



famous | brands

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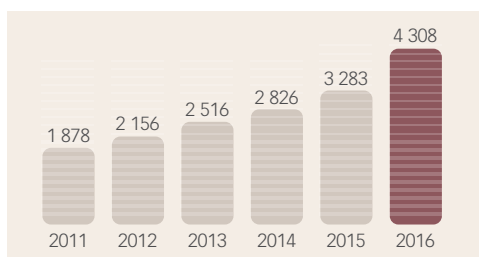
Summarised results for the year ended
29 February 2016



Financial highlights

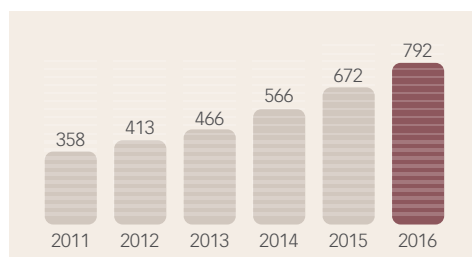
Revenue up to R4.3 billion

+31%



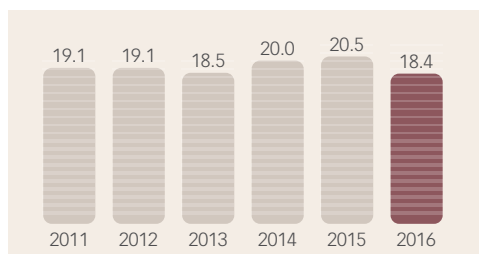
Operating profit up to R792 million

+18%



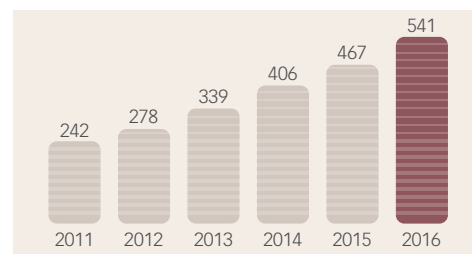
Operating margin

18.4%



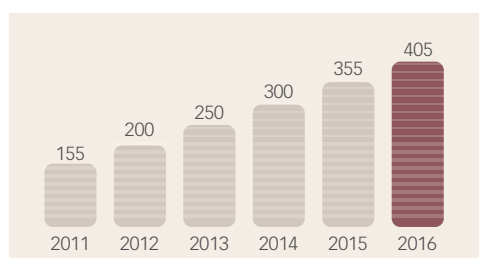
Headline earnings per share
up to 541 cents per share

+16%



Dividends up to 405 cents per share

+14%



Net asset value per share
up to 1 554 cents per share

+9.4%



Highlights

- **Unabated stellar growth**
- **Bold acquisitions**
- **Pioneering new brands**
- **Innovative new categories**
- **Significant vertical integration gains**
- **Capability and scale built to advance 2020 vision**

Group performance

The Group's 2020 strategic intent is to become a leading branded leisure and consumer product business in Africa and selected markets, through building capability and scale across the key pillars of the business. The rewarding performance reported for the year under review is a reflection of the momentum which this programme has gained to date and demonstrates its potential for growth in the run up to 2020.

While the current adverse trading environment is widely acknowledged and reported on, Famous Brands remains optimistic and enthusiastic about the opportunities presented by the food service industry in the country. The Group's stellar results and accomplishments achieved during the period are irrefutable evidence of how the business continues to flourish, despite the current climate. The commitment required to turn in consecutive sets of record results in challenging conditions is a function of the unwavering culture of competitiveness and desire to win, combined with the relentless energy and audacious ambition of the management team and the people of Famous Brands.

Financial results

In this, the Group's fifteenth consecutive year of record turnover and profits, revenue increased by 31% to R4.3 billion (2015: R3.3 billion) comprising organic and acquisitive growth. Operating profit grew 18% to R792 million (2015: R672 million). The operating margin was 18.4% (2015: 20.5%).

The strong increase in revenue is attributable to healthy system-wide sales in the Franchise Brand portfolio and integration of new business in the Logistics and Manufacturing operations. This integration of new high-volume lower-margin business is reflected in the relatively lower Group operating margin percentage.

Headline earnings per share improved 16% to 541 cents per share (2015: 467 cents per share). Net interest expense rose to R6.9 million (2015: R269 thousand), as a function of unwinding the discount related to the put option liabilities recognised during the year.

