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ANNUAL FINANCIAL STATEMENTS

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DIRECTORS' APPROVAL

The directors are responsible for the preparation of the annual financial statements and other information contained in this annual report. In their opinion, the financial statements set out in this report fairly represent the state of affairs of the company and of the group. The financial statements have been prepared in accordance with IFRS and in the manner required by the Companies Act of South Africa.

The external auditors are responsible for conducting an independent audit of the annual financial statements of the company and its subsidiaries in accordance with International Standards on Auditing and reporting their opinion to shareholders. Their report is presented on page 29.

The directors have reviewed the group's budget and cash flow forecast for the year to 30 June 2009. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The financial statements were approved by the board on 16 October 2008 and are signed on its behalf by:



H Adams
Chairman



A Funkey
Chief Executive Officer

DECLARATION BY THE COMPANY SECRETARY to the members of Grand Parade Investments Limited

Pursuant to section 268G(d) of the Companies Act 61 of 1973 as amended, I confirm that, to the best of my knowledge and belief, all returns required of the company, in terms of the said Act, have been duly lodged with the Registrar of Companies, and all such returns are true, correct and are now up to date.



R G Freese
Company Secretary
16 October 2008

INDEPENDENT AUDITOR'S REPORT

to the members of Grand Parade Investments Limited

Report on the financial statements

We have audited the annual financial statements and the group annual financial statements of Grand Parade Investments Limited, which comprise the directors report, the balance sheets as at 30 June 2008, the income statements, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 68.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS 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 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.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

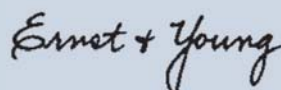
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the

risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the company and the group as at 30 June 2008, and of the financial performance and their cash flows for the year then ended in accordance with IFRS and in the manner required by the Companies Act of South Africa.



Ernst & Young Inc.
Registered Auditor

Cape Town
16 October 2008

DIRECTORS' REPORT

for the year ended 30 June 2008

The directors present their report on the activities of the company and the group for the year ended 30 June 2008. GPI has had an eventful year and shareholders are referred to the company's prelisting statement dated 19 May 2008 for additional background information.

Nature of the business of the company

The nature of the business is to act as an investment holding company. The group also provides management services to the gaming industry.

Earnings

The results of the company and the group are set out in the income statement on page 34. Headline earnings per share increased from 20,5 cents per share to 23,17 cents per share. This represents a growth of 13% and would have been 20% had the once-off listing fees of R5 million not been incurred.

Dividends

A dividend totalling 10 cents per share (2007: 7,5 cents post the 4:1 share split) has been declared by the directors in respect of the year under review. This final dividend which represents a growth of 33%, will be accounted for in the 2009 annual financial statements as it was declared subsequent to the year-end.

Review of operations and future developments

Detailed commentary on the nature of business of the company, subsidiaries, acquisitions, future developments and prospects of the group are given in the Chairman's and Chief Executive Officer's reports.

Share capital

The subdivision of the company's authorised ordinary share capital on a 4:1 basis was approved by GPI's

shareholders in a general meeting on 13 November 2007. As a result the authorised share capital of the company, comprising 500 000 000 ordinary shares with a par value of R0,001 each was subdivided into 2 000 000 000 ordinary shares with a par value of R0,00025 each. The issued share capital at year-end amounted to 469 028 354 shares, which increased by an effective 136 990 302 post-split shares which were issued at an average price of R4,62 per share during the year.

Preference shares

Preference shares classified as equity of R57,5 million were redeemed from SISA during the year. New preference shares classified as debt of R203 million were issued to Standard Bank and Depfin (refer to note 16.1 and 16.2) and are subject to the following salient terms and conditions:

- the preference shares are variable rate, cumulative, redeemable preference shares and have a dividend rate of 75% of the prime rate;
- BVI may redeem the preference shares at its choice, but subject to a predetermined redemption profile;
- GPI guarantees the fulfilment by BVI of its obligations in terms of the preference shares; and
- GPI cedes and pledges the ordinary shares that it holds in the share capital of BVI to Depfin and Standard Bank proportionately, as security for the due fulfilment by BVI of its obligations in terms of the preference shares issued and the preference share rights and privileges containing certain financial covenants to which BVI must comply.

Subsidiary companies

At the year-end, the group consists of GPI and its wholly-owned subsidiaries namely, BVI and GPI Slots.

	Ordinary share capital and premium		Percentage held		Profit after tax	
	2008	2007	2008	2007	2008	2007
	R	R	%	%	R	R
Direct subsidiary companies						
BVI	1 000 000	100	100	100	88 492 236	61 414 263
GPI Slots	100	100	100	100	4 806 360	530 581

Investments, associates and joint ventures

	Economic percentage		Voting percentage	
	2008	2007	2008	2007
	%	%	%	%
Direct interest (held by GPI)				
SunWest	5,72	5,68	0,03	0,02
RAH	30,60	–	30,60	–
Akhona GPI	50,00	–	25,00	–
Worcester Casino	36,70	38,00	36,70	38,00
Indirect interest (held by subsidiaries)				
SunWest	20,69	14,12	49,98	33,92
National Manco	5,67	5,67	5,67	5,67
Thuo Gaming WC	25,10	25,10	25,10	25,10
Western Cape Manco	50,00	50,00	50,00	50,00

GPI has investments in SunWest, RAH, Akhona GPI and Thuo Gaming WC which it accounts for as associates. It jointly controls Western Cape Manco which it proportionately consolidates. GPI also owns a small percentage in National Manco which it accounts for as an available-for-sale investment.

SunWest

During 2007 SunWest was accounted for as an available-for-sale investment (refer to note 10). In November 2007, the group increased its economic holding in SunWest to 26,41% and voting control to 50,001%. The additional shares purchased at a cost of R240,4 million brought the total cost of GPI's investment in SunWest to R447,2 million. SunWest is now being accounted for as an associate in terms of IAS 28 – Investments in Associates. As a result of accounting for the business combination in terms of IFRS 3 – Business Combination, an adjustment of R784,1 million has been made for negative goodwill.

DIRECTORS' REPORT continued

Investments, associates and joint ventures continued

RAH

In June 2008, GPI acquired a 30,6% interest in RAH for R600,6 million. The acquisition was funded by R139,3 million in cash and R461,3 million in GPI shares. This acquisition had the effect of increasing GPI's exposure to SunWest and other high-quality urban casino assets, whilst also significantly diversifying GPI's asset base into areas outside of the Western Cape. An impairment loss of R92,1 million has been recognised in respect of the investment in RAH at year-end to comply with IAS 36 – Impairment of Assets.

Western Cape Manco

GPI owns 50% of Western Cape Manco. This investment is now accounted for as a joint venture, whereas previously it was accounted for as a subsidiary.

National Manco

GPI holds a 5,67% shareholding in National Manco that was initially purchased at a cost of R57,00. This investment is classified as available-for-sale, and has been revalued in terms of IAS 39 – Financial Instruments: Recognition and Measurement.

Akhona GPI

GPI holds a 50% economic and 25% voting interest in Akhona GPI. Akhona GPI owns a 6% stake in Dolcoast Investments Limited, which in turn holds a 22% stake in Sibaya Casino in KwaZulu-Natal, together with a 20% shareholding in Thuo Gaming KZN.

Worcester Casino

During the year additional shares were issued by Worcester Casino to a third party. This resulted in a dilution of GPI's shareholding from 38% to 36,7%.

GPI Slots

GPI Slots accounts for its 25,1% stake in Thuo Gaming WC as an associate investment. Its share of associate net income amounted to R4,7 million (2007: R0,4 million).

Directors and secretary

Particulars of the present directors and secretary are given on page 77.

Directors' dealings

Directors' interest in contracts:

Messrs Abercrombie and Adams have material direct interest in the following contracts entered into between the group and the companies listed below:

Mr Abercrombie

- Hofmeyr Herbstein and Gihwala Inc.

Mr Adams

- Asch Professional Services (Pty) Ltd
- Proman Project Management Services (Pty) Ltd
- Nadesons (Pty) Ltd

No other director has a material interest in the period under review.

