461	–	–	–
Borrowings (see note 17)	JIBAR + 4,8%	50 576	–	–	–
Borrowings (see note 17)	Prime	–	595	–	–
Balances due to Vendors	Depositor rates	10 000	–	–	–

Foreign exchange risk

The group is exposed to foreign exchange risk only to the extent that it imports raw materials used to manufacture jewellery. These purchases are denominated mainly in US dollars and Euro. The liabilities are settled in one of these foreign currencies. Management do not make use of forward exchange contracts to manage foreign exchange risk but monitor the currencies on a regular basis.

As at 28 February 2009, the group had the following foreign currency denominated liabilities.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Trade and other payables – US dollar	939	–	–	–

Exchange rates used for conversion of foreign items were:

USD 10,3276

If the foreign exchange rates change by 10% and were applied to the outstanding balances as at 28 February 2009, with all other variables held constant, the impact on post tax profits would be R73 272. (2008: Rnil). As at 29 February 2008 the group had no exposure to foreign exchange risk.

Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises on cash and cash equivalents, trade and other receivables, other financial assets and loans to group companies. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade and other receivables comprise stock debtors, royalties and marketing fees receivable from franchisees.

Other financial assets comprise loans to franchisees.

Management evaluates credit risk relating to these receivables on an ongoing basis.

The granting of credit is made on application and is approved by directors. At year-end, the group and company did not consider there to be any significant concentration of risk.

36. Risk management (continued)

The following table represents the group and company's exposure to credit risk. The analysis presented is based on the undiscounted benefit.

	Group			Total
	<1 year	1 – 2 years	2 – 5 years	
2009/R'000				
Cash and cash equivalents	7 214	–	–	7 214
Trade and other receivables	16 742	–	–	16 742
Other financial assets	2 339	606	–	2 945
	26 295	606	–	26 901
2008/R'000				
Cash and cash equivalents	27 960	–	–	27 960
Trade and other receivables	13 702	–	–	13 702
Other financial assets	1 088	–	–	1 088
	42 750	–	–	42 750

	Company			Total
	<1 year	1 – 2 years	2 – 5 years	
2009/R'000				
Loans to group companies	4 154	–	–	4 154
Trade and other receivables	186	–	–	186
Cash and cash equivalents	6 242	–	–	6 242
	10 582	–	–	10 582
2008/R'000				
Loans to group companies	4 744	–	–	4 744
Trade and other receivables	11	–	–	11
Cash and cash equivalents	26 005	–	–	26 005
	30 760	–	–	30 760

To the extent that recoverable amounts are estimated to be less than their associated carrying values, impairment charges have been recorded in the income statement and the carrying values have been written down to their recoverable amounts.

37. Capital management

The company and group review their total capital employed on a regular basis and make use of several indicative ratios which are appropriate to the nature of the group's operations and consistent with conventional industry measures. The principal ratios used in this review process are:

- gearing, defined as net debt divided by total capital employed; and
- return on capital employed, defined as underlying operating profit before special items divided by average capital employed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
38. Earnings and headline earnings per share				
Earnings per share (cents)	14,2	8,0		–
Diluted earnings per share (cents)	14,2	8,0		
Headline earnings per share (cents)	10,2	7,9		–
Diluted headline earnings per share (cents)	10,2	7,9		
Basic attributable earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.				
The calculation of earnings per ordinary share is based on a profit for the group of R21 427 355 (2008: R10 001 080) and a weighted average number of ordinary shares of 151 344 000 (2008: 125 677 000) for the year.				
The calculation of headline earnings per ordinary share is based on a profit for the group of R15 447 822 (2008: R9 972 372) and a weighted average number of ordinary shares of 151 344 000 (2008: 125 677 000) for the year.				
There are no instruments in issue or other obligations that have a dilutive effect on earnings.				
Headline earnings have been computed as follows:				
Profit attributable to ordinary shareholders	21 427	10 001		–
Adjusted for profit on sale of property, plant and equipment	(935)	(39)		–
Impairment losses	1 658	–	–	–
Negative goodwill arising on acquisition	(6 964)	–	–	–
Gross measurements excluded from headline earnings	(6 241)	(39)		–
Taxation on profit on sale of property, plant and equipment	262	11		–
Net measurements excluded from headline earnings	(5 979)	(28)		–
Headline earnings	15 448	9 973		–

