AUDITED SUMMARY CONSOLIDATED PROVISIONAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2014 AND FINAL DIVIDEND DECLARATION

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- Revenue **up 15%** to R582.7 million
- EBITDA **up 17%** to R60.6 million
- Earnings after tax **up 23%** to R30.3 million
- Headline earnings per share **up 20%** to 16.0 cents
- Normalised headline earnings per share **up 12%** to 16.9 cents
- System-wide sales **up 7.2%** to R1.48 billion
- Dividend **up 22%** to 6.2 cents per share

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

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	28 February 2014 Audited R'000	28 February 2013 Audited R'000
Revenue[2]	15	**582 782**	506 431
Cost of sales		**(351 165)**	(311 367)
Gross profit[3]	19	**231 617**	195 064
Other income		**956**	496
Operating costs[4]	20	**(182 855)**	(152 668)
Operating profit[5]	16	**49 718**	42 892
Investment revenue		**2 496**	1 956
Finance costs[6]		**(7 889)**	(7 162)
Profit before taxation	18	**44 325**	37 686
Taxation[7]		**(13 945)**	(12 911)
Profit for the period	23	**30 380**	24 775
Other comprehensive income		**–**	–
Total comprehensive income for the period	23	**30 380**	24 775
Attributable to:			
Equity holders of the company	23	**30 380**	24 775
Earnings per share attributable to equity holders of the company			
Basic earnings per share (cents)	22	**15.6**	12.8
Diluted earnings per share (cents)	23	**15.1**	12.3
Dividends per share (cents)[8]	22	**6.2**	5.1

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	28 February 2014 Audited R'000	28 February 2013 Audited R'000
ASSETS		
Non-current assets	**201 288**	177 744
Property, plant and equipment[9]	**29 776**	17 063
Intangible assets	**79 545**	83 508
Goodwill[10]	**78 756**	69 934
Other financial assets[11]	**11 910**	5 885
Deferred tax	**1 301**	1 354
Non-current assets held for sale	**–**	675
Current assets	**229 406**	191 248
Inventories[12]	**116 856**	94 029
Trade and other receivables[13]	**74 712**	67 541
Current tax receivables	**2 949**	2 978
Advertising levies	**1 618**	1 939
Other financial assets[11]	**7 230**	4 430
Cash and cash equivalents	**26 041**	20 331
Total assets	**430 694**	369 667
EQUITY AND LIABILITIES		
Equity attributable to holders of parent	**224 943**	189 246
Share capital	**2**	2
Retained earnings	**128 624**	108 171
Share premium[14]	**94 545**	80 101
Equity-settled share-based payment reserve	**1 772**	972
Non-current liabilities	**77 924**	66 763
Borrowings[15]	**57 422**	45 046
Long-term employee benefits	**–**	126
Deferred tax	**20 502**	21 591
Current liabilities	**127 827**	113 658
Provisions	**250**	250
Current tax payable	**809**	3
Advertising levies	**1 198**	–
Trade and other payables	**88 277**	88 510
Balance due to vendors	**1 000**	1 000
Bank overdrafts	**18 393**	13 163
Dividends payable	**55**	38
Borrowings[15]	**17 845**	10 694
Total equity and liabilities	**430 694**	369 667
Number of shares in issue ('000)	**199 304**	194 161
Net asset value per share (cents)	**112.9**	97.5
Net tangible asset value per share (cents)	**44.0**	29.7