Cash generated by operations before changes in working capital increased by 22% to R875 million (2015: R717 million). Working capital grew by R156 million (2015: R4 million) as a result of the acquisition of Cater Chain Food Services (Cater Chain) and Retail Group (Pty) Ltd Botswana (Retail Group), as well as organic growth. After changes in working capital, cash generated by operations increased by 1% to R718 million (2015: R713 million).

Tax payments of R244 million (2015: R202 million) and dividend payments of R398 million (2015: R327 million), totalled R642 million (2015: R529 million). Net cash retained from operations reduced to R76 million (2015: R184 million).

Total cash utilised in investing activities of R202 million (2015: R96 million) was incurred, R99 million of which was utilised on the acquisition of the Mythos trademark and controlling stakes in the businesses of Cater Chain and Retail Group. The balance of R103 million was incurred on Supply Chain expansion, fleet upgrade and enhancement of information technology systems.

The Group has net cash on hand of R6 million (2015: R126 million).

OPERATIONAL REVIEWS

Franchising

The Group's Franchising division consists of the following regions: South Africa, Rest of Africa and the Middle East, and the United Kingdom.

Across the total franchise network system-wide sales (which include new restaurants opened) increased 12%, while like-on-like sales grew 6.9%.

A total of 184 new restaurants were opened across the brand portfolio, bringing the total restaurant network to 2 614. During the period 205 restaurants were revamped.

The performance of the Group's three franchise regions is reviewed below:

South Africa

Revenue grew 11% to R681 million (2015: R615 million). Operating profit grew by 7% to R389 million (2015: R365 million), while the operating profit margin reduced to 57.1% from 59.4% in the prior year. This decrease is primarily due to an investment in resources to build capability and capacity across our Franchising division.

System-wide sales increased 11.2% while like-on-like sales improved by 7.3%.

In the year under review, 151 restaurants were opened (2015: 221).

Furthering the Group's goal to expand its presence in the casual evening dining trade category, new brand concepts were launched and a number of key joint ventures established:

- Partnerships were created with four emerging franchise restaurant brands, Mythos, Catch, Lupa Osteria and Salsa Mexican Grill. The Group also opened its pilot craft beer restaurant, 14 on Chartwell in the review period.
- A groundbreaking agreement was signed with global brand, PAUL, to become their South African licensed partner for a 10-year period. PAUL is a family-owned French chain of bakery-café established in 1889 in Northern France.

Mainstream brands

In general this portfolio performed extremely well in a challenging environment. Stand-out performances were recorded by the Group's mainstream brands, Steers, Wimpy, Debonairs Pizza, and Mugg & Bean. FishAways and Milky Lane also delivered strong results for the period.

Emerging brands

Across this portfolio the majority of brands delivered improved results. Turn 'n Tender in particular, reported an outstanding performance.

While Wakaberry™ remains the clear brand leader in the frozen yoghurt category and continues to enjoy strong consumer appeal, it was not unscathed by the continued contraction of this market segment, mirroring the decline experienced globally. In response, the business model is undergoing a stringent review of key components, including store locations, format size and extent of the offering.

The Group will continue to build capability across its South African brand portfolio with the opening of 235 planned new restaurants for the year ahead.

Rest of Africa

The Group has a strong presence in the Rest of Africa, with representation in 19 countries and over 20 years' of experience in the region.

System-wide sales increased 20.1%, while like-on-like sales improved 2.6%. This region's contribution to total system-wide Group sales is 9.6% (2015: 9.0%).

During the period the Group opened 33 (2015: 47) new restaurants in the region. Debonairs Pizza made its debut in Ethiopia, to encouraging response, and opened a further four restaurants in Angola, in conjunction with partner, Shoprite Checkers. Mugg & Bean entered Malawi for the first time with an On-The-Move offering in conjunction with partner, Total.

In August 2015, the Group acquired a 51% controlling stake in its master licence partner, Retail Group. During the year this business was fully integrated into Famous Brands' structures. To date the unit's trading performance has exceeded expectations; highlights include the opening of two Mugg & Bean restaurants and the opening of a second Steers restaurant.

The Group's target is to open a total of 48 new restaurants in the Rest of Africa region in the year ahead.

Middle East

In the period under review, the Debonairs Pizza and Steers restaurants in this region continued to deliver solid results. tashas' maiden restaurant, opened in Dubai in 2015, traded strongly over the past year, and plans are well advanced to open the brand's second restaurant in Dubai in F2017.

Management will be renewing its focus on this region in F2017 with a view to growing the Group's presence.