Directors' shareholding

As at 30 June 2008, the directors of the company beneficially held direct and indirect ordinary shares in the issued capital of the company as follows:

	2008	2007
A Abercrombie	3 193 285	40 600
H Adams	22 809 363	22 452
A W Bedford	4 951 420	49 484
R G Freese	2 740 923	1 060 230
N Mlambo	56 900	–
R Hoption	–	–
N V Maharaj	–	–
C W Williams	–	–
A Funkey	–	–
	33 751 891	1 172 766

The 2008 year includes the directors' indirect and direct shareholding whilst only direct shareholdings have been included in the 2007 comparative.

The following direct share purchases were made by directors during the year:

A Abercrombie	14 500
R G Freese	1 538
N Mlambo	25 900

Subsequent events

On 17 August 2007, GPI concluded an agreement with SunWest and SISA which provided GPI with an option to increase its shareholding in SunWest. The salient features of this agreement are as follows:

- SunWest granted GPI options to subscribe for between 500 131 and 700 182 new SunWest N ordinary shares.
- The subscription price was R165,00 per SunWest share, irrespective of the date of exercise of the option.
- The options expire on 29 June 2012.
- The granting of the options is subject to GPI locking in between 25% and 35% of its shareholding in the hands of black shareholders. The take-up of between 500 131 and 700 182 N ordinary shares is based on a sliding scale, with the minimum number of 500 131 shares available for take-up should GPI lock in 25% of its shareholding in the hands of black shareholders.

Subsequent to year-end, GPI exercised part of this option and purchased an additional 560 000 N ordinary shares on 4 July 2008 for R92,4 million. This represents an effective increase of 2,83% of SunWest's equity. This was granted on the basis of a 28% lock-in being obtained.

There were no other material events after balance sheet date.

CONSOLIDATED INCOME STATEMENTS

for the year ended 30 June 2008

	Note	GROUP		COMPANY	
		2008 R	2007 Restated R	2008 R	2007 Restated R
Revenue	4	34 032 163	90 409 714	53 763 359	34 126 534
Operating costs		(16 136 711)	(9 194 173)	(12 961 624)	(6 915 107)
Profit from operations		17 895 452	81 215 541	40 801 735	27 211 427
Impairment of investment in associate	12	(92 131 891)	(750 380)	(86 650 177)	(750 380)
Finance costs	8	(8 934 260)	(35 980)	–	(35 980)
Negative goodwill from associate	12	784 087 333	–	–	–
Share of profit from associates	12	47 051 571	366 958	–	–
Profit/(loss) before taxation	5	747 968 205	80 796 139	(45 848 442)	26 425 067
Taxation	6	(9 385 063)	(7 718 013)	(1 772 159)	(784 877)
Profit/(loss) for the year		738 583 142	73 078 126	(47 620 601)	25 640 190
Attributable to:					
Ordinary shareholders		738 583 142	73 078 126		
		Cents	Cents		
Basic and diluted earnings per share	7	200,98	20,34		
Headline earning per share	7	23,17	20,50		

CONSOLIDATED BALANCE SHEETS

at 30 June 2008

Note	GROUP		COMPANY	
	2008 R	2007 Restated R	2008 R	2007 Restated R
ASSETS				
Non-current assets				
	1 696 386 628	227 964 581	613 093 101	87 083 864
Plant and equipment	17	936 409	23 682	936 409
Investments	10	20 329 677	227 571 431	–
Investments in subsidiaries	11	–	–	1 000 100
Investments in associates	12	1 675 120 542	369 468	611 152 217
Deferred tax asset	6	–	–	4 375
Current assets				
	95 625 715	81 193 511	76 614 859	45 398 253
Trade and other receivables	18	5 673 518	5 535 539	264 518
Related party loan	13	8 118 000	5 947 677	31 871 673
Cash and cash equivalents	15	81 834 197	69 710 295	44 478 668
Total assets	1 792 012 343	309 158 092	689 707 960	132 482 117
EQUITY AND LIABILITIES				
Capital and reserves				
Shareholders' interest				
	1 572 534 408	297 695 327	682 002 138	125 973 670
Ordinary share capital and premium	14	740 835 489	112 283 566	740 835 489
Accumulated profit/(loss)		813 984 851	109 569 214	(58 833 351)
Cumulative redeemable preference share capital and premium	16.1	–	57 797 500	–
Available-for-sale investments fair value reserve		17 483 473	17 930 047	–
Capital redemption reserve fund		230 595	115 000	–
Total equity	1 572 534 408	297 695 327	682 002 138	125 973 670
Non-current liabilities				
	204 239 880	2 922 603	–	3 758
Deferred tax liability	6	2 841 772	2 922 603	–
Cumulative redeemable preference share capital and premium	16.2	201 398 108	–	–
Current liabilities				
	15 238 055	8 540 162	7 705 822	6 504 689
Trade and other payables	19	7 698 496	2 358 657	1 438 195
Related party loan	13	–	–	565 081
Dividends payable	25.2	3 866 268	3 757 380	3 866 268
Taxation	25.1	3 673 291	2 424 125	1 836 278
Total equity and liabilities	1 792 012 343	309 158 092	689 707 960	132 482 117
	Cents	Cents		
Net asset value and net tangible asset value per share	335	90		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2008

GROUP	Capital redemption reserve fund R	Ordinary share capital R	Ordinary share premium R
Balance at 30 June 2006, as previously reported	–	80 000	92 643 584
Prior-year adjustments (Note 3)	–	–	–
Restated balance at 30 June 2006	–	80 000	92 643 584
Profit for the year (restated)	–	–	–
Unrealised fair value gain on available-for-sale investments (restated)	–	–	–
Total income and expense for the year	–	–	–
Ordinary dividends paid	–	–	–
Preference dividends paid	–	–	–
Preference shares redeemed	–	–	–
Transfer to capital redemption reserve fund	115 000	–	–
Share capital raised	–	3 009	19 556 973
Balance at 30 June 2007	115 000	83 009	112 200 557
Profit for the year	–	–	–
Unrealised fair value loss on available-for-sale investments	–	–	–
Total income and expense for the year	–	–	–
Share of loss from associate prior to becoming an associate	–	–	–
Ordinary dividends paid	–	–	–
Preference dividends paid	–	–	–
Preference shares redeemed	–	–	–
Transfer to capital redemption reserve fund	115 595	–	–
Share issue expense	–	–	(8 397 240)
Share capital raised	–	34 248	636 914 915
Balance at 30 June 2008	230 595	117 257	740 718 232

Cumulative redeemable preference share capital and premium R	Available-for- sale investments fair value reserve R	Minority interest R	Accumulated profits R	Total R
115 297 500	–	3 005 111	62 166 076	273 192 271
–	14 251 013	(3 005 111)	(3 766 203)	7 479 699
115 297 500	14 251 013	–	58 399 873	280 671 970
–	–	–	73 078 126	73 078 126
–	3 679 034	–	–	3 679 034
–	3 679 034	–	73 078 126	76 757 160
–	–	–	(14 400 051)	(14 400 051)
–	–	–	(7 393 734)	(7 393 734)
(57 500 000)	–	–	–	(57 500 000)
–	–	–	(115 000)	–
–	–	–	–	19 559 982
57 797 500	17 930 047	–	109 569 214	297 695 327
–	–	–	738 583 142	738 583 142
–	(446 574)	–	–	(446 574)
–	(446 574)	–	738 583 142	738 136 568
–	–	–	(5 667 644)	(5 667 644)
–	–	–	(24 902 854)	(24 902 854)
–	–	–	(3 481 412)	(3 481 412)
(57 797 500)	–	–	–	(57 797 500)
–	–	–	(115 595)	–
–	–	–	–	(8 397 240)
–	–	–	–	636 949 163
–	17 483 473	–	813 984 851	1 572 534 408