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Equity-settled share-based payment reserve R'000	Retained earnings R'000	Total R'000
Balance as at 28 February 2012	2	80 101	575	91 162	171 840
Share-based payment reserve	–	–	397	–	397
Dividends paid	–	–	–	(7 766)	(7 766)
Comprehensive income for the period	–	–	–	24 775	24 775
Balance as at 28 February 2013	2	80 101	972	108 171	189 246
Share issue[14]	**–**	**13 837**	**–**	**–**	**13 837**
Options exercised	**–**	**607**	**–**	**–**	**607**
Dividends paid	**–**	**–**	**–**	**(9 927)**	**(9 927)**
Share-based payment reserve	**–**	**–**	**800**	**–**	**800**
Comprehensive income for the period	**–**	**–**	**–**	**30 380**	**30 380**
Balance as at 28 February 2014	**2**	**94 545**	**1 772**	**128 624**	**224 943**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	28 February 2014 Audited R'000	28 February 2013 Audited R'000
Cash flows from operating activities	**13 383**	7 524
Cash generated by operating activities[16]	**42 832**	36 118
Investment revenue	**2 496**	1 956
Finance costs	**(7 889)**	(7 162)
Dividends paid	**(9 910)**	(7 745)
Taxation paid	**(14 146)**	(15 643)
Cash flows from investing activities	**(46 748)**	(15 907)
Acquisition of property, plant and equipment[9]	**(16 807)**	(8 600)
Proceeds of disposals of property, plant and equipment	**600**	322
Acquisition of business[17]	**(20 478)**	(2 133)
Loans advanced[11]	**(10 973)**	(5 049)
Loans repaid[11]	**2 149**	1 392
Acquisition of intangible assets	**(1 239)**	(1 839)
Cash flows from financing activities	**33 845**	(9 987)
Decrease in long-term employee benefits	**(126)**	(126)
Proceeds from issue of shares[14]	**14 444**	–
Loans raised	**25 300**	921
Loans repaid	**(5 773)**	(10 782)
Change in cash and cash equivalents	**480**	(18 370)
Cash and cash equivalents at beginning of the period	**7 168**	25 538
Cash and cash equivalents at end of the period	**7 648**	7 168

SUMMARY CONSOLIDATED SEGMENT REPORT

	% change	28 February 2014 Audited R'000	28 February 2013 Audited R'000
Segment revenue			
Food[19]	16	**364 823**	315 329
Jewellery[21]	15	**229 289**	198 665
Corporate services		**16 242**	12 360
Inter-segment revenues[23]		**(27 572)**	(19 923)
Group revenue	15	**582 782**	506 431
Segment operating profit			
Food	11	**34 229**	30 944
Jewellery	15	**32 897**	28 655
Corporate services[24]	4	**(17 408)**	(16 707)
Group operating profit	16	**49 718**	42 892

	Food Division R'000	Jewellery Division R'000	Corporate services R'000	Inter-segment revenues R'000	Total R'000
Year ended 28 February 2014					
Revenue	**364 823**	**229 289**	**16 242**	**(27 572)**	**582 782**
Operating profit/(loss)	**34 229**	**32 897**	**(17 408)**	**–**	**49 718**
Investment revenue	**1 012**	**348**	**1 136**	**–**	**2 496**
Finance costs	**(3 999)**	**(3 098)**	**(792)**	**–**	**(7 889)**
Profit before taxation	**31 242**	**30 147**	**(17 064)**	**–**	**44 325**
Segment depreciation and amortisation	**(6 104)**	**(3 052)**	**(1 750)**	**–**	**(10 906)**
Segment assets	**191 717**	**167 545**	**71 432**	**–**	**430 694**
Segment liabilities	**113 490**	**48 612**	**43 679**	**–**	**205 751**
Segment capital expenditure	**12 002**	**4 356**	**449**	**–**	**16 807**
Year ended 28 February 2013					
Revenue	315 329	198 665	12 360	(19 923)	506 431
Operating profit/(loss)	30 944	28 655	(16 707)	–	42 892
Investment revenue	745	458	753	–	1 956
Finance costs	(3 922)	(2 887)	(353)	–	(7 162)
Profit before taxation	27 767	26 226	(16 307)	–	37 686
Segment depreciation and amortisation	(4 628)	(2 561)	(1 747)	–	(8 936)
Segment assets	179 690	116 241	73 736	–	369 667
Segment liabilities	115 165	45 321	19 935	–	180 421
Segment capital expenditure	8 425	153	22	–	8 600