United Kingdom (UK)

In the context of slightly improved consumer sentiment and spend, the UK business reported record profits and margins. The business is healthier than it has ever been, positioning the operation for future growth.

Revenue in Sterling decreased by 2% while revenue in Rand terms grew 13% to R116 million (2015: R102 million). The foreign currency translation gain amounted to R15 million (2015: R12 million). Operating profit increased 59% to R33 million (2015: R21 million) and the operating profit margin rose to 28.2% from 20.1% in the comparable period.

It is planned to open five Wimpy and one Steers restaurants in the year ahead.

The Group's goal continues to be to deploy the existing UK platform as a beachhead to grow Famous Brands' footprint and improve its opportunities to earn hard currency in the years ahead.

Supply chain

The Group's Supply Chain consists of its Logistics and Manufacturing businesses, which are managed and measured separately.

At the half-year it was noted that the Group had undertaken a range of ambitious projects to integrate new high-volume lower-value business into its Manufacturing and Logistics operations, which had proved more onerous than anticipated. In this regard, it is pleasing to report that notwithstanding the setbacks experienced in the first half of the year, both divisions have made strides in incorporating the additional volumes, and recorded encouraging results for the full period.

Consolidated revenue grew by 34% to R3.4 billion (2015: R2.5 billion), while operating profit increased 33% to R348 million (2015: R262 million). The operating margin was 10.33% compared to 10.44% in the prior period due to the newly integrated product mix, which includes a larger basket of lower margin business.

DIVISIONAL REPORT

Logistics

Revenue improved strongly by 31% to R2.9 billion, while operating profit rose 12% to R100 million. The operating profit margin declined to 3.4% from 4.0% but management is confident that as integration of additional new business gains momentum, historical margins will be achievable.

Manufacturing

This division delivered an excellent performance in the review period. Revenue grew by 43% to R1.8 billion (2015: R1.3 billion), while operating profit increased by a remarkable 43% to R247 million (2015: R173 million). The division's operating margin remained at 13.7%.

Subsequent events

Acquisition of 51% stakes in Catch, Lupa Osteria and Salsa Mexican Grill, and 100% of Lamberts Bay Foods Limited

Outlined in 2015, the Group's stated intent is to expand its presence in the full-service casual dining category. In this regard, three acquisitions were made in the period subsequent to year-end, as follows:

On 9 March 2016, the Group acquired a 51% stake in **Catch**, a premium seafood and sushi brand.

Effective 1 May 2016, the Group acquired a 51% controlling stake in **Lupa Osteria**, an authentic Italian restaurant business trading in the family casual dining segment.

With effect from 1 June 2016, the Group would acquire a 51% controlling stake in recently launched **Salsa Mexican Grill**, a Fast-Casual dining concept centered on traditional Mexican food and beverages.

Further to the Group's strategy to build capability across the business, and as announced on SENS, a strategic manufacturing business was acquired in the period subsequent to year-end.

Subject to Competition Commission approval, the Group acquired 100% of the business of **Lamberts Bay Foods Limited**, a wholly owned subsidiary of JSE-listed Oceana Group Limited. The business produces French fries and other value-added potato products at its factory in Lambert's Bay for sale to wholesalers, retailers and restaurant chains.

This acquisition will enhance the Group's capability to manufacture licensed product for both its franchise network and retail clients, as well as provide security in respect of a significant menu item.

With regard to the above mentioned acquisitions, the purchase consideration was below the threshold of a categorised transaction in terms of the Listings Requirements of the JSE Limited.

Directorate

After 16 years of exceptional service to Famous Brands, Group Chief Executive, Kevin Hedderwick, retired on 29 February 2016. His services have been retained as Strategic Advisor to the Group from 1 March 2016, for a 12-month period. As part of this role, Kevin has responsibility for pursuing and evaluating new growth opportunities for the Group and overseeing execution of new acquisitions. The Board values his unique talent and passion for M&A activity and welcomes his continued management of this portfolio.

On Kevin's retirement, Darren Hele, formerly Chief Executive: Food Services, was appointed Group Chief Executive. Darren joined Famous Brands in 2003 and brings to his new role extensive experience in the Group and the industry. With Darren's appointment, the Board is satisfied that the planned management transition will be seamless and will ensure the business is optimally prepared for the next phase of its growth.