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2008

COMPANY	Ordinary share capital R	Ordinary share premium R	Accumulated profit/(loss) R	Total equity R
Balance at 30 June 2006, as previously reported	80 000	92 643 584	2 596 216	95 319 800
Prior-year adjustment (note 3)	–	–	(146 251)	(146 251)
Restated balance at 30 June 2006	80 000	92 643 584	2 449 965	95 173 549
Profit for the year (restated)	–	–	25 640 190	25 640 190
Ordinary dividends paid	–	–	(14 400 051)	(14 400 051)
Share capital raised	3 009	19 556 973	–	19 559 982
Balance at 30 June 2007	83 009	112 200 557	13 690 104	125 973 670
Loss for the year	–	–	(47 620 601)	(47 620 601)
Ordinary dividends paid	–	–	(24 902 854)	(24 902 854)
Share capital raised	34 248	636 914 915	–	636 949 163
Share issue expenses	–	(8 397 240)	–	(8 397 240)
Balance at 30 June 2008	117 257	740 718 232	(58 833 351)	682 002 138

CONSOLIDATED CASH FLOW STATEMENTS

for the year ended 30 June 2008

Note	GROUP		COMPANY	
	2008 R	2007 Restated R	2008 R	2007 Restated R
Cash flows from operating activities				
Profit/(loss) before taxation	747 968 205	80 796 139	(45 848 442)	26 425 067
Adjustments for:				
Depreciation	147 495	15 457	147 495	15 457
Interest received	(10 429 084)	(5 806 191)	(7 891 925)	(2 627 737)
Dividends received	(1 524 722)	(64 382 794)	(45 528 076)	(31 495 702)
Impairment of investment in associate	92 131 891	750 380	86 650 177	750 380
Finance costs	8 934 260	35 980	–	35 980
Negative goodwill from associate	(784 087 333)	–	–	–
Share of profit from associate	(47 051 571)	(366 958)	–	–
Operating cash flows before working capital changes	6 089 141	11 042 013	(12 470 771)	(6 896 555)
(Increase)/decrease in trade and other receivables	(137 979)	(2 394 192)	335 479	(588 392)
Increase/(decrease) in trade and other payables	(401 389)	1 824 725	(576 851)	1 764 106
Cash flows from operations	5 549 773	10 472 546	(12 712 143)	(5 720 841)
Income taxes paid	25.1 (8 144 030)	(5 662 872)	(676 276)	(267 066)
Net cash (outflow)/inflow from operating activities	(2 594 257)	4 809 674	(13 388 419)	(5 987 907)
Cash flows from investing activities				
Purchase of plant and equipment	(1 060 222)	–	(1 060 222)	–
Loans repaid/(advanced)				
– GPI Slots	5 947 677	(679 087)	5 836 081	–
– BVI	–	–	(13 169 975)	(39 824 821)
– Akhona GPI	(8 118 000)	–	(8 118 000)	–
Investments (made)/received				
– SunWest – share premium distribution	43 580 073	–	–	–
– SunWest	(240 440 231)	(34 559 982)	(3 088 128)	(34 559 982)
– Worcester Casino	–	(750 380)	–	(750 380)
– RAH	(139 290 193)	–	(139 290 193)	–
– Akhona GPI	(7 014 000)	–	(7 014 000)	–
– BVI	–	–	(999 900)	–
Net cash outflow from investing activities	(346 394 896)	(35 989 449)	(166 904 337)	(75 135 183)

CONSOLIDATED CASH FLOW STATEMENTS continued

for the year ended 30 June 2008

Note	GROUP		COMPANY	
	2008 R	2007 Restated R	2008 R	2007 Restated R
Cash flows from financing activities				
Capital raised – ordinary shares issued	167 201 831	19 559 982	167 201 831	19 559 982
Preference shares redeemed	(57 797 500)	(57 500 000)	–	–
Preference shares issued	201 398 108	–	–	–
Ordinary dividends paid to equity holders of parent	25.2 (24 793 966)	(13 211 929)	(24 793 966)	(13 211 929)
Preference dividends paid	(3 481 412)	(7 393 734)	–	–
Interest received	10 429 084	5 806 191	7 891 925	2 627 737
Finance costs	(3 193 031)	(35 980)	–	(35 980)
Dividends received	71 349 941	64 382 794	45 528 076	31 495 702
Net cash inflow from financing activities	361 113 055	11 607 324	195 827 866	40 435 512
Net increase/(decrease) in cash and cash equivalents	12 123 902	(19 572 451)	15 535 110	(40 687 578)
Cash and cash equivalents at the beginning of the year	69 710 295	89 282 746	28 943 558	69 631 136
Cash and cash equivalents at end of year 15	81 834 197	69 710 295	44 478 668	28 943 558

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

1 Accounting policies

1.1 Basis of preparation of financial results

The consolidated and separate financial statements have been prepared on the historical cost basis, except where otherwise stated or disclosed.

The separate and consolidated financial statements are prepared on the going concern basis. Except as otherwise disclosed, these accounting policies are consistent with those applied in the prior year.

Company financial statements

Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company are recognised at cost less accumulated impairment loss.

Recognition of assets and liabilities

Assets are recognised if it is probable that future economic benefits associated with the asset will flow to the group and the cost or fair value can be measured reliably.

Liabilities are recognised if it is probable that an outflow of resources embodying economic benefits will result from the settlement of the present obligation and the amount at which the settlement will take place can be reliably measured. Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument.

The gain or loss on derecognition of the financial asset or liability will be treated as income or expense in the income statement as appropriate.

1.2 Statement of compliance

The consolidated and separate financial statements are prepared in compliance with IFRS and Interpretations of those Standards as adopted by the International Accounting Standards Board, and the South African Companies Act of 1973.

1.3 Basis of consolidation

The consolidated financial statements include the results, financial position and cash flows of the Grand Parade Investments Limited Group.

All financial results are consolidated with similar items on a line-by-line basis except for investments in associates and joint ventures, which are included in the group's results as set out below.

Where necessary, adjustments are made to the financial results of subsidiaries, associates and joint ventures to bring their accounting policies and year-end in line with those used by the group. The group uses the purchase method to account for the acquisition of subsidiaries, associates and joint ventures.

Business combinations

Business combinations are accounted for by using the purchase method by allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition.

Goodwill acquired in a business combination is initially 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.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

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

Joint ventures and associates

Interests in entities under joint control and the group's investment in associates are accounted for using the equity method. Under the equity method, the investment in the joint venture or the associate is carried in the balance sheet at cost plus post-acquisition changes in the group's share of net assets of the joint venture or the associate.

Goodwill relating to a joint venture or an associate is included in the carrying amount of the investment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

1 **Accounting policies** continued

1.3 **Basis of consolidation** continued

Joint ventures and associates continued

After application of the equity method, the group assesses whether there is any objective evidence that the investment in the joint venture or the associate is impaired.

If any such indication exists, the entire carrying amount of the investment in the joint venture or the associate is tested for impairment by comparing the recoverable amount with its carrying amount, to determine whether it is necessary to recognise any impairment losses. As goodwill is included in the carrying amount of the investment, it is not tested for impairment separately.

The income statement reflects the share of the results of operations of the joint ventures and associates. Where there has been a change recognised directly in the equity of the joint venture or the associate, the group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Losses of a joint venture or an associate in excess of the group's interest in the joint venture or the associate (which includes any long-term interest that, in substance, form part of the group's net investment in the joint venture or the associate) are not recognised unless the group has a legal or constructive obligation in respect of those joint ventures or associates. If the joint venture or the associate subsequently reports profits, the group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Where a group entity transacts with a jointly-controlled entity or an associate, unrealised profits and losses are eliminated to the extent of the group's interest in the jointly-controlled entity or in the associate.

The joint venture or the associate is equity accounted until the date on which the group ceases to have joint control over the joint venture or significant influence over the associate.

1.4 **Change in accounting policy**

The accounting policies adopted are consistent with those of the previous year, except that during the current financial year the group and the company have adopted and implemented the following accounting statements and amendments to existing standards and interpretations.

The changes in accounting policies result from the adoption of the following new accounting standards, interpretations and amendments to the standards that are applicable to the company and the group.

- IFRS 7 – Financial Instruments Disclosure
- Amendment to IAS 1 – Presentation of Financial Statements: Capital Disclosure
- IFRIC 10 – Interim Financial Reporting and Impairment

Adoption of these statements, amendments and interpretations have had the following effect on the financial statements of the group and the company and have also resulted in additional disclosures. The principal effects of these changes are as follows:

IFRS 7 – Financial Instruments Disclosure

The objective of this statement requires disclosure that enables the user to evaluate the significance of financial instruments and the nature and extent of risks arising from these financial instruments and how they are managed. The new disclosure is included throughout the financial statements. There is no effect on the financial position or financial results, however comparative information has been revised where appropriate.