Shareholder information at 28 February 2009

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1. Range of shareholders				
Range				
1 – 999	21	3,78	7 686	0,00
1 000 – 9 999	148	26,67	670 002	0,39
10 000 – 99 999	285	51,35	8 071 570	4,70
100 000 shares and over	101	18,20	163 132 033	94,91
Total	555	100,00	171 881 291	100,00
2. Categories of shareholders				
Major shareholders (over 10 000 000 shares)	2	0,36	40 038 061	23,29
Directors	7	1,26	76 776 683	44,67
Other individuals and trusts	516	92,97	36 534 667	21,26
Institutions and other companies	30	5,41	18 531 880	10,78
Total	555	100,00	171 881 291	100,00
3. Beneficial shareholders holding 5% or more of the share capital other than directors				
Chickenland (Proprietary) Limited			28 227 632	16,42
S Whitfield and associates			11 810 429	6,87
Corocapital Limited			9 566 893	5,57
4. Shareholder spread				
Public	546	98,38	94 754 608	55,13
Non-public	9	1,62	77 126 683	44,87
Directors and their associates	7	1,26	76 776 683	44,67
Designated advisers	2	0,36	350 000	0,20
Total	555	100,00	171 881 291	100,00

SHAREHOLDERS' DIARY

Annual general meeting	30 July 2009
Announcement of interim results	September/October
Financial year-end	28 February
Announcement of final results	May

JSE PERFORMANCE

at 28 February 2009

Closing price (cents)	24
High for the year (cents)	68
Low for the year (cents)	15
Volume of shares traded ('000) during the year	16 512 549
Value of shares traded (R'000) during the year	7 685 769

TASTE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2000/002239/06)

JSE code: TAS

ISIN: ZAE000081162

("Taste" or "the company")

NOTICE is hereby given that the annual general meeting of shareholders of Taste will be held at the offices of the company at 12 Gemini Street, Linbro Business Park, Sandton on Thursday, 30 July 2009 at 10:00 for the following purposes:

1. To consider the annual financial statements of the company for the year-ended 28 February 2009;
2. To transact such other business as may be transacted at the annual general meeting of the company including the re-appointment of the auditors and the re-election of retiring directors; and
3. To consider and, if deemed fit, to pass, with or without modification, the following special and ordinary resolutions set out below, in the manner required by the South African Companies Act, 1973, as amended:

Special resolution

Special resolution number 1:

Share repurchases

"Resolved, as a special resolution, that the directors be authorised pursuant *inter alia* to the company's articles of association, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company and provided that this authority shall not extend beyond 15 months from date of passing this special resolution, for the company or any subsidiary of the company to acquire shares of the company, subject to the Listings Requirements of JSE Limited (JSE), provided that:

1. any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;
2. at any point in time, the company may only appoint one agent to effect any repurchases on its behalf;
3. the number of shares which may be acquired pursuant to this authority in any financial year (which commenced 1 March 2008) may not in the aggregate exceed 20% (twenty percent) of the company's issued share capital as at the date of passing of this special resolution or 10% (ten percent) of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
4. repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the transaction was effected;
5. repurchases may not be undertaken by the company or one of its wholly owned subsidiaries during a prohibited period (as defined in the Listings Requirements of the JSE), unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
6. repurchases may take place only if, after such repurchase, the shareholder spread of the company still complies with the Listings Requirements of the JSE;
7. after the company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the number of shares in issue (at the time that authority from shareholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the Listings Requirements of the JSE which may be applicable from time to time; and
8. the company's designated adviser shall confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE prior to entering the market to proceed with the repurchase.