NOTES TO THE FINANCIAL INFORMATION

1. Reconciliation of headline earnings

	% change	28 February 2014 Audited R'000	28 February 2013 Audited R'000
Earnings attributable to ordinary shareholders	23	**30 380**	24 775
Adjusted for:			
Impairment losses		**1 223**	1 226
Profit on sale of property, plant and equipment and non-current assets available for sale		**(310)**	(120)
Tax effect on headline earnings adjustments		**(66)**	18
Headline earnings attributable to ordinary shareholders	21	**31 227**	25 899
Adjusted for:			
Legal fees		**1 159**	1 644
Once-off costs of the distribution business (after tax)		**619**	1 801
Normalised headline earnings	12	**33 005**	29 344
Weighted average shares in issue ('000)		**194 791**	194 161
Weighted average diluted shares in issue ('000)		**200 935**	201 911
Earnings per share (cents)	22	**15.6**	12.8
Diluted earnings per share (cents)	23	**15.1**	12.3
Headline earnings per share (cents)	20	**16.0**	13.3
Diluted headline earnings per share (cents)	21	**15.5**	12.8
Normalised headline earnings per share (cents)	12	**16.9**	15.1
Dividend declared per share (cents)	22	**6.2**	5.1
Dividend cover (dividends declared based on earnings per share)		**2.5**	2.5

As with previous years the group discloses normalised headline earnings as a consistent measure of performance for evaluation purposes. Normalised headline earnings exclude the exceptional once-off costs as detailed above, which are comparable in nature to the prior period.

2. The 15% increase in revenue for the year ended 28 February 2014 ("the current period" or "2014") when compared to the year ended 28 February 2013 ("the prior period" or "2013") is consequent to a 15.4% increase in the jewellery division revenue, and a similar increase of 15.6% in the food division. The growth in the jewellery division is attributable to the combination of a same-store sales increase of 10% in corporate owned stores and the addition of a net eight corporate stores during the year. The food division revenue increase is attributable to system-wide sales growth of 7.1% and the increase in the revenue of the food services part of that division, the latter not being directly comparable to the prior year as the food distribution capability was established during August 2012.
3. The improved gross margin from 38.5% in the prior period to 39.7% in the 2014 year is the net result of higher gross margins in the jewellery division due to owning more corporate stores which trade at higher gross margins; and reduced gross margins in the food division due to the larger contribution of the food distribution business, which trades at a lower gross margin than the remainder of the group.
4. The cost increase percentage above the revenue percentage increase is due in the main to an increase in depreciation and amortisation. An effective measure of cost control is to exclude depreciation and amortisation and reflect those costs as a percentage of revenue. In the 2014 year those costs were 29.5% of revenue, compared to 28.4% in the prior period and 30.3% in the year ended 28 February 2012. Depreciation and amortisation increased 22.5% over the prior period due to a combination of the acquisition of fixed assets in our food services business related to capacity expansion and continued integration of our distribution network; and the acquisition of corporate stores in our jewellery division. These capital expenditures are discussed below in note 9.
5. Operating profit increased 16% from the prior period while operating profit margin remained unchanged from the prior period at 8.5%. Earnings before interest, taxation, depreciation and amortisation ("EBITDA") increased 17% to R60.6 million (2013: R51.8 million) and EBITDA margin increased marginally to 10.4%. As Taste includes franchisee marketing funds received in its revenue, with matching cost of sales, its margins may not be directly comparable to other franchise companies that do not account for franchisee marketing funds in the same manner.
6. The increase in finance costs is attributable to the capital expenditure incurred to acquire NWJ corporate stores and capital expenditure incurred for the expansion and integration of the food services business. As per the group's stated intention this capital expenditure was funded through debt.
7. The effective taxation percentage is 31.5% and is lower than the prior year due to the prior year including R0.8 million of secondary tax on companies ("STC") as well as higher non-deductible expenditure.
8. In line with the group's stated dividend policy a dividend cover of 2.5 times (based on basic earnings per share) has been maintained, comparable to the prior year, resulting in a 22% increase in the declared dividend.
9. The increase is property, plant and equipment relates to the capital expenditure referred to in note 4 and 6 above and is attributable to:
   - moving the sauce manufacturing facility from Cape Town to Gauteng, thereby centralising manufacturing into one facility and providing savings on transportation and labour, and increasing capacity;
   - moving the Cape Town distribution depot to a new facility with increased capacity;
   - the purchase of additional vehicles used in the food distribution business improving operating efficiencies from the prior period; and
   - acquiring 11 NWJ stores from franchisees.