Amendment to IAS 1 – Presentation of Financial Statements: Capital Disclosure

This amendment requires new disclosures to enable the users to evaluate the group's objectives, policies and procedures for managing its capital.

IFRIC 10 – Interim Financial Reporting and Impairment

This amendment requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset

carried at cost. As the group had no impairment losses previously reversed, the interpretations had no impact on the financial position or performance of the group.

1.5 Significant accounting judgements and estimates

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements within the next financial period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements concerning the future. Estimates and judgements are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable.

In the process of applying the group's accounting policies, management has made the following judgements. Estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year and key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as they involve assessments or decisions that are particularly complex or subjective, are also discussed below.

Depreciation charges and residual values

The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to: technological obsolescence, maintenance programmes, refurbishments, product life cycles and the intention of management.

The estimation of the useful life and residual values of an asset is a matter of judgement based on the past experience of the group with similar assets, and the intention of management. (Refer to note 17.)

Deferred tax assets

Before any deferred tax asset is recognised judgement, coupled with estimates based on forecasts and budgets, is required to determine if the various companies showing deferred tax assets will make an appropriate level of taxable profit in the foreseeable future. (Refer to note 6.)

Fair value of unquoted equity instruments

The fair value of unquoted equity instruments has been valued based on expected cash flows discounted at current market rates applicable for items with similar terms and risk characteristics. The valuation requires the group to make estimates about expected future cash flows and discount rates. (Refer to note 12.)

1.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, rebates and related taxes. Revenue is recognised on the bases set out below:

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income

Interest income is recognised in the income statement on an accrual basis using the effective interest rate method.

Management fees

Management fees are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of actual services provided as a proportion of the total services to be provided.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

1 Accounting policies continued

1.7 Plant and equipment

Plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises directly attributable costs and any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

Plant and equipment are subsequently stated at historic cost less accumulated depreciation and accumulated impairment in value. Subsequent costs are included in the asset's carrying amount or are recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably.

Maintenance and repairs, which do not meet these criteria, are charged against income as incurred.

Plant and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets to the current values of their expected residual values. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Depreciation and impairment losses are included in the income statement.

An item of plant and equipment is derecognised upon disposal or when future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are included in the income statement in the year that the asset is derecognised.

The useful lives are as follows:

Audiovisual	– 3 years
Computer equipment	– 3 years
Software	– 2 years
Leasehold improvements	– 4 years
Furniture and fittings	– 5 years

1.8 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If

any such indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case then the asset's carrying amount is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss.

1.9 Financial instruments

The group classifies financial instruments or their component parts on initial recognition as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual agreement. Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to acquisition or incurrance of the financial asset or liability. Subsequent to initial recognition, these instruments are measured as set out below.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the group commits to purchase the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the market-place.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are

not quoted in an active market and include related party loans receivable and certain trade and other receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost and consist of cash on hand and balances at banks, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables are measured subsequently at amortised costs using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Available-for-sale investments

Available-for-sale investments consist of investments in unlisted equity instruments. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. The fair value of investments in equity instruments that do not have a quoted market price in an active market is measured using valuation techniques.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost.

Financial liabilities

Trade and other payables

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

Gains and losses are recognised in the income statement when the trade and other payables are derecognised and through interest based on the effective interest rate method.

Trade and other payables are short term in nature and are classified as current liabilities in the balance sheet. Related party loans are payable on demand and are classified as current liabilities in the balance sheet.

Preference shares

Preference shares that are redeemable at the option of the issuer are classified as equity. The dividends on these preference shares are recognised in the statement of changes in equity as dividends.

Preference shares that are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are held at amortised cost using the effective interest method less any allowance for impairment. The dividends on these preference shares are recognised in the income statement as interest expense.

1.10 Impairment of financial assets

All financial assets are reviewed (individually or collectively) for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying value of these instruments exceeds the recoverable amount, the asset is written down to the recoverable amount. Impairment losses are recognised in the income statement.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced by any impairment loss. The amount of the loss is recognised in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

1 Accounting policies continued

1.10 Impairment of financial assets continued

Financial assets carried at amortised cost continued

The group first assesses whether objective evidence of impairment exists individually for the financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale investments

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss the impairment loss is reversed with the amount of the reversal recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

1.11 Derecognition of financial assets and liabilities

Financial assets

A financial asset or portion of a financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to third party under a pass through arrangement; or
- the group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all rights and rewards of the asset or (ii) has neither transferred nor retained substantially all the rights and rewards of the asset but has transferred control of the asset.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

1.12 Offsetting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount reported on the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the assets and settle the liabilities on a net basis.

1.13 Borrowing costs

Borrowing costs are recognised as an expense when incurred.

1.14 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership have transferred from the lessor to the lessee. The group does not have any finance leases.

All other leases are treated as operating leases and the relevant rentals are recognised as an expense in profit or loss on a straight-line basis over the lease term.

1.15 Taxes

Current income tax

Current income tax assets and liabilities for the current year and prior years are measured at the amount

expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference 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 the accounting profit nor the taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries,

associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates/laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

STC

STC is recognised as part of the current tax charge in the income statement when the dividend is declared.

1.16 Dividends payable

Dividends payable and the related taxation thereon are recognised as liabilities in the period in which the dividends are declared. A dividend declared subsequent to period-end is not charged against total equity at the balance sheet date as no liability exists.

1.17 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and return that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

2 **Standards issued not yet effective**

At the date of authorisation of these financial statements, the following standards which are relevant to the group were in issue but not yet effective and have not been early adopted in these financial statements.

Standard/interpretation	Effective date*
IFRS 3 – Business Combinations	1 July 2009
IFRS 8 – Operating Segments	1 January 2009
IAS 1 – Presentation of Financial Statements	1 January 2009
IAS 23 – Borrowing Costs	1 January 2009
IAS 27 – Consolidated and Separate Financial Statements	1 July 2009

* Effective for years commencing on or after this date.

The group will adopt the above standards and amendments on the effective date. The directors do not expect that the adoption thereof will have a material impact on the financial performance or position of the group. Certain other IFRS amendments and IFRIC interpretations that have been issued and are not yet effective have not been disclosed by the group as they are not applicable to its activities.

IFRS 3: This standard will apply prospectively. Therefore changes to the standard will only apply in the following financial year.

IFRS 8: This standard requires disclosure of information about the group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the group.

IAS 1: This standard required that the titles of the primary statements be changed to the statement of financial position, statement of cash flow and the statement of comprehensive income.

IAS 23: This standard revises the definition of borrowing cost. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably.

IAS 27: This standard requires that when an entity accounts for a subsidiary at fair value in its separate financial statements, this treatment continues when a subsidiary is subsequently classified as held for sale.