In accordance with the Listings Requirements of the JSE, the directors record that:

Although there is no immediate intention to effect a repurchase of securities of the company, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of notice of this annual general meeting:

- the company and the group will be able to pay their debts in the ordinary course of business;
- the assets of the company and of the group fairly valued in accordance with generally accepted accounting practice and in accordance with the accounting policies used in the latest audited annual financial statements, will be in excess of the liabilities of the company and of the group;
- the share capital and reserves are adequate for the ordinary business purposes of the company and the group; and
- the working capital of the company and the group will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of paragraph 11.26 of the Listings Requirements of the JSE for purposes of this general authority:

- Directors – page 30;
- Major beneficial shareholders – page 73;
- Directors' interests in ordinary shares – page 30; and
- Share capital of the company – page 58.

Litigation statement

The directors, whose names appear on page 30 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened of which the company is aware, which may have or have had in the recent past (being at least the 12 (twelve) months from the date of the annual report) a material effect on the group's financial position.

Directors' responsibility statement

The directors whose names appear on page 30 of the annual report collectively and individually accept full responsibility for the accuracy of the information pertaining to the 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, that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial or trading position of the company and its subsidiaries since the company's year-end and the signature of the audit report.

Reasons for and effects of special resolution number 1

The reason for special resolution number 1 is to afford the directors of the company or a subsidiary of the company a general authority to effect a repurchase of the company's shares on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the Listings Requirements of the JSE, to effect repurchases of the company's shares on the JSE."

Ordinary resolutions

Ordinary resolution number 1:

Issue of shares for cash

"Resolved that the directors be authorised pursuant *inter alia* to the company's articles of association, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company provided that it shall not extend beyond 15 months, to allot and issue any ordinary shares for cash subject to the Listings Requirements of the JSE Limited (JSE) on the following conditions:

1. the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE and not to related parties;
2. the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
3. the number of shares issued for cash shall not in the aggregate in any one financial year exceed 50% (fifty percent) of the company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year; provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application;
4. the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed between the company and the party subscribing for the security; and
5. that an announcement giving full details, including the impact on net asset value, net tangible asset value, earnings and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% (five percent) or more of the number of securities in issue prior to the issue/s."

Note

In terms of the Listings Requirements of the JSE the approval of a 75% (seventy-five percent) majority of the votes cast in favour of ordinary resolution number 1 by all shareholders present or represented by proxy at the annual general meeting (excluding the designated adviser and the controlling shareholders together with their associates) must be achieved.

Ordinary resolution number 2:

Unissued ordinary shares

"Resolved that the authorised and unissued ordinary share capital of the company be and is hereby placed under the control of the directors of the company which directors are, subject to the Listings Requirements of the JSE Limited (JSE) and the provisions of section 221 and 222 of the Companies Act, 1973 as amended, authorised to allot and issue any of such shares at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next annual general meeting of the company."

Ordinary resolution number 3:

Re-election of directors

"To re-elect the following directors who, in terms of the company's articles of association, retire at the annual general meeting, but, being eligible offer themselves for re-election: Jay Bayne Currie and Bill Daly. Such re-elections are to be voted on individually unless a resolution is agreed to by the meeting (without any vote against it) that a single resolution be used."
(Refer to page 11 for relevant curricula vitae).

Ordinary resolution number 4:

Appointment of director

"To appoint Anthony Berman as a non-executive director; who, having been appointed during the year; resigns at the annual general meeting, but being eligible, offers himself for re-election."
(Refer to page 11 for relevant curricula vitae).

Ordinary resolution number 5:

Directors' remuneration

"Resolved that the remuneration of the non-executive directors, as set out on page 66 of the annual report of which this notice forms part, be and is hereby confirmed and ratified."