   In line with the groups' stated intention this capital expenditure was funded with external funding, including portions of the jewellery inventory investment.
10. The increase in goodwill is attributable to the acquisition of the NWJ corporate stores.
11. Other financial assets consist of:
    - loans made to marketing funds of brands within the group. These loans attract interest, and are repayable in monthly instalments; and
    - extended payment terms given to franchisees of the group.
12. R19 million of the R22.8 million increase is attributable to inventories in the jewellery division, more specifically:
    - the acquisition of 11 NWJ corporate stores which included R9.2 million of acquired inventory;
    - opening three new NWJ corporate stores and the associated investment in inventory of R4.3 million; and
    - expected increases in inventory due to system-wide sales growth of 8%.

    The balance of the increase in inventory relates to increased inventories in the food distribution business as a consequence of distributing a larger basket of goods to more franchisees when compared to the prior period.
13. The increase in trade and other receivables is mainly as a result of the growth of both the food services and jewellery divisions, and is below the revenue growth of 15%.
14. The increase in share premium from the prior period is as a consequence of issuing 3 729 691 shares at R3.71 per share to partly fund the Zebro's Chicken acquisition, which was effective 1 March 2014.
15. The increase in borrowings relates to the capital expenditures detailed in note 9.
16. In respect of the net eight new NWJ corporate stores, an additional investment in inventory of R10 million is accounted for in cash generated from operations. This investment relates to the additional inventory necessary to ensure that the ideal stock holdings are achieved in the new stores. Excluding the above investment, accounted for in cash generated from operations, the group's operating cash conversion is 87% of EBITDA. As per note 17 below, these stores, none of which traded for the full period under review, generated R4.8 million in operating profit.
17. During the year, the jewellery division acquired the business of 11 franchised NWJ stores. These stores were located in key strategic sites. The rationale for this acquisition is consistent with the division's strategy of:
    - expanding its corporate store footprint; and
    - retaining key strategic sites.

    This acquisition consisted of inventory and property, plant and equipment. The stores acquired and the respective month of each store's acquisition is listed below:
    - NWJ Key West – April 2013
    - NWJ Cresta – June 2013
    - NWJ King Shaka Airport – May 2013
    - NWJ Empangeni – May 2013
    - NWJ Northgate – July 2013
    - NWJ Woodmead – August 2013
    - NWJ Greenacres – October 2013
    - NWJ East Rand Mall – January 2014
    - NWJ Alberton City – January 2014
    - NWJ Clearwater Mall – January 2014
    - NWJ The Glen – January 2014

    Four of the 11 stores were acquired in a single transaction from a franchisee. This transaction has been separately aggregated below as it is classified as a material transaction.

    The fair value of assets and liabilities for the stores acquired, is set out below:

	Non-material stores in aggregate R'000	Individually material transaction R'000	Total R'000
Property, plant and equipment	1 745	704	2 449
Inventory	3 314	5 893	9 207
Fair value of assets acquired	5 059	6 597	11 656
Consideration paid	(9 457)	(11 021)	(20 478)
In cash	(9 457)	(11 021)	(20 478)
Balance owed by vendors	–	–	–
Goodwill acquired	4 398	4 424	8 822
Contribution to revenue	18 825	2 875	20 700
Contribution to operating profit	3 970	830	4 800