3 **Prior-year adjustments**

Deferred tax assets amounting to R3,7 million arising from STC credits on dividends received in previous years have been reversed in the current year. In addition, the consolidation of the Western Cape Manco as a subsidiary has been discontinued and this investment is now accounted for as a joint venture in terms of IAS 31 – Interest in Joint Ventures. National Manco has been held at historical cost in the past. During the current year the investment was fair valued as it should have been in the prior year in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

	GROUP		COMPANY	
	2008 R	2007 R	2008 R	2007 R
3 Prior-year adjustments continued				
Effects on assets and liabilities				
Increase in available-for-sale investments	-	20 848 892	-	-
Net movement in deferred tax	-	(9 868 748)	-	(2 136 958)
Decrease in deferred tax asset	-	(6 949 903)	-	(2 136 958)
Increase in deferred tax liability	-	(2 918 845)	-	-
Decrease in related party loan	-	(9 924 004)	-	-
Increase in trade receivables	-	4 962 002	-	-
Net movement in current liabilities	-	1 795 210	-	-
Decrease in trade and other payables	-	293 610	-	-
Decrease in taxation	-	1 501 600	-	-
Net increase in assets and liabilities	-	7 813 352	-	(2 136 958)
Effect on equity				
Adjustment to opening shareholders' interest	-	7 479 699	-	(146 251)
Deferred tax asset	-	(3 766 203)	-	(146 251)
Available-for-sale investments fair value reserve: National Manco	-	14 251 013	-	-
Minority shareholders	-	(3 005 111)	-	-
Increase in available-for-sale investments fair value reserve: National Manco	-	3 679 034	-	-
Decrease in profit	-	(3 345 381)	-	(1 990 707)
Net increase in equity	-	7 813 352	-	(2 136 958)
Analysis of decrease in profit	-	(3 345 381)	-	(1 990 907)
Decrease in taxation	-	(3 183 700)	-	(1 990 707)
Accounting for National Manco as a joint venture	-	(161 681)	-	-
Decrease in revenue	-	(8 967 028)	-	-
Decrease in operating costs	-	2 033 259	-	-
Decrease in taxation	-	6 772 088	-	-
Earnings per share				
Original earnings per share (cents)	-	21,51	-	-
Earnings per share adjustment (cents)	-	(1,17)	-	-
Restated earnings per share (cents)	-	20,34	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

	GROUP		COMPANY	
	2008 R	2007 Restated R	2008 R	2007 Restated R
4 Revenue				
Bank interest received	10 429 084	5 806 191	7 891 925	2 627 737
Dividends received	1 524 722	64 382 794	45 528 076	31 495 702
Management fees	21 734 999	20 220 729	–	–
Other income	343 358	–	343 358	3 095
	34 032 163	90 409 714	53 763 359	34 126 534
5 Profit/(loss) before taxation				
Profit/(loss) before taxation is stated after:				
Expenses				
Depreciation	147 495	15 457	147 495	15 457
– Computer equipment	25 262	10 721	25 262	10 721
– Software	3 130	3 757	3 130	3 757
– Audiovisual	–	979	–	979
– Leasehold improvements	67 889	–	67 889	–
– Furniture and fittings	51 214	–	51 214	–
Operating lease rentals – premises	289 490	–	289 490	–
Impairment of investment in associate	92 131 891	750 380	86 650 177	750 380
Auditor's remuneration audit fees				
– current year	678 947	200 000	517 443	150 000
– prior-year underprovision	278 800	67 260	217 080	40 652
– other services	450 870	76 038	450 870	76 038
Staff costs	3 459 612	2 408 000	3 459 612	2 408 000
– Salaries and wages	299 112	–	299 112	–
– Directors' remuneration	3 160 500	2 408 000	3 160 500	2 408 000
Number of employees	6	–	6	–

	GROUP		COMPANY	
	2008 R	2007 Restated R	2008 R	2007 Restated R
6 Taxation				
South African normal tax				
– current year	7 984 844	6 159 569	1 780 292	660 557
– prior-year underprovision	92 851	52 898	–	52 898
STC	1 315 501	1 505 829	–	71 705
Deferred tax	(8 004)	(283)	(8 004)	(283)
Tax rate change	(129)	–	(129)	–
	9 385 063	7 718 013	1 772 159	784 877
Standard rate (%)	28,00	29,00	(28,00)	29,00
Exempt income (%)	(31,17)	(23,11)	(27,80)	(34,56)
Non-deductible expenses (%)	4,24	1,78	59,67	8,20
Rate change (%)	–	–	–	–
STC (%)	0,18	1,86	–	0,27
Prior-year understatement (%)	–	0,02	–	0,06
Effective tax rate (%)	1,25	9,55	3,87	2,97
Deferred taxation:				
Deferred tax asset	9 423	–	9 423	–
Deferred tax liabilities	(2 851 195)	(2 922 603)	(5 048)	(3 758)
	(2 841 772)	(2 922 603)	4 375	(3 758)
The deferred tax balance is made up as follows:				
Deferred tax assets:				
Operating lease	9 423	–	9 423	–
Deferred tax liabilities:				
Prepayments	(2 626)	–	(2 626)	–
Plant and equipment	(2 422)	(3 758)	(2 422)	(3 758)
Revaluation of available-for-sale investments	(2 846 147)	(2 918 845)	–	–
	(2 841 772)	(2 922 603)	4 375	(3 758)

Unrecognised deferred tax assets relate to unused STC credits available to the group which amount to R176 million. The STC rate changed from 12,5% to 10% during 2008. Similarly the corporate tax rate changed from 29% to 28%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

7 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year. The company has no dilutive potential ordinary shares. Basic and diluted earnings per share are therefore the same.

	2008 R	2007 Restated R
Attributable profit per the income statement	738 583 142	73 078 126
Preference dividend	(3 481 412)	(7 393 734)
Attributable profit after preference dividend	735 101 730	65 684 392
Number of shares for EPS calculation		
Weighted average number of shares in issue	365 766 533	323 010 368
Basic and diluted earnings per share (cents)	200,98	20,34
Because the 4:1 share split was without consideration, it is treated as if it had occurred before 1 July 2006.		
Headline earnings per share		
Attributable profit after preference dividends	735 101 730	65 684 392
Negative goodwill from associate	(784 087 333)	–
Impairment of investment in associate	92 131 891	750 380
Associates	41 053 655	–
– BEE transaction	43 064 735	–
– Gain on disposal of plant and equipment	(60 795)	–
– Gain on disposal of investments recycled to income statement	(2 312 455)	–
– Provisions for pension fund exposure	362 170	–
Tax effect on above	563 102	(217 610)
	84 763 045	66 217 162
Number of shares for EPS calculation		
Weighted average number of shares in issue	365 766 533	323 010 368
Headline earnings per share (cents)	23,17	20,50

	GROUP		COMPANY	
	2008 R	2007 Restated R	2008 R	2007 Restated R
8 Finance costs				
Bank loans and overdraft	2 623 031	35 980	–	35 980
Preference shares – raising fee	570 000	–	–	–
Preference shares – interest	5 741 229	–	–	–
	8 934 260	35 980	–	35 980
9 Finance income				
Bank interest	10 429 084	5 806 191	7 891 925	2 627 737
10 Investments				
10.1 Available-for-sale investments				
SunWest	–	206 722 482	–	87 059 982
National Manco	20 329 677	20 848 949	–	–
	20 329 677	227 571 431	–	87 059 982

10.2 Interest in joint venture

GPI has a 50% interest in Western Cape Manco, a jointly-controlled entity whose principal activity is the management of the empowerment aspects of GrandWest.

The share of the assets, liabilities, income and expenses of the jointly-controlled entity, which are included in the consolidated financial statements are as follows:

Current assets	5 409 000	4 962 000	–	–
Current liabilities	(1 539 500)	(1 795 000)	–	–
Net current assets	3 869 500	3 167 000	–	–
Revenue	9 639 000	8 967 000	–	–
Net operating costs	(2 005 500)	(2 033 500)	–	–
Net profit before tax	7 633 500	6 933 500	–	–
Taxation	(6 931 000)	(6 772 000)	–	–
Net profit after tax	702 500	161 500	–	–
11 Investments in subsidiaries				
GPI Slots	–	–	100	100
BVI	–	–	1 000 000	100
	–	–	1 000 100	200

GPI took up all the shares from a rights issue by their 100% held subsidiary, BVI.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

GROUP

	Sunwest		RAH	
	2008 R	2007 R	2008 R	2007 R
12 Investments in associates				
Carrying amount of the investment				
Cost of investment – for cash	447 162 713	–	139 290 193	–
Cost of investment – for shares	–	–	461 350 092	–
Facilitation fee capitalised	–	–	–	–
Post-acquisition profits – beginning of year	–	–	–	–
Share of profit from associate	36 808 335	–	5 481 714	–
Negative goodwill from associate	784 087 333	–	–	–
Dividends received	(69 825 220)	–	–	–
Share premium distribution	(43 580 073)	–	–	–
Share of loss from associate prior to becoming an associate	(5 667 644)	–	–	–
Impairment of investment in associate	–	–	(92 131 891)	–
	1 148 985 444	–	513 990 108	–
Share of associates' balance sheet				
Current assets	23 928 781	–	13 723 334	–
Non-current assets	413 785 278	–	304 149 937	–
Current liabilities	(213 119 192)	–	(6 137 607)	–
Non-current liabilities	(98 680 173)	–	(15 972 464)	–
Net asset/(liabilities)	125 914 694	–	295 763 200	–
Share of associates' revenue and profits				
Revenue	515 690 639	–	1 356 120	–
Profit/(loss)	36 808 335	–	5 481 714	–