Effective from 22 May 2015, Moses Kgosana was appointed as an Independent non-executive director to the Board. Moses is a Chartered Accountant (SA), with more than 30 years of accounting, auditing and advisory experience within the public and private sectors. Moses has subsequently also been appointed as chairman of the Group's Audit and Risk Committee.

Prospects

South Africa will remain an attractive destination for global competitors, but having contended with international entrants for over 20 years, the Group has the determination, experience and energy to continue to flourish in this challenging environment.

Management has identified a multitude of initiatives to continue building capability and capacity across the three pillars of this business, Franchising, Logistics and Manufacturing. In addition to organic growth opportunities, exciting new prospects are presented with the opening of 292 franchise restaurants in the year ahead; assimilating the new joint venture brands, PAUL, Lupa Osteria, Catch and Salsa Mexican Grill; and integrating the manufacturing operation of Lamberts Bay Foods.

In line with its acquisitive nature and in pursuit of Vision 2020, Famous Brands will continue to pursue further upstream manufacturing prospects and explore opportunities to grow the Group's presence in the casual evening dining segment, as well as outside of the traditional food service sector.

The Board is satisfied that the platform for continued growth is firmly in place, comprising an accomplished executive management team, optimally structured business model and a pipeline of opportunities to continue to meet stakeholder expectations.

The information and any forward-looking statements as set out in this announcement have not been reviewed or audited.

On behalf of the Board

SL Botha
Independent chairman

KA Hedderwick
Group Chief Executive

27 May 2016

Notice of final dividend declaration number 43 and salient features

Notice is hereby given that a final gross dividend of 215 cents (2015: 200 cents) per ordinary share, payable out of income, has been declared in respect of the financial year ended 29 February 2016.

This will bring the total cash dividends to 405 cents (2015: 355 cents) per share for the 2016 financial year, an increase of 14%.

The salient dates for the payment of the final dividend are detailed below:

Dividend declaration date	Monday, 30 May 2016
Last day to trade <i>cum</i> -dividend	Friday, 1 July 2016
Shares commence trading <i>ex</i> -dividend	Monday, 4 July 2016
Record date	Friday, 8 July 2016
Payment of dividend	Monday, 11 July 2016

Share certificates may not be dematerialised or rematerialised between Monday, 4 July 2016 and Friday, 8 July 2016, both dates inclusive.

In terms of dividends tax legislation, the following additional information is disclosed:

- The local dividend tax rate is 15%.
- The net local dividend amount is 182.75 cents (2015: 170 cents) per share for shareholders liable to pay the dividends tax and 215 cents (2015: 200 cents) per share for shareholders exempt from paying the dividends tax.
- The issued share capital of Famous Brands is 99 812 435 (2015: 99 807 435) ordinary shares.
- Famous Brands' tax reference number is 9208085846.

By order of the Board

K Ntlha
Company Secretary

Midrand
27 May 2016

Summarised consolidated statement of financial position

as at 29 February 2016

	2016 R000	2015 R000
ASSETS		
Non-current assets	1 436 377	1 196 839
Property, plant and equipment	286 448	208 951
Intangible assets	1 095 888	922 576
Investments in associates	52 746	57 568
Deferred tax	1 295	7 744
Current assets	971 906	655 421
Inventories	301 625	186 513
Current tax assets	60 786	26 404
Derivative financial instruments	100	–
Trade and other receivables	463 261	316 276
Cash and cash equivalents	146 134	126 228
Total assets	2 408 283	1 852 260
EQUITY AND LIABILITIES		
Equity attributable to owners of Famous Brands Limited	1 474 780	1 389 388
Non-controlling interests	75 819	27 766
Total equity	1 550 599	1 417 154
Non-current liabilities	214 690	58 702
Derivative financial instruments	124 821	–
Lease liabilities	10 858	2 937
Deferred tax	79 011	55 765
Current liabilities	642 994	376 404
Non-controlling shareholder loans	24 988	24 449
Lease liabilities	1 689	–
Trade and other payables	462 481	329 769
Shareholders for dividends	1 873	1 487
Current tax liabilities	11 713	20 699
Bank overdrafts	140 250	–
Total liabilities	857 684	435 106
Total equity and liabilities	2 408 283	1 852 260

