

Annual Financial Statements I



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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, 1973 (No. 61 of 1973), as amended.

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 27.

The directors have reviewed the group's budget and cash flow forecast for the year to 30 June 2010. 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 23 September 2009 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, 1973 (No. 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 Hoption
Company Secretary

23 September 2009

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 2009, 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 28 to 54.

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, as amended. 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 2009, 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, as amended.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Cape Town
23 September 2009

Directors' Report I for the year ended 30 June 2009

The directors present their report on the activities of the company and the group for the year ended 30 June 2009.

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 32. Headline earnings per share decreased 10% from 23,17 cents per share to 20,88 cents per share.

Dividends

A dividend totalling 7,5 cents per share (2008: 10 cents) has been declared by the directors in respect of the year under review. This final dividend will be accounted for in the 2010 annual financial statements as it was declared subsequent to the year-end.

Review of operations and future developments

Detailed commentary on the nature of the business of the company, subsidiaries, acquisitions, future developments and prospects of the group is given in the Chairman's, Chief Executive's and Financial Director's Reports.

Share capital

GPI repurchased its own shares in terms of its general authority granted by shareholders at the annual general meeting on 9 December 2008. GPI has, through the market, acquired some 19,4 million shares during the reporting period at an average cost of R2,24 cents per share. The outstanding shares at year-end amounted to 449 581 319 before deducting the 5 820 000 treasury shares.

In addition, the GPSIT, with the assistance of GPI, acquired a further 7 600 000 shares in GPI at R2,00 per share. Key executives of GPI, in accordance with the rules of the GPSIT, were granted and exercised options over 1,7 million of these shares during the year, with the remaining 5 820 000 shares held as treasury shares. Therefore, overall GPI and the GPSIT repurchased 27 million shares at an average of R2,18 per share.

Preference shares

New preference shares classified as debt of R105 725 757 were issued to Sanlam by wholly-owned subsidiary Utish. The salient features are as follows:

- the preference shares are variable rate, cumulative, redeemable preference shares and have a dividend rate of 83% of the prime rate;
- Utish may redeem the preference shares at its choice, but subject to a predetermined redemption profile;
- GPI guarantees the fulfilment by Utish of its obligations in terms of the preference shares; and
- Utish has pledged the 30,57% interest it holds in RAH as security.

R22 million of the preference shares held by BVI with Standard Bank and Depfin were redeemed. The capital due at the year-end after this repayment on these preference shares was R181 million.

Subsidiary companies

At the year-end, the group consisted of GPI and its wholly-owned subsidiaries, namely BVI, Utish, GPI Management Services, GPI Slots and GPSIT.

	Ordinary share capital and premium		Percentage held		Profit after tax	
	2009	2008	2009	2008	2009	2008
	R	R	%	%	R	R
Direct subsidiary companies						
BVI	1 000 000	1 000 000	100	100	63 119 654	88 492 236
GPI Slots	100	100	100	100	4 524 281	4 806 360
Utish	100	–	100	–	(1 635 104)	–
GPI Management Services	100	–	100	–	–	–

Special purpose entities

	Ordinary share capital and premium		Percentage held		Profit after tax	
	2009	2008	2009	2008	2009	2008
	R	R	%	%	R	R
GPSIT	1 000	–	100	–	161 980	–

GPSIT is consolidated in terms of SIC 12 – Special Purpose Entities. The consolidation of this trust is, however, reversed to calculate the adjusted headline earnings as the group does not receive the economic benefits of the trust.



Investments, associates and joint ventures

	Economic percentage		Voting percentage	
	2009 %	2008 %	2009 %	2008 %
Direct interest (held by GPI)				
SunWest	9,35	5,72	0,04	0,03
Akhona GPI	75,00	50,00	49,99	25,00
Worcester Casino	36,70	36,70	36,70	36,70
Indirect interest (held by subsidiaries)				
RAH	30,57	30,57	30,57	30,57
SunWest	19,89	20,69	49,98	49,98
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

Subsidiaries

BVI 575

BVI 575 is a wholly-owned special purpose vehicle established to obtain preference share funding from Standard Bank and Depfin.