	Akhona GPI		Thuo Gaming WC		Worcester Casino		Total	
	2008 R	2007 R	2008 R	2007 R	2008 R	2007 R	2008 R	2007 R
	7 014 000	-	2 510	2 510	-	380	593 469 416	2 890
	-	-	-	-	-	-	461 350 092	-
	-	-	-	-	-	750 000	-	750 000
	-	-	366 958	-	-	-	366 958	-
	23 504	-	4 738 018	366 958	-	-	47 051 571	366 958
	-	-	-	-	-	-	784 087 333	-
	-	-	-	-	-	-	(69 825 220)	-
	-	-	-	-	-	-	(43 580 073)	-
	-	-	-	-	-	-	(5 667 644)	-
	-	-	-	-	-	(750 380)	(92 131 891)	(750 380)
	7 037 504	-	5 107 486	369 468	-	-	1 675 120 542	369 468
	1 017 785	-	6 790 111	7 478 061	6 044 490	7 661 560	51 504 501	15 139 621
	10 302 374	-	8 072 776	6 152 031	78 197 791	59 058 080	814 508 156	65 210 111
	(82 150)	-	(6 587 492)	(9 889 286)	(43 169 109)	(66 098 340)	(269 095 550)	(75 987 626)
	(6 984 000)	-	(3 167 909)	(3 371 337)	(47 770 922)	(3 864 220)	(172 575 468)	(7 235 557)
	4 254 009	-	5 107 486	369 469	(6 697 750)	(3 242 920)	424 341 639	(2 873 451)
	140 391	-	410 709 493	347 457 541	31 835 415	17 505 460		
	23 504	-	4 738 018	366 958	-	(750 380)	47 051 571	(383 422)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

12 Investments in associates *continued*

RAH

GPI acquired a 30,6% interest in RAH for R600,6 million. The impairment loss has been calculated using relevant market rates. Market rates at year-end were significantly lower compared to the prevailing rates when the original price was paid. Based on the decrease in market rates the investment was impaired.

SunWest

SunWest was accounted for as an available-for-sale investment in 2007. The additional shares purchased at a cost of R240,4 million resulted in the group increasing its holding to 26,41% (2007: 19,8%) and its effective voting rights to 50,001% (2007: 33,941%). In view of the fact that both board and shareholder resolutions of SunWest require a 60% majority and therefore GPI does not exercise outright control over SunWest, it was decided that the most appropriate mechanism to reflect the trading results of SunWest for 2008 was to account for it as an investment in associate.

	R
Share of fair value of net assets on acquisition	1 231 250 046
Negative goodwill on acquisition	(784 087 333)
Total consideration	447 162 713
Cash consideration	447 162 713
Cash paid in previous years	206 722 482
Cash paid during the current year	240 440 231

Negative goodwill arising on the acquisition of the investment has been recognised immediately in profit.

Akhona GPI

GPI holds a 50% (2007: Nil) interest in Akhona GPI.

Thuo Gaming WC

GPI Slots has a 25,1% (2007: 25,1%) stake in Thuo Gaming WC.

Worcester Casino

During the year additional shares were issued by Worcester Casino to a third party. This resulted in a dilution of GPI's shareholding from 38% to 36,7%.

COMPANY	2008 R	2007 R
Akhona GPI	7 014 000	–
SunWest	90 148 109	–
RAH	513 990 108	–
Worcester Casino	–	750 380
– cost	600 648 285	–
– impairment of investment in associate	(86 650 177)	(750 380)
	611 152 217	–

13 Related party loans

GPI and its subsidiary companies, in the ordinary course of business, entered into various service and investment transactions.

	GROUP		COMPANY	
	2008 R	2007 R	2008 R	2007 R
Loans receivable/(payable)				
Akhona GPI	8 118 000	–	8 118 000	–
BVI	–	–	23 753 673	10 583 698
	8 118 000	–	31 871 673	10 583 698
GPI Slots	–	–	(565 081)	5 271 000
Thuo Gaming WC	–	5 947 677	–	–
	8 118 000	5 947 677	31 306 592	15 854 698

Related party loans are unsecured, interest free and payable on demand.

14 Share capital and premium				
Authorised				
2 000 000 000 ordinary shares of 0,00025 cent each	500 000	500 000	500 000	500 000
Opening balance – 1 July	112 283 566	92 723 584	112 283 566	92 723 584
Shares issued before share split	175 599 071	19 559 982	175 599 071	19 559 982
Shares issued after share split	461 350 092	–	461 350 092	–
Share issue expenses	(8 397 240)	–	(8 397 240)	–
Closing balance (issued and fully paid) – 30 June	740 835 489	112 283 566	740 835 489	112 283 566
Reconciliation of number of shares in issue				
Opening balance – 1 July	83 009 513	80 000 000	83 009 513	80 000 000
Issued before share split	10 670 519	3 009 513	10 670 519	3 009 513
Share split	281 040 096	–	281 040 096	–
Issued after share split	94 308 226	–	94 308 226	–
Closing balance – 30 June	469 028 354	83 009 513	469 028 354	83 009 513
15 Cash and cash equivalents				
Cash at bank and deposit bank accounts consist of Money Market call accounts with floating interest rates that fluctuated between 8% and 12% during the year.	81 834 197	69 710 295	44 478 668	28 943 558

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

	GROUP		COMPANY	
	2008 R	2007 R	2008 R	2007 R
16 Cumulative redeemable preference share capital and premium				
16.1 Redeemable at the option of the group – Equity				
Authorised				
2008: Nil (2007: 230 595 redeemable preference shares of R1 per share)				
Issued preference shares				
Opening balance	57 797 500	115 297 500	–	–
Preference shares redeemed during the year	(57 797 500)	(57 500 000)	–	–
Closing balance	–	57 797 500	–	–
During the current year all outstanding preference shares in respect of SISA were redeemed at R500 each.				
16.2 Redeemable at the option of the holder – Debt				
Authorised				
203 356 redeemable preference shares of R1 per share (2007: Nil).				
Issued preference shares				
Preference shares issued – par value	203 356	–	–	–
Preference share premium	203 152 643	–	–	–
Share issue expenses	(1 957 891)	–	–	–
Closing balance	201 398 108	–	–	–
New preference shares were issued to Standard Bank and Depfin. Interest is calculated at 75% of the prime rate. Preference interest is paid semi-annually on 31 March and 30 September. The preference shares are redeemable from 2011.				

GROUP/COMPANY						
	Computer equipment R	Software R	Audiovisual R	Furniture and fittings R	Leasehold improvements R	Total R
17 Plant and equipment						
2008						
Beginning of year						
– Cost	32 166	7 513	979	–	–	40 658
– Accumulated depreciation	(11 614)	(4 383)	(979)	–	–	(16 976)
Net book value	20 552	3 130	–	–	–	23 682
Current year movements						
Additions	121 045	–	–	394 976	544 201	1 060 222
Depreciation	(25 262)	(3 130)	–	(51 214)	(67 889)	(147 495)
Balance at end of year	116 335	–	–	343 762	476 312	936 409
Made up as follows:						
– Cost	153 211	7 513	979	394 976	544 201	1 100 880
– Accumulated depreciation	(36 876)	(7 513)	(979)	(51 214)	(67 889)	(164 471)
Net book value	116 335	–	–	343 762	476 312	936 409
2007						
Beginning of year						
– Cost	32 166	7 513	979	–	–	40 658
– Accumulated depreciation	(893)	(626)	–	–	–	(1 519)
Net book value	31 273	6 887	979	–	–	39 139
Current year movements						
Depreciation	(10 721)	(3 757)	(979)	–	–	(15 457)
Balance at end of year	20 552	3 130	–	–	–	23 682
Made up as follows:						
– Cost	32 166	7 513	979	–	–	40 658
– Accumulated depreciation	(11 614)	(4 383)	(979)	–	–	(16 976)
Net book value	20 552	3 130	–	–	–	23 682

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

	GROUP		COMPANY	
	2008 R	2007 Restated R	2008 R	2007 Restated R
18 Trade and other receivables				
Trade receivables	5 664 138	5 535 539	255 138	599 997
Prepayments	9 380	–	9 380	–
	5 673 518	5 535 539	264 518	599 997
19 Trade and other payables				
Trade payables	7 664 841	2 358 657	1 404 540	2 015 047
Operating lease accrual	33 655	–	33 655	–
	7 698 496	2 358 657	1 438 195	2 015 047

20 Operating leases

Operating lease payments represent rentals payable for office premises. The office premises are leased in terms of a sublease agreement. Leases are negotiated on an average term of four years and rentals are variable. No contingent rent is payable.