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 29 February 2016

	Note	2016 R000	2015 R000	% change
Revenue		4 308 318	3 283 342	31
Gross profit		1 838 371	1 450 820	27
Selling and administrative expenses		(1 046 263)	(778 796)	34
Operating profit before impairment loss		792 108	672 024	18
Impairment loss		(12 000)	–	
Operating profit after impairment loss		780 108	672 024	16
Finance costs**		(27 375)	(13 550)	
Finance income**		20 466	13 281	
Share of (loss)/profit of associates		(622)	7 608	
Profit before tax		772 577	679 363	14
Tax		(221 011)	(194 651)	
Profit for the year		551 566	484 712	14
Other comprehensive income, net of tax:				
Exchange differences on translating foreign operations*		65 753	(2 957)	
Total comprehensive income for the year		617 319	481 755	
Profit for the year attributable to:				
Owners of Famous Brands Limited		527 699	465 756	
Non-controlling interests		23 867	18 956	
		551 566	484 712	
Total comprehensive income attributable to:				
Owners of Famous Brands Limited		593 452	462 799	
Non-controlling interests		23 867	18 956	
		617 319	481 755	
Earnings per share (cents)				
Basic earnings per share	5	529	468	13
Diluted earnings per share	5	528	468	13

* This item may be reclassified subsequently to profit or loss

** These amounts have been disclosed gross

Summarised consolidated statement of changes in equity and cash flows

for the year ended 29 February 2016

Summarised consolidated statement of changes in equity

for the year ended 29 February 2016

	2016 R000	2015 R000
Balance at the beginning of the year	1 417 154	1 234 948
Issue of capital and share premium	217	24 106
Recognition of share-based payments	10 173	1 992
Recognition of put-options over non-controlling interests	(118 426)	–
Total comprehensive income for the year	617 319	481 755
Payment of dividends	(398 389)	(327 389)
Additional non-controlling interest arising on business combination	24 889	1 742
Change in ownership interests in subsidiaries	(3 906)	–
Contingent consideration	1 568	–
Balance at the end of the year	1 550 599	1 417 154

Summarised consolidated statement of cash flows

for the year ended 29 February 2016

	2016 R000	2015 R000
Cash generated before working capital changes	874 733	716 902
Increase in inventories	(84 357)	(5 066)
Increase in trade and other receivables	(131 452)	(36 694)
Increase in trade and other payables	59 446	38 093
Cash generated from operations	718 370	713 235
Net interest paid	(205)	(269)
Tax paid	(243 993)	(201 524)
Cash available from operating activities	474 172	511 442
Dividends paid to owners of Famous Brands Limited	(398 003)	(326 969)
Net cash inflow from operating activities	76 169	184 473
Cash utilised in investing activities		
Additions to property, plant and equipment	(82 199)	(46 124)
Intangible assets acquired	(42 749)	(9 382)
Proceeds from disposal of property, plant and equipment	2 527	3 098
Proceeds from disposal of intangible assets	–	375
Net cash outflow on acquisition of subsidiaries	(83 989)	(47 334)
Dividends received from associates	4 200	2 975
Net cash outflow from investing activities	(202 210)	(96 392)
Cash flow from financing activities		
Borrowings repaid	–	(65 000)
Cash contributed by/(repaid) to non-controlling shareholders	539	(4 895)
Proceeds from issue of equity instruments of Famous Brands Limited	217	24 106
Acquired from non-controlling interest in subsidiaries	(18 084)	–
Net cash outflow from financing activities	(17 328)	(45 789)
Net (decrease)/increase in cash and cash equivalents	(143 369)	42 292
Foreign currency effect	23 025	(6 763)
Cash and cash equivalents at the beginning of the year	126 228	90 699
Cash and cash equivalents at the end of the year	5 884	126 228
Comprising:		
Cash and cash equivalents	146 134	126 228
Bank overdrafts	(140 250)	–
	5 884	126 228