GPI Slots

GPI Slots is a wholly-owned subsidiary with a significant stake in Thuo Gaming WC.

Utish

Utish is a wholly-owned special purpose vehicle established to obtain preference share funding from Sanlam.

GPI Management Services

GPI Management Services was registered during the year. GPI Management Services is a wholly-owned entity established to perform management services for the group and third parties. The company is a strategic component of the group's longer-term vision.

Special purpose entities

GPSIT

The trust was established based on the approval received by the shareholders in the annual general meeting on 9 December 2008. The trust was established as an incentive scheme. On 30 June 2009 the trust purchased 7,6 million of GPI shares. 1,78 million shares were issued to executive management on 30 June 2009. The balance of 5,82 million shares is available for future issues to staff members. This trust is consolidated as required by IFRS.

Investments, associates and joint ventures

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 relatively small percentage in National Manco which it accounts for as an available-for-sale investment.

SunWest

During the period under review GPI increased its direct stake in SunWest by 2,83% at a cost of R92,4 million by exercising 560 000 of its 700 182 SunWest share options at an exercise price of R165 per SunWest share. As a result of accounting for the business combination in terms of IFRS 3 – Business Combinations, an adjustment of R80,6 million has been made for negative goodwill. The exercising of these options diluted the direct shareholding held by BVI. (Refer to note 11.)

On 17 August 2007, GPI concluded an agreement with SunWest and Sun International South Africa Limited ("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 per SunWest share, irrespective of the date of exercise of the option.
- The options expire on 30 June 2010.
- 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.

Of the available options, GPI can exercise a further 140 182 SunWest shares before the expiry date.

Akhona GPI

GPI, through its associate Akhona GPI, increased its indirect stake in the well positioned Sibaya Casino. GPI provided Akhona GPI with the funds to exercise its pre-emptive rights in acquiring additional Dolcoast shares.

As a consequence, GPI's economic stake increased to 75% and its voting rights to 49,99% in Akhona GPI. Akhona GPI in turn owns an 18,5% stake in Dolcoast, which in turn holds a 22,4% stake in Sibaya Casino in KwaZulu-Natal, together with a 30% shareholding in Thuo Gaming KZN. Akhona Investments Holdings Limited, the other shareholder of Akhona GPI, was granted an option to call a portion of these shares so issued in order to restore the economic shareholding to parity. They are able to exercise this option over a period of three years at a price of prime +5%.

Worcester Casino

GPI's stake in Worcester Casino remained unchanged at 36,7%. This investment is accounted for as an associate.

Directors' Report I for the year ended 30 June 2009 continued

RAH

In order to secure the preference share funding from Sanlam, GPI had to transfer the stake it held in RAH at that time to Utish.

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.

Thuo Gaming WC

GPI Slots accounts for its 25,1% stake in Thuo Gaming WC as an associate investment. Its share of associate net income amounted to R4,5 million (2008: R4,7 million).

Western Cape Manco

GPI owns 50% of Western Cape Manco. This investment is accounted for as a joint venture.

Directors and secretary

Particulars of the present directors and Secretary are given on page 60.

Directors' dealings

Directors' interest in contracts

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

Mr Abercrombie

– DLA Cliffe Dekker Hofmeyr

Mr C W Williams

– DLA Cliffe Dekker Hofmeyr

Mr Adams

– Asch Professional Services (Pty) Limited

– Proman Project Management Services (Pty) Limited

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



Directors' shareholding

As at 30 June 2009, the directors of the company beneficially held direct and indirect ordinary shares in the issued capital of the company as follows:

	2009	2008
A Abercrombie**	3 434 634	3 193 285
H Adams	24 309 363	22 809 363
A W Bedford	3 471 780	4 951 420
R G Freese	2 740 923	2 740 923
N Mlambo	56 900	56 900
A Funkey	1 180 000	–
R Hoption	450 000	–
N V Maharaj	–	–
C W Williams	–	–
	35 643 600	33 751 891

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

H Adams	1 500 000
A W Bedford	20 000
A Funkey*	1 180 000
R Hoption*	450 000

* These shares were purchased from the GPSIT.