    The purchase consideration was discharged in cash. During the period that these 11 stores were owned/operated by the jewellery division, they contributed R20.7 million to revenue and R4.8 million to operating profit. The revenue and operating profit as if these stores were owned for the full year cannot be disclosed, as complete and compliant financial records of these stores prior to the dates that the jewellery division acquired control of these stores, could not be obtained. None of the goodwill recognised is expected to be deductible for income tax purposes.
18. As indicated in prior announcements Taste management reports on the jewellery division as one segment. Furthermore, the new divisional structure of the food division has resulted in a consolidation of the previous sub-divisions into one segmental view of the division. Consequent to these changes the group now discloses two divisions, which consolidation does not impact any comparable financial results. This segmental reporting format is representative of the internal reporting structure used for management reporting.
19. Food division revenue includes royalty, new store and distribution revenue from sales to franchisees. The 15.6% increase in revenue in the food division is due the combined effect of the increase in system-wide sales of 7.1% and the distribution division having five more trading months compared to the prior period.
20. EBITDA in the food division increased 13.5% to R40.3 million (2013: R35.5 million) and the EBITDA margin remained largely unchanged at 11.1%. (2013: 11.3%)
21. Jewellery division revenue includes sales from corporate-owned outlets; royalty revenue and revenue from sales to franchisees. The division manufactures, sources and distributes stock to franchisees as well as corporate stores, and earns new-store and annuity royalty revenue. At the end of the current period the division owned/operated eight more corporate stores than at the end of the prior period. Consequently, the increase in revenue of 15.4% is due to a system-wide sales increase of 8% and the additional revenue from the net eight additional corporate-owned stores.
22. EBITDA in the jewellery division increased 20.2% to R37.5 million (2013: R31.2 million) and the EBITDA margin improved from 15.7% to 16.4% due to corporate stores trading at higher margins than the division.
23. This refers to interdivisional revenues in the food and corporate services segments that are eliminated on consolidation.
24. This amount reflects the actual expenses incurred in corporate services and reflects an increase of 4% from the prior period.

Group overview

The board of directors of Taste ("the Board") present the audited summary consolidated provisional results for the year ended 28 February 2014 ("2014" or "the current period"). Taste is a South African-based management group, that licenses and owns a portfolio of mostly franchised, category specialist, restaurant and retail brands, currently represented in over 630 locations throughout Southern Africa.

During the year under review the group continued with initiatives in line with its vertical integration strategy in the food division; acquired 11 NWJ outlets from franchisees thereby increasing its total store ownership to 34 outlets; and made substantial changes to the leadership structure of its food division in order to create capacity for future growth in both brands and store numbers, and to align the food services business more closely with the brands its serves.

As anticipated, the food distribution business, which was established in August 2012, returned a profit during the year, from a loss in the year ended 28 February 2013 ("2013" or "the prior period"). Group system-wide sales increased 7.2% from the prior period to R1.48 billion, which combined with the increased revenue from the food division, and additional NWJ corporate stores, contributed to a revenue increase at group level of 15% to R583 million (2013: R506 million). Earnings before interest, taxation, depreciation and amortisation ("EBITDA") increased 17% to R60.6 million (2013: R51.8 million). Relatively lower finance and taxation margins combined to produce an earnings increase of 23% over the prior period.

The Board is pleased to announce that a gross dividend of 6.2 cents per share has been declared, an increase of 23% over the prior period.

Zebro's Chicken

On 29 January 2014 the group announced it would acquire Zebro's Chicken, a unique 15 year-old franchise chain that targets lower income consumers through a proprietary BBQ flavour chicken recipe prepared on open coals. On 1 March 2014 the group acquired control and commenced with the integration of Zebro's Chicken into the existing Taste supply chain and operations. This acquisition is in line with the group's stated intent to grow its representation among lower income consumers and is complementary to its existing The Fish & Chip Co. brand.

Domino's Pizza

On 10 April 2014 the group announced that it had signed a 30-year exclusive Master Franchise Agreement ("MFA") to develop the global Domino's Pizza brand in South Africa and six other countries. Domino's Pizza is the worlds' leading pizza delivery brand with over 11'000 units in 74 countries. Through the conversion and consolidation of the Scooters Pizza and St Elmo's stores to Domino's Pizza stores ("Store Conversions"); the opening of new Domino's Pizza outlets; and the investment by both Taste and Domino's Pizza; Taste plans to, in the next five years, establish Domino's Pizza as the leading pizza delivery brand in Southern Africa. It is anticipated that there will be once-off costs relating to the initial Store Conversions, establishment of a centralised dough production facility and initial training and marketing. However, the benefits of being part of a global brand with an entirely re-imaged store network; increased marketing spend and the consumer interest typically shown in new global brands, will contribute positively to store sales and overall market share in the growing pizza segment.