Rentals due within 1 year	448 418	–	448 418	–
Due within 1 to 5 years thereafter	1 209 363	–	1 209 363	–
	1 657 781	–	1 657 781	–

21 Segmental information

Based on their assessment of risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment, being the provision of investment and management expertise to the gaming and leisure industry and the disclosure for the primary segment has already been given in these financial statements. The secondary reporting format is considered to be a geographical analysis by origin and destination. Since the group's business operations are conducted exclusively in South Africa, a segment report has not been presented.

22 Financial instruments

The group's principal financial instruments comprise cumulative redeemable preference shares, trade and other payables and related party loans payable. The main purpose of these instruments is to raise finance for the group's operations and investments.

The group has financial assets such as available-for-sale investments, trade and other receivables and cash which arise directly from its operations. The main risks arising from financial instruments are market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk.

The fair values of each class of financial instrument approximate the carrying amounts.

GROUP

	Investments in associates R	Loans and receivables R	Available- for-sale R	Non- financial assets R	Total R
22 Financial instruments continued					
Financial assets					
2008					
Cash and cash equivalents	–	81 834 197	–	–	81 834 197
Related party loans	–	8 118 000	–	–	8 118 000
Trade and other receivables	–	5 664 138	–	9 380	5 673 518
Available-for-sale investments	–	–	20 329 677	–	20 329 677
Investments in associates	1 675 120 542	–	–	–	1 675 120 542
Total	1 675 120 542	95 616 335	20 329 677	9 380	1 791 075 934
2007					
Cash and cash equivalents	–	69 710 295	–	–	69 710 295
Related party loans	–	5 947 677	–	–	5 947 677
Trade and other receivables	–	5 535 539	–	–	5 535 539
Available-for-sale investments	–	–	227 571 431	–	227 571 431
Investments in associates	369 468	–	–	–	369 468
Total	369 468	81 193 511	227 571 431	–	309 134 410

	Financial liabilities measured at amortised cost R	Non- financial liabilities R	Total R
Financial liabilities			
2008			
Trade and other payables	7 664 841	33 655	7 698 496
Preference shares	201 398 108	–	201 398 108
Dividends payable	3 866 268	–	3 866 268
Total	212 929 217	33 655	212 962 872
2007			
Trade and other payables	2 358 657	–	2 358 657
Dividends payable	3 757 380	–	3 757 380
Total	6 116 037	–	6 116 037

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

COMPANY

	Investments in subsidiaries R	Loans and receivables R	Non- financial assets R	Total R
22 Financial instruments continued				
Financial assets				
2008				
Cash and cash equivalents	–	44 478 668	–	44 478 668
Related party loans	–	31 871 673	–	31 871 673
Trade and other receivables	–	255 138	9 380	264 518
Investments in subsidiaries	1 000 100	–	–	1 000 100
Total	1 000 100	76 605 479	9 380	77 614 959
2007				
Cash and cash equivalents	–	28 943 558	–	28 943 558
Related party loans	–	15 854 698	–	15 854 698
Trade and other receivables	–	599 997	–	599 997
Investments in subsidiaries	200	–	–	200
Total	200	45 398 253	–	45 398 453
		Financial liabilities measured at amortised cost R	Non- financial liabilities R	Total R
Financial liabilities				
2008				
Trade and other payables		1 404 540	33 655	1 438 195
Related party loans		565 081	–	565 081
Dividends payable		3 866 268	–	3 866 268
Total		5 835 889	33 655	5 869 544
2007				
Trade and other payables		2 015 047	–	2 015 047
Dividends payable		3 757 380	–	3 757 380
Total		5 772 427	–	5 772 427

Investments in associates and subsidiaries do not form part of the subsequent disclosure and analyses.

Market risk

Market risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The group does not have any exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The group's exposure to the risk of changes in interest rates relates primarily to the group's obligation in terms of the preference shares and bank accounts. The group manages this by ensuring that sufficient available funds are maintained in bank accounts. The table below reflects the interest rate sensitivity analysis. The analysis was calculated by increasing or decreasing the group's interest rate by 100 basis points assuming all other variables remains constant.

22 Financial instruments continued

Interest rate risk continued

GROUP				
	Increase in basis points	Effect on pre-tax profit R	Decrease in basis points	Effect on pre-tax profit R
Current year	100	508 390	(100)	(508 390)
Prior year	100	697 103	(100)	(697 103)

COMPANY				
	Increase in basis points	Effect on pre-tax profit R	Decrease in basis points	Effect on pre-tax profit R
Current year	100	444 787	(100)	(444 787)
Prior year	100	289 436	(100)	(289 436)

Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the cash flows received from the investment. Discounted cash flows have been used in order to determine the fair values of unlisted investments. The valuation requires management to make estimates about the expected future cash flows of the shares which are discounted at current rates. The fair value of the investment was calculated with reference to the growth in the cash flows to be received from the investment. The fair value sensitivity analysis was calculated by increasing or decreasing the group's growth on investment by 1% assuming that all other variables remain constant.

GROUP				
	Increase in growth rate %	Effect on equity R	Decrease in growth rate %	Effect on equity R
Current year	1	9 466 832	1	1 467 784
Prior year	1	5 756 613	1	(1 385 805)

Collateral pledged

The SunWest shares held by GPI have been ceded to Standard Bank and Depfin as security in respect of the preference shares. The total number of shares held by GPI at year-end amounts to 801 404 shares. This represents 5,72% of the group's total investment of 26,41% in SunWest. Furthermore the shares held by GPI in BVI as well as the claims have been ceded to Standard Bank and Depfin in respect of the preference shares that have been issued. The preference shares are redeemable after a period of three years.

Credit risk

Credit risk is the risk of financial loss caused by the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. The group does not have "normal" trade receivables. The majority of the trade receivables relate to current account balances with companies within the group. No allowance account has been made use of during the year. No financial assets were past due or impaired at year-end.

The group only deposits cash surpluses with major banks of high quality and credit standing. At year-end, the group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

The group's maximum exposure to credit risk in terms of cash and cash equivalents, loans and receivables equals the carrying amounts of these instruments as disclosed above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

22 Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

The group monitors its risk to a shortage of funds based on future cash flow commitments. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The group has minimised its liquidity risk by ensuring that it has adequate banking facilities.

The following table presents the contractual maturity analysis of financial liabilities.

GROUP				
	On demand R	Less than 3 months R	3 – 12 months R	1 – 2 years R
2008				
Trade and other payables	–	7 664 841	–	–
Preference shares	–	–	–	–
Interest on preference shares	–	11 894 129	24 220 667	24 220 667
Non-financial liabilities	–	33 655	–	–
Dividends payable	3 866 268	–	–	–
Total	3 866 268	19 592 625	24 220 667	24 220 667
2007				
Trade and other payables	–	2 358 657	–	–
Dividends payable	3 757 380	–	–	–
Total	3 757 380	2 358 657	–	–
COMPANY				
	On demand R	Less than 3 months R	3 – 12 months R	1 – 2 years R
2008				
Trade and other payables	–	1 404 540	–	–
Related party loan	565 081	–	–	–
Non-financial liabilities	–	33 655	–	–
Dividends payable	3 866 268	–	–	–
Total	4 431 349	1 438 195	–	–
2007				
Trade and other payables	–	2 015 047	–	–
Dividends payable	3 757 380	–	–	–
Total	3 757 380	2 015 047	–	–

> 2 years R	Total R
–	7 664 841
203 356 000	203 356 000
67 222 775	127 558 238
–	33 655
–	3 866 268
270 578 775	342 479 002

–	2 358 657
–	3 757 380
–	6 116 037

> 2 years R	Total R
–	1 404 540
–	565 081
–	33 655
–	3 866 268
–	5 869 544

–	2 015 047
–	3 757 380
–	5 772 427

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

22 Financial instruments continued

Liquidity risk continued

Gains and losses on financial instruments

The table below summarises the gains and losses on financial instruments.