Primary (business units) and secondary (geographical) segment report

for the year ended 29 February 2016

	2016 R000	2015 R000	% change
Revenue			
Franchising and Development	681 364	615 038	11
Supply Chain	3 363 929	2 506 610	34
Manufacturing	1 799 958	1 257 691	43
Logistics	2 911 061	2 223 196	31
Eliminations of inter-segment revenue	(1 347 090)	(974 277)	38
Corporate	2 562	1 740	
South Africa	4 047 855	3 123 388	30
International	260 463	159 954	63
UK	115 696	102 470	13
Rest of Africa	144 767	57 484	152
Total	4 308 318	3 283 342	31
Operating profit			
Franchising and Development	389 282	365 353	7
Supply Chain	347 653	261 725	33
Manufacturing	247 455	172 538	43
Logistics	100 198	89 187	12
Corporate	(11 239)	1 349	
South Africa	725 696	628 427	15
International	66 412	43 597	52
UK	32 640	20 584	59
Rest of Africa	33 772	23 013	47
Total operating profit before impairment loss	792 108	672 024	18
Franchising and Development	(12 000)	–	
Impairment loss	(12 000)	–	
Corporate	(228 542)	(187 312)	
Net finance costs	(6 909)	(269)	
Share of (loss)/profit of associates	(622)	7 608	
Tax	(221 011)	(194 651)	
Profit for the year	551 566	484 712	
	2016 %	2015 %	
Operating margin			
Franchising and Development	57.1	59.4	
Supply Chain	10.3	10.4	
Manufacturing	13.7	13.7	
Logistics	3.4	4.0	
South Africa	17.9	20.1	
International	25.5	27.3	
UK	28.2	20.1	
Rest of Africa	23.3	40.0	
Operating profit	18.4	20.5	

Statistics and ratios

for the year ended 29 February 2016

	2016	2015	% change
Earnings per share (cents)			
Basic earnings per share	529	468	13
Diluted earnings per share	528	468	13
Headline earnings per share	541	467	16
Diluted headline earnings per share	540	467	16
Dividends per share (cents)	405	355	
Interim	190	155	23
Final	215	200	8
Ordinary shares (000)			
In issue	99 812	99 807	
Weighted average	99 810	99 581	
Diluted weighted average	99 892	100 236	
Operating profit margin (%)	18.4	20.5	
Net debt/equity (%)	(0.4)	(8.9)	
Net asset value per share (cents)	1 554	1 420	
Dividend cover on headline earnings (times)	1.3	1.3	

Notes to the summarised consolidated financial statements

for the year ended 29 February 2016

Famous Brands Limited (the "company") is a South African registered company. The summarised consolidated financial statements of the company comprise the company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

1. Statement of compliance

These provisional summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and contains at a minimum the information required by IAS 34 *Interim financial reporting*, the JSE Listings Requirements, and the Companies Act of South Africa.

2. Basis of preparation

The summarised consolidated financial statements do not include all the information and disclosures required for the full set of audited consolidated financial statements, and should be read in conjunction with the full set of the audited Annual Financial Statements which will be available on our website at www.famousbrands.co.za on 24 June 2016.

The Group's audited Financial Statements and the summarised consolidated financial statements as at and for the year ended 29 February 2016 were prepared on the going concern basis. The accounting policies applied in the presentation of the summarised consolidated financial statements are consistent with those applied for the year ended 28 February 2015, except for new standards that became effective for the Group's financial period beginning 1 March 2015, refer to Note 3.

The summarised consolidated financial statements were prepared on the historical cost basis, under the supervision of Norman Richards, Group Financial Director.

3. Changes in accounting policies

The Group has adopted all the new, revised or amended accounting standards which were effective for the Group from 1 March 2015, none of which had a material impact on the Group.

4. Capital expenditure and commitments

Invested

Property, plant and equipment

Intangible assets

Authorised, not yet contracted

Property, plant and equipment

Intangible assets

	2016 R000	2015 R000
	142 154	55 506
	82 199	46 124
	59 955	9 382
	169 815	83 265
	156 917	68 028
	12 898	15 237

	2016 R000	2015 R000
5. Earnings and headline earnings per share		
Reconciliation between earnings and diluted earnings		
Profit attributable to equity holders of Famous Brands Limited	527 699	465 756
<i>Adjustment for:</i>		
After tax interest receivable on future share placements	–	3 348
Diluted earnings	527 699	469 104
Earnings per share (cents)		
Basic	529	468
Diluted	528	468
Reconciliation between headline earnings and diluted headline earnings		
Profit attributable to equity holders of Famous Brands Limited	527 699	465 756
After tax profit on disposal of property, plant and equipment	(88)	(526)
After tax re-measurements included in equity-accounted earnings of associates	–	(29)
Impairment loss	12 000	–
Headline earnings	539 611	465 201
<i>Adjustment for:</i>		
After tax interest receivable on future share placements	–	3 348
Diluted headline earnings	539 611	468 549
Headline earnings per share (cents)		
Basic	541	467
Diluted	540	467

6. Related party transactions

The Group entered into various sale and purchase transactions with related parties, in the ordinary course of business, on an arm's length basis. The nature of related party transactions is consistent with those reported previously.