Segmental overview

Food

At 28 February 2014, the food division consisted of the Maxi's, Scooters Pizza, St Elmo's Woodfired Pizza and The Fish & Chip Co. brands, as well as Buon Gusto food services. The latter manufactures sauces, spices, dough premixes and added value meat products for the group's food brands and distributes the majority of products used by its food outlets. All four consumer brands are underpinned by strong value-for-money propositions within their target consumer market. The acquisition of Zebro's Chicken has extended the group's reach into the lower income consumer market, thereby balancing its portfolio across a broader segment of the South African consumer. While system-wide sales for the year increased 7.1% to R1.2 billion, the group saw a noticeable slow-down in same-store sales in the latter half of the year as consumers, especially in the lower income groups, scaled back their frequency of purchases. Although this lower demand has continued into the new year among low income consumers, brands targeting higher income consumers have shown positive same-store sales growth since, in particular Scooters Pizza and St Elmo's.

During the year the food services division consolidated manufacturing into one premises, improving economies of scale and reducing the transport associated with having sauce manufacturing previously in Cape Town. The food division also underwent a material organisational re-structure to accommodate the growth of the last two years, in anticipation of the integration of Zebro's Chicken and the Domino's Pizza MFA. This structure has created scalable capacity aligned with future growth aspirations. Consequently, accountability for manufacturing, distribution and the consumer-facing food brands has been combined under one divisional CEO; appropriate and strategically aligned executive leaders for each of the food brands have been recruited; and a highly leveraged shared services platform has started to take shape. In addition to creating capacity and up-skilling our executive leadership, a credible succession pipeline is being developed. Lastly, the increased capacity in the food division has resulted in corporate functions in the group being able to pursue growth opportunities, the first of which to bear fruit was the Domino's Pizza MFA.

The forthcoming year will see this division focus its efforts on:
- continuing the good progress it has made in the food service part of its business through increasing the basket size and improving margins through efficiencies;
- establishing the centralised dough production facility for the Domino's Pizza business;
- integrating Zebros' Chicken and building a new store pipeline;
- building on the The Fish & Chip Co. market leader position through improving the menu offering and improving average store sales; and
- preparing to open the first Domino's Pizza stores locally.

Jewellery

NWJ is the third-largest jewellery brand in South Africa. As the only vertically-integrated franchise jewellery chain in South Africa, it owns and operates approximately 45% of the total outlets. The franchise services are comparable to the Taste food franchise division in that they offer their franchisees operational and marketing support, project management, new site growth and development, and national brand-building strategies in return for a royalty. The distribution division distributes all of the goods sold through NWJ outlets. Of these, approximately 40% is manufactured by the manufacturing facility in Durban, 22% is imported, and the remaining 38% sourced locally. This model provides in-house innovation capacity, fast routes to market, and reduces input costs through purchasing economies of scale. A further benefit of owning the manufacturing facility is that slow-moving or returned stock can be either re-worked with negligible yield loss or transferred to another location where there is known demand for the item.

The division ended the period with 77 outlets (2013: 77 outlets), a marginal increase from the 74 outlets at 31 August 2013. System-wide sales increased 8% to R284 million (2013: R263 million), driven exclusively by same-store sales. The 34 corporate stores achieved same-store sales growth in excess of 10% for the third consecutive year, underpinning the group's competence at operating corporate stores. Notwithstanding this continued stellar performance it should be noted that, in line with the food division performance, sales in the latter part of the year slowed, although remained positive in this division. We anticipate this trend continuing in the current period.

During June 2012 NWJ launched an NWJ-branded credit offering. As NWJ has historically not had a robust credit offering, the brand has experienced new customer attraction and substantially higher spend per transaction than in its existing cash business. As the credit is underwritten by a third party, NWJ does not have any exposure to default or to the administration thereof. Furthermore, credit sales currently make up less than 10% of total sales.