** Increased shareholding in indirect beneficiary.

The following indirect sale was made during the year:

A W Bedford	1 500 000
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Subsequent events

There were no material events subsequent to the balance sheet date.

Consolidated Income Statements | for the year ended 30 June 2009

	Note	GROUP		COMPANY	
		2009 R	2008 R	2009 R	2008 R
Revenue	3	27 246 155	34 032 163	56 197 057	53 763 359
Operating costs		(14 931 509)	(16 136 711)	(12 548 486)	(12 961 624)
Profit from operations		12 314 646	17 895 452	43 648 571	40 801 735
Impairment of investment in associates	11	–	(92 131 891)	(176 856 812)	(86 650 177)
Finance costs	7	(31 938 621)	(8 934 260)	(2 089 389)	–
Negative goodwill from associates	11	80 622 752	784 087 333	–	–
Share of profit from associates	11	118 190 856	47 051 571	–	–
Profit/(loss) before taxation	4	179 189 633	747 968 205	(135 297 630)	(45 848 442)
Taxation	5	(7 469 723)	(9 385 063)	(522 034)	(1 772 159)
Profit/(loss) for the year		171 719 910	738 583 142	(135 819 664)	(47 620 601)
Attributable to:					
Ordinary shareholders		171 719 910	738 583 142	–	–
		Cents	Cents		
Basic and diluted earnings per share	6	37,17	200,98	–	–
Headline earnings per share	6	20,88	23,17	–	–
Adjusted headline earnings per share	6	20,89	–	–	–

Consolidated Balance Sheets | at 30 June 2009

	Note	GROUP		COMPANY	
		2009 R	2008 R	2009 R	2008 R
ASSETS					
Non-current assets					
		1 872 354 303	1 696 386 628	209 587 493	613 093 101
Plant and equipment	16	1 179 757	936 409	1 179 757	936 409
Investments	9	16 685 000	20 329 677	–	–
Investments in subsidiaries	10	–	–	1 000 300	1 000 100
Investments in associates	11	1 854 489 546	1 675 120 542	207 407 436	611 152 217
Deferred tax asset	5	–	–	–	4 375
Current assets					
		84 017 538	95 625 715	302 941 609	76 614 859
Trade and other receivables	17	8 544 110	5 673 518	2 660 452	264 518
Related party loan	12	19 719 023	8 118 000	295 988 124	31 871 673
Cash and cash equivalents	14	55 754 405	81 834 197	4 293 033	44 478 668
Total assets		1 956 371 841	1 792 012 343	512 529 102	689 707 960
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital and premium	13	697 381 738	740 835 489	697 177 038	740 835 489
Treasury shares	13	(11 669 100)	–	–	–
Accumulated profit/(loss)		939 401 191	813 984 851	(240 934 585)	(58 833 351)
Available-for-sale investments' fair value reserve		14 349 051	17 483 473	–	–
Capital redemption reserve fund		252 595	230 595	–	–
Total equity		1 639 715 475	1 572 534 408	456 242 453	682 002 138
Non-current liabilities					
		287 495 838	204 239 880	36 081	–
Deferred tax liability	5	2 371 973	2 841 772	36 081	–
Cumulative redeemable preference share capital and premium	15.2	285 123 865	201 398 108	–	–
Current liabilities					
		29 160 528	15 238 055	56 250 568	7 705 822
Trade and other payables	18	24 213 283	7 698 496	17 215 755	1 438 195
Related party loan	12	–	–	34 660 152	565 081
Dividends payable	25.2	4 245 736	3 866 268	4 245 736	3 866 268
Taxation	25.1	701 509	3 673 291	128 925	1 836 278
Total equity and liabilities		1 956 371 841	1 792 012 343	512 529 102	689 707 960
Net asset value and net tangible asset value per share		Cents 370	Cents 335	–	–