7. Financial instruments

Accounting classifications and fair values

The table below sets out the classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are described below:

Level 1: Quoted prices (adjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Level	Group			
		2016 Carrying amount R000	2016 Fair value R000	2015 Carrying amount R000	2015 Fair value R000
Financial assets					
Loans and receivables:					
Trade and other receivables		444 069	444 069	309 065	309 065
Cash and cash equivalents		146 134	146 134	126 228	126 228
Fair value through profit or loss:					
Derivative financial instruments (foreign currency options)	2	100	100	–	–
		590 303	590 303	435 293	435 293

Notes to the summarised consolidated financial statements

for the year ended 29 February 2016

	Level	Group		2015 Carrying amount R000	2015 Fair value R000
		2016 Carrying amount R000	2016 Fair value R000		
7. Financial instruments continued					
Financial liabilities					
Measured at amortised cost:					
Trade and other payables		367 494	367 494	263 337	263 337
Non-controlling shareholder loan		24 988	24 988	24 449	24 449
Shareholders for dividends		1 873	1 873	1 487	1 487
Lease liabilities		12 547	12 547	2 937	2 937
Bank overdrafts		140 250	140 250	–	–
Fair value through profit or loss:					
Derivative financial instruments (put options over non-controlling interests)	3	124 821	124 821	–	–
		671 973	671 973	292 210	292 210
Level 3 sensitivity information					
The fair values of the level 3 financial liabilities of R125 million (2015: Rnil) were determined by applying an income approach valuation method including a present value discount technique. The fair value measurement includes inputs that are not observable in the market. Key assumptions used in the valuation of these instruments include the probability of achieving set profit targets and the discount rates. An increase/(decrease) of 1% in the discount rate would result in decrease/(increase) of R5 million.					
Movements in level 3 financial instruments carried at fair value					
The following tables illustrate the movements during the year of level 3 financial instruments carried at fair value:					
Put options over non-controlling interests:					
Carrying value at beginning of the year		–	–	–	–
Initial recognition in equity for new acquisitions		118 426	118 426	–	–
Unwinding of discount		6 395	6 395	–	–
Carrying value at end of the year		124 821	124 821	–	–

	2016 R000	2015 R000
8. Business combinations		
Summary of cash outflow on acquisition of subsidiaries		
Cater Chain Food Services and City Deep Cold Storage	38 082	–
Retail Group	45 907	–
Wakaberry™ Holdings	–	47 334
Total cash outflow on acquisition of subsidiaries	83 989	47 334
Effective 1 April 2015, a 75% share was acquired in both Cater Chain Food Services and City Deep Cold Storage, for a consideration of R30 million. R15.1 million was allocated to goodwill because of anticipated scale and merger benefits related to franchising, manufacturing and logistics capability.		
Fair value of assets and liabilities acquired		
Property, plant and equipment	21 245	
Intangible assets	6 609	
Trade and other receivables	19 471	
Inventories	28 970	
Current tax assets	787	
Bank overdraft	(8 082)	
Deferred tax	(3 871)	
Trade and other payables	(45 296)	
Net assets acquired	19 833	
Non-controlling interests measured at their share of the fair value of net assets	(4 958)	
Amount capitalised	14 875	
Goodwill	15 125	
Purchase price	30 000	
Bank overdraft	8 082	
Cash outflow on acquisition of subsidiary	38 082	
Effective 1 August 2015, a 51% interest was acquired in Retail Group (Pty) Ltd (Botswana), for a consideration of R61.8 million. R40.9 million was allocated to goodwill because of anticipated scale and merger benefits related to franchising, manufacturing and logistics capability.		
Fair value of assets and liabilities acquired		
Property, plant and equipment	16 781	
Trademarks	27 515	
Trade and other receivables	2 473	
Inventories	1 519	
Receivables from shareholders	56	
Current tax assets	1 942	
Cash and cash equivalents	15 918	
Borrowings	(1 232)	
Deferred lease liabilities	(923)	
Deferred tax	(6 159)	
Trade and other payables	(16 923)	
Non-controlling shareholder loans	(75)	
Net assets acquired	40 892	
Non-controlling interests measured at their share of the fair value of net assets	(20 038)	
Amount capitalised	20 854	
Goodwill	40 971	
Purchase price	61 825	
Cash and cash equivalents	(15 918)	
Cash outflow on acquisition of subsidiary	45 907	

The business combinations have been accounted for on a provisional basis.