During the period the group acquired or took operational control of a net eight franchised outlets. Four of these outlets were acquired in January and therefore did not contribute materially to the group's profits in the year under review. The group will continue to assess acquiring outlets from franchisees in order to retain key sites and anticipates that it could own up to 60% of its store base over time. Franchisee same-store sales now more closely mimic corporate store sales, a key objective during the last year. This division is focused on growing its corporate owned store base in the next two years as well as growing its market share through new store growth.

Basis of preparation of the audited results

Statement of compliance

The summary consolidated financial results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of new, improved and revised standards and interpretations, which had no material effect on the financial results. This report was compiled under the supervision of Mr E Tsatsarolakis, Chief Financial Officer.

The audited summary consolidated provisional financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 28 February 2014. The directors of Taste take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying group financial statements.

Auditor's report

These summary consolidated provisional financial results for the year ended 28 February 2014 have been audited by BDO South Africa Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summary consolidated provisional financial results were derived.

A copy of the auditor's report on the summary consolidated provisional financial results and of the auditor's report on the consolidated annual financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised than in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditor.

Events subsequent to year end

Acquisition of Zebro's Chicken

On 1 March 2014 the group acquired the Business operated under the brand name Zebro's Chicken. The acquisition follows Taste's stated strategy of acquiring:
- businesses that have significant overlap with the group's existing vertical integration capacity in both manufacturing and distribution; and
- additional brands targeting consumers in the LSM 4-6 category, thereby complementing the over 300 store The Fish & Chip Co. business.

As such the rationale for the acquisition is as follows:
- Zebro's Chicken targets lower LSM consumers, a market that is currently underserved by formalised quick service restaurant ("QSR") brands;
- its trading format is similar to other existing Taste food brands in that:
  - it has the lowest set-up costs in the chicken segment, which targets similar franchisees to those of the existing The Fish & Chip Co. business;
  - its focused menu results in easy to manage operations which promotes multiple- and company store ownership; and
  - its site criteria are similar to those of The Fish & Chip Co. brand, allowing leverage into the existing national property infrastructure of the Taste group;
- As the current Zebro's Chicken business is not vertically integrated there is substantial value to be unlocked by adding its volume to existing Taste capabilities;
- There is significant opportunity for expansion of the brand within South Africa. The current footprint does not include any meaningful penetration outside of the Western and Eastern Cape. Taste envisages accelerated store growth due to Zebro's Chicken similarity to its existing The Fish & Chip Co. business;
- The ability to leverage the existing Taste franchisee base and by utilising the national property network; and
- The acquisition is expected to be earnings enhancing to Taste from the first year of consolidation.

The acquisition consisted of:
- franchise agreements of 40 outlets, associated trademarks, goodwill and intellectual property; and
- certain tangible assets and liabilities relating to the business including inter alia, inventory and property, plant and equipment.

Goodwill arose on the acquisitions of Zebro's Chicken as a result of the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets recognised at the date of acquisition. None of the goodwill is expected to qualify for a tax deduction. The fair value of assets and liabilities acquired is set out below:

Provisional	Total R'000
Property, plant and equipment	76
Intangible assets	12 702
Inventory	74
Deferred tax	(3 557)
Fair value of assets acquired	9 295
Consideration paid	(17 000)
In cash	(8 500)
In shares	(8 500)
Goodwill acquired	7 705

2,442,792 Taste shares were issued to the vendors on 3 March 2014 at a price R3.48 per share, a 5% discount to the 30 day volume weighted average price on 28 January 2014. The purchase price allocation has been disclosed as provisional, as permitted by IFRS3 Business Combinations and will be finalised within the next 12 months. Any resulting material fair value adjustments to goodwill will be accounted for accordingly.

Domino's Pizza

As mentioned above, the group announced on 10 April 2014, that it had signed a 30-year exclusive ("MFA") to develop the global Domino's Pizza brand in South Africa and six other countries.