Ordinary resolution number 6:

Signature of documentation

"Resolved that any director or the Company Secretary of the company be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of special resolution number 1, ordinary resolutions numbers 1, 2, 3, 4, 5 and 7 which are passed by the members in accordance with and subject to the terms thereof."

Ordinary resolution number 7:

Re-appointment of auditors

"Resolved that BDO Spencer Steward (Jhb) Inc. be re-appointed as auditors of the company."

Voting and proxies

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

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the annual general meeting in person. Forms of proxy must be completed and received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61501, Marshalltown, 2107) no later than 48 hours prior to the meeting. Registered certificated shareholders and dematerialised shareholders with own-name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/(ies) should such member wish to do so. Dematerialised shareholders, other than with own-name registrations, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary letter of representation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

By order of the board



Duncan Crosson

Company Secretary
28 June 2009

Registered address

2nd Floor, Wanderers Building, The Campus
57 Sloane Street
Bryanston, 2010
(PO Box 78333, Sandton City, 2146)

Transfer Secretaries

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)



TASTE HOLDINGS LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number: 2000/002239/06)
 JSE code:TAS ISIN: ZAE000081162
 ("Taste" or "the company")

Form of proxy for the annual general meeting of the company to be held at 10:00 on Thursday, 30 July 2009 at the company's offices, 12 Gemini Street, Linbro Business Park, Sandton ("the annual general meeting").

For use by certificated shareholders, nominee companies of Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration, who wish to vote on the ordinary and special resolutions per the notice of the annual general meeting to which this form is attached.

Shareholders who have dematerialised their shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for shareholders who elected own-name registration in the sub-register through a CSDP, which shareholders must complete this form of proxy and lodge it with Computershare Investor Services (Proprietary) Limited. Holders of dematerialised shares other than with own-name registration, wishing to attend the annual general meeting, must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary letter of representation.

I/We (name in block letters)

of (address)

Being the holder/s of _____ ordinary shares in the company, do hereby appoint

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairperson of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting of the company, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, of passing, with or without modification, the ordinary and special resolutions as detailed in the notice of annual general meeting, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (refer notes):

	Number of votes on a poll (one vote per ordinary share)		
	In favour	Against	Abstain
To pass special resolution:			
1. To provide the directors with a general authority to effect share repurchases			
To pass ordinary resolutions:			
1. To provide the directors with a general authority to issue shares for cash			
2. To place the unissued shares under the control of the directors			
3. To re-elect the following directors:			
Jay Bayne Currie			
Bill Daly			
4. To appoint Anthony Berman as a non-executive director			
5. To ratify the non-executive directors' remuneration			
6. To authorise the signature of documentation			
7. To re-appoint BDO Spencer Steward (Jhb) Inc. as auditors of the company			

Signed at _____ on _____ 2009

Signature _____

Assisted by (if applicable) _____

1. Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.
2. Shareholder(s) who are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairperson of the meeting", but any such deletion must be initialled by the shareholder(s). The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder; but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
5. Forms of proxy must be lodged at or posted to Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received no later than 48 hours prior to the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
7. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the shareholder concerned wishes to vote.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services (Proprietary) Limited or waived by the chairperson of the annual general meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Proprietary) Limited.
11. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.

ADMINISTRATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The main object of the company is to carry on business as restaurateurs and franchisors.
Directors	Carlo Ferdinando Gonzaga Duncan John Crosson Jay Bayne Currie Kevin Utian Hylton Rabinowitz Luigi Gonzaga Ramsay L'Amy Daly David Buxton (alternate) – resigned 30 June 2009
Registered office	c/o Routledge Modise 2nd Floor Wanderers Building The Campus 57 Sloane Street Bryanston 2010
Business address	12 Gemini Street Linbro Business Park Sandton 2065
Postal address	PO Box 78333 Sandton City 2146
Auditors	BDO Spencer Steward (Johannesburg) Incorporated Chartered Accountants (SA) Registered Auditors
Secretary	Duncan John Crosson
Company registration number	2000/002239/06



www.tasteholdings.co.za