GROUP				
	Fair value movement R	Interest income R	Interest expense R	Total R
2008				
Loans and receivables	–	10 429 084	–	10 429 084
Available-for-sale investments	(446 574)	–	–	(446 574)
Financial liabilities at amortised cost	–	–	(8 934 260)	(8 934 260)
Total	(446 574)	10 429 084	(8 934 260)	1 048 250
2007				
Loans and receivables	–	5 806 191	–	5 806 191
Available-for-sale investments	3 679 034	–	–	3 679 034
Financial liabilities at amortised cost	–	–	(35 980)	(35 980)
Total	3 679 034	5 806 191	(35 980)	9 449 245

COMPANY				
	Fair value movement R	Interest income R	Interest expense R	Total R
2008				
Loans and receivables	–	7 891 925	–	7 891 925
Total	–	7 891 925	–	7 891 925
2007				
Loans and receivables	–	2 627 737	–	2 627 737
Financial liabilities at amortised cost	–	–	(35 980)	(35 980)
Total	–	2 627 737	(35 980)	2 591 757

	GROUP		COMPANY	
	2008 R	2007 R	2008 R	2007 R
23 Directors' emoluments				
Executive directors				
– directors' fees	1 228 500	1 583 000	1 228 500	1 583 000
– salary	225 000	–	225 000	–
Non-executive directors				
– directors' fees	1 707 000	825 000	1 707 000	825 000
	3 160 500	2 408 000	3 160 500	2 408 000
Paid by:				
– the company	3 160 500	2 408 000	3 160 500	2 408 000
24 Dividends declared and paid				
Final dividend in respect of the 2007 financial year of 30 cents (2006: 18 cents per share) (pre the 4:1 share split)	24 902 854	14 400 051	24 902 854	14 400 051
The final dividend in respect of the 2008 financial year of 10 cents per share was declared on 2 September 2008.				
25 Notes to the cash flow statement				
25.1 Taxation paid				
Taxation – beginning of the year	2 424 125	368 701	732 262	214 168
Amount per income statement (note 6)				
– current year	7 984 844	6 159 569	1 780 292	660 557
– prior-year underprovision	92 851	52 898	–	52 898
– STC	1 315 501	1 505 829	–	71 705
Taxation – closing balance for the year	(3 673 291)	(2 424 125)	(1 836 278)	(732 262)
	8 144 030	5 662 872	676 276	267 066
25.2 Dividends paid				
Opening balance	3 757 380	2 569 258	3 757 380	2 569 258
Dividends declared	24 902 854	14 400 051	24 902 854	14 400 051
Closing balance	(3 866 268)	(3 757 380)	(3 866 268)	(3 757 380)
	24 793 966	13 211 929	24 793 966	13 211 929

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2008

GROUP				
	Balance (owed)/ receivable 2008 R	Receipts/ (payments) 2008 R	Balance (owed)/ receivable 2007 R	Receipts/ (payments) 2007 R
26 Related party transactions				
Nadesons (Pty) Ltd	11 750	(481 512)	–	(872 109)
Hofmeyr Herbststein & Gihwala Inc.	(181 255)	(242 650)	(242 650)	(1 240 179)
Shares issued to directors	–	41 938	–	13 039 988
Proman Project Management Services (Pty) Ltd	44 804	(770 684)	–	–
Asch Consulting Engineering (Pty) Ltd	(100)	(153 883)	–	(12 000)
Short-term employee benefits	–	(3 160 500)	–	(2 408 000)

COMPANY				
	Balance (owed)/ receivable 2008 R	Receipts/ (payments) 2008 R	Balance (owed)/ receivable 2007 R	Receipts/ (payments) 2007 R
Nadesons (Pty) Ltd	11 750	(481 512)	–	(872 109)
Hofmeyr Herbststein & Gihwala Inc.	(181 255)	(242 650)	(242 650)	(1 240 179)
Shares issued to directors	–	41 938	–	13 039 988
Proman Project Management Services (Pty) Ltd	44 804	(770 684)	–	–
Asch Consulting Engineering (Pty) Ltd	(100)	(153 883)	–	(12 000)
Short-term employee benefits	–	(3 160 500)	–	(2 408 000)

Nadesons (Pty) Ltd is a consulting company that provides administration services to Grand Parade Investments Limited. A director of Nadesons (Pty) Ltd, Mr Hassen Adams, is also a director of the company. These fees are for normal operating expenses such as rent, stationery, travel and staff-related expenses.

Hofmeyr Herbststein & Gihwala Inc. is a firm of attorneys that provides legal services to the company. Directors of Hofmeyr Herbststein & Gihwala Inc., Messrs Alexander Abercrombie and Charl Williams, are also directors of the company.

Grand Parade Investments Limited rents office space from Proman Project Management Services (Pty) Ltd. Mr Hassen Adams, a director of the company, is also a director of Proman Project Management Services (Pty) Ltd.

Asch Consulting Engineers are engineering consultants. Asch Consulting Engineers provides Grand Parade Investments Limited with IT support services. Mr Hassen Adams, a director of the company, is also a director of Asch Consulting Engineers.

Of the available cash balances at year-end, R20 million has been invested with Grindrod Bank. A director of Grand Parade Investments Limited, Mr Hassen Adams, is also a director of Grindrod Bank.

27 Capital management

The primary objective of the group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value. The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary source of capital is issued share capital and preference share capital.

28 Capital redemption reserve fund

In terms of section 98 of the Companies Act of South Africa No. 61 of 1973, a capital redemption reserve fund must be created for the par value of the preference shares redeemed during the year.

SHAREHOLDERS' INFORMATION

	Number of shareholders	Number of shares owned	% of total shares issued
Size of shareholding			
1 – 1 000	80	47 020	0,01
1 001 – 10 000	4 196	21 886 650	4,67
10 001 – 100 000	1 910	52 323 726	11,16
100 001 – 1 000 000	167	41 456 548	8,84
More than 1 000 000	42	353 314 410	75,32
	6 395	469 028 354	100,00

	Number of shareholders	% number of shareholders
Shareholder Spread		
Public	3 329	52,06
Non-public		
Directors of company and its associates	18	0,28
Empowerment	3 044	47,60
The GPI SPV Trust	4	0,06
	6 395	100,00

	Number of shares owned	% of total shares issued
Distribution of shareholders		
Black empowerment	314 364 189	67,02
Banks	1 274 266	0,27
Close corporations	715 622	0,15
Individuals	52 162 346	11,12
Insurance company	99 499	0,02
Investment companies	13 273 289	2,83
Medical aid schemes	21 656	0,01
Mutual funds	22 234 820	4,74
Nominees and trusts	43 373 950	9,25
Other corporations	579 665	0,13
Pension funds	3 963 123	0,84
Private companies	16 785 929	3,58
Public companies	180 000	0,04
	469 028 354	100,00
Beneficial shareholders holding 3% or more		
The GPI SPV Trust	52 072 076	11,10
Sancino Projects Ltd	35 142 036	7,49
Quintessance Opportunities Ltd	27 186 788	5,80
Midnight Storm Investment 387 (Pty) Ltd	19 195 038	4,09
Rowmoor Investments 769 (Pty) Ltd	18 000 000	3,84
Chandos Trust	17 886 842	3,81
Mayflower Fund	15 684 784	3,34
Share Rights (Media Film Services (Pty) Ltd)	14 792 973	3,15
	199 960 537	42,62

The above shareholders' information was extracted by an independent contractor according to parameters identified by them as industry norms.