Shareholders are advised that certain local aggrieved parties, who were unsuccessful in previous negotiations with Domino's Pizza International, are objecting to the validity of Taste's recently secured rights to Domino's Pizza as announced by both Domino's Pizza International and Taste on 10 April 2014. The application has cited Domino's Pizza International as the Main Respondent and Taste as Second Respondent. Taste received notification of the objection on the afternoon of 19 May 2014, and the legal merits of the objection are currently being investigated by both Domino's Pizza International and Taste. It has however, been confirmed that none of the aforementioned parties have, or had, a written agreement with Domino's Pizza International. Notwithstanding this, the Board of Directors of Taste feel it prudent to inform shareholders timeously of the objection and will update shareholders in due course of further developments in this regard.

The directors are not aware of any other matter or circumstance arising since the end of the year up to the date of this report.

Prospects

The group's exposure to a diversified customer base, combined with multiple sources of revenue and profit due to its extensive vertical integration, provides a balanced portfolio that is resilient to localised consumer contractions such as that currently being experienced among lower income consumers.

Taste has historically been cautious in its future outlook, especially with regard to forecasting factors beyond its direct control. While sales in our two pizza brands have shown positive sales growth in the most recent six months, demand among lower income consumers remains weak and we anticipate that this will continue through the first half of the current financial year, potentially offsetting gains made in our pizza division. With regard to those factors within its control: the group is encouraged by the medium and long-term benefits the Domino's Pizza roll-out and conversion will bring. As communicated in prior announcements, this will however require initial once-off costs relating to the store conversions, establishment of a centralised dough production facility and initial training and marketing.

It is anticipated that the food services business will continue its improvement and that the jewellery division will increase its corporate-owned store base.

Taste remains committed to being a diversified franchisor invested in retail and restaurant brands within Southern Africa. The increased human resource capacity as a result of the re-structure in the food division will see the group continuing to assess opportunities in line with its strategic intent, particularly within the food division.

Directorate

During the period under review, the following changes to the Board occurred:
- Mr Luigi Gonzaga retired as executive director with effect from 28 February 2014.
- Mr Grant Pattison was appointed as independent non-executive director with effect from 1 March 2014.

Dividend to shareholders

Notice is hereby given that a final gross cash dividend of 6.2 cents per ordinary share, resulting in a net dividend of 5.27 cents per ordinary share for those shareholders who are subject to a 15% Dividends Tax, payable out of income in respect of the year ended 28 February 2014, has been declared by the directors. No credits in terms of Secondary Tax on Companies are available.

In compliance with the requirements of Strate, the electronic and custody system used by the JSE, the following dates are applicable:

Declaration date	Wednesday, 21 May 2014
Last day to trade cum-dividend	Friday, 4 July 2014
Shares commence trading ex-dividend	Monday, 7 July 2014
Record date	Friday, 11 July 2014
Payment of dividend	Monday, 14 July 2014

Share certificates may not be dematerialised or rematerialised between Monday, 7 July 2014 and Friday, 11 July 2014, both dates inclusive.

Dividends declared after 31 March 2012 are, in terms of the South African Income Tax Act subject to Dividends Tax, where applicable. The following information is accordingly provided:
- The local Dividends Tax rate is 15%.
- At the date of this declaration, the company had 204 980 052 ordinary shares in issue.
- The company's income tax reference number is 9493089149P.

On Monday, 14 July 2014, the cash dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 14 July 2014 will be posted on that date. Dematerialised shareholders' accounts with their CSDP or broker will be credited on Monday, 14 July 2014.

On behalf of the Board

C F Gonzaga
Chief Executive Officer
21 May 2014

E Tsatsarolakis
Chief Financial Officer

Corporate information

Non-executive directors: R L Daly (*Chairperson*), K Utian, A Berman, H R Rabinowitz, S Patel, W P van der Merwe, G M Pattison
Executive directors: C F Gonzaga (*CEO*), D J Crosson, J B Currie, E Tsatsarolakis (*CFO*)

Registration number: 2000/002239/06
Registered address: 12 Gemini Street, Linbro Business Park, Sandton 2065
Postal address: PO Box 782244, Sandton City, 2146
Company secretary: M Pretorius

Telephone: (011) 608 1999
Facsimile: 086 696 1270
Transfer secretaries: Computershare Investor Services Proprietary Limited
Sponsor: Merchantec Capital

These results and an overview of Taste are available at: www.tasteholdings.co.za

Midnight Star