Notes to the summarised consolidated financial statements

for the year ended 29 February 2016

	2016 R000	2015 R000
8. Business combinations continued		
Effective 1 April 2014, a 70% interest was acquired in both Wakaberry™ Holdings (Pty) Ltd and 4E Holdings (Pty) Ltd, the company in which Wakaberry™ trademark is registered, for a consideration of R49.4 million. R45.4 million was allocated to goodwill because of anticipated scale and merger benefits related to franchising, manufacturing and logistics capability.		
Fair value of assets and liabilities acquired		
Property, plant and equipment		979
Trademarks		12
Trade and other receivables		3 823
Inventories		3 979
Cash and cash equivalents		2 082
Deferred tax		(1)
Trade and other payables		(3 160)
Current tax liabilities		(1 910)
Net assets acquired		5 804
Non-controlling interests measured at their share of the fair value of net assets		(1 740)
Amount capitalised		4 064
Goodwill		45 352
Purchase price		49 416
Cash and cash equivalents		(2 082)
Cash outflow on acquisition of subsidiary		47 334
9. Subsequent events		
– Effective 1 May 2016 the Group acquired a 51% controlling stake in Lupa Osteria , an authentic Italian restaurant business trading in the family casual dining segment. Founded in 2013, and franchised in 2014, Lupa Osteria comprises three restaurants in KwaZulu-Natal: Hillcrest, Westville and Durban North. In the short term, a further three restaurants will be opened in KwaZulu-Natal; over the long term, management is satisfied that a network of 35 restaurants in South Africa and select African countries is achievable.		
– The Group has announced that with effect from 1 June 2016, it would acquire a 51% controlling stake in recently launched Salsa Mexican Grill , a fast-casual dining concept centered on traditional Mexican food and beverages. The brand is currently represented by its maiden restaurant, opened in June 2015, in Fourways, Gauteng. Two additional franchised outlets are scheduled to open during the course of 2016. Over the longer term the intention is to grow the brand's footprint nationally.		
– Subject to Competition Commission approval, the Group has acquired 100% of the business of Lamberts Bay Foods Limited , a wholly owned subsidiary of JSE-listed Oceana Group Limited. The business produces French fries and other value-added potato products at its factory in Lambert's Bay for sale to wholesalers, retailers and restaurant chains. This acquisition will serve to enhance the Group's capability to manufacture licensed product for its franchise network and retail clients, as well as provide security of supply in respect of a significant strategic menu item.		
– With effect from 9 March 2016, the Group acquired a 51% stake in Catch , a premium seafood and sushi brand.		
– Due to the timing of these acquisitions, the initial accounting for these business combinations is incomplete and therefore the disclosure of the acquisition date fair values and related impact cannot be made at this time.		

10. Audit opinion

These summarised consolidated financial statements for the year ended 29 February 2016 have been derived from the audited consolidated financial statements of Famous Brands Limited for the year ended 29 February 2016, on which the auditors, Deloitte & Touche, have expressed an unmodified audit opinion. These summarised consolidated financial statements have themselves not been audited.

A copy of the auditor's report, together with the accompanying financial information, can be obtained from the company's registered office. The auditor's report and the audited consolidated financial statements will be available on the company's website (www.famousbrands.co.za) on 24 June 2016.

The Board of Directors of Famous Brands takes full responsibility for the preparation of this provisional report and for ensuring that the financial information has been correctly extracted from the underlying financial statements.

Directors and administration

Famous Brands Limited

Incorporated in the Republic of South Africa
Registration number: 1969/004875/06
JSE share code: FBR
ISIN code: ZAE000053328

Directors

NJ Adami, SL Botha (Independent Chairman),
CH Boule, P Halamandaris, P Halamandaris (Jnr),
T Halamandaris, JL Halamandres, RM Kgosana,
DP Hele (Group Chief Executive)*,
NS Richards (Group Financial Director)* and BL Sibiya.
**Executive*

Company Secretary

K Ntlha

Registered office

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Telephone: +27 11 315 3000
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Website address: www.famousbrands.co.za

Transfer secretaries

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Registration number: 2004/003647/07
70 Marshall Street, Marshalltown, 2001
PO Box 61051, Marshalltown, 2107

Sponsor

The Standard Bank of South Africa Limited
Registration number: 1969/017128/06
30 Baker Street, Rosebank, 2196

Auditors

Deloitte & Touche

Bankers

Absa Bank Limited
Bidvest Bank Limited
FirstRand Bank Limited
Investec Bank Limited



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