Consolidated Statements of Changes in Equity I for the year ended 30 June 2009

	Capital redemption reserve fund		Ordinary share capital		Share premium		Treasury shares		Redeemable preference share capital		Available-for-sale fair value reserve		Accumulated profits		Total equity	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
GROUP																
Balance at 30 June 2007	115 000	83 009	112 200 557	—	—	57 797 500	17 930 047	109 569 214	297 695 327							
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Unrealised fair value loss on available-for-sale investments	—	—	—	—	—	—	(519 272)	738 583 142	738 583 142	—	—	—	—	—	—	(519 272)
Deferred tax charged directly to equity	—	—	—	—	—	—	72 698	—	—	—	—	—	—	—	—	72 698
Total income and expenses for the year	—	—	—	—	—	—	(446 574)	738 583 142	738 136 568	—	—	—	—	—	—	—
Share of loss from associate prior to becoming an associate	—	—	—	—	—	—	—	(5 667 644)	(5 667 644)	—	—	—	—	—	—	—
Ordinary dividends paid	—	—	—	—	—	—	—	(24 902 854)	(24 902 854)	—	—	—	—	—	—	—
Preference dividends paid	—	—	—	—	—	—	—	(3 481 412)	(3 481 412)	—	—	—	—	—	—	—
Preference shares redeemed	—	—	—	—	—	(57 797 500)	—	—	(57 797 500)	—	—	—	—	—	—	—
Transfer to capital redemption reserve fund	115 595	—	—	—	—	—	—	(115 595)	—	—	—	—	—	—	—	—
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	230 595	117 257	740 718 232	—	—	—	17 483 473	813 984 851	1 572 534 408	—	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	—	—	171 719 910	171 719 910	—	—	—	—	—	—	—
Unrealised fair value loss on available-for-sale investments	—	—	—	—	—	—	(3 644 677)	—	(3 644 677)	—	—	—	—	—	—	—
Deferred tax charged directly to equity	—	—	—	—	—	—	510 255	—	510 255	—	—	—	—	—	—	—
Total income and expenses for the year	—	—	—	—	—	—	(3 134 422)	171 719 910	168 585 488	—	—	—	—	—	—	—
Ordinary dividends paid	—	—	—	—	—	—	—	(46 281 570)	(46 281 570)	—	—	—	—	—	—	—
Treasury shares purchased	—	—	—	(15 238 000)	—	—	—	—	(15 238 000)	—	—	—	—	—	—	—
Treasury shares issued	—	—	204 700	3 568 900	—	—	—	—	3 773 600	—	—	—	—	—	—	—
Transfer to capital redemption reserve fund	22 000	—	—	—	—	—	—	(22 000)	—	—	—	—	—	—	—	—
Shares repurchased	—	(4 862)	(43 653 589)	—	—	—	—	—	(43 658 451)	—	—	—	—	—	—	—
Balance at 30 June 2009	252 595	112 395	697 269 343	(11 669 100)	—	—	14 349 051	939 401 191	1 639 715 475	—	—	—	—	—	—	—
COMPANY																
Balance at 30 June 2007	83 009	—	112 200 557	—	—	13 690 104	—	125 973 670	125 973 670	—	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(47 620 601)	—	(46 620 601)	(46 620 601)	—	—	—	—	—	—	—
Ordinary dividends paid	—	—	—	—	—	(24 902 854)	—	(24 902 854)	(24 902 854)	—	—	—	—	—	—	—
Share capital raised	34 248	—	636 914 915	—	—	—	—	636 949 163	636 949 163	—	—	—	—	—	—	—
Share issue expenses	—	—	(8 397 240)	—	—	—	—	(8 397 240)	(8 397 240)	—	—	—	—	—	—	—
Balance at 30 June 2008	117 257	740 718 232	58 833 351	—	—	(135 819 664)	—	682 002 138	682 002 138	—	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(46 281 570)	—	(46 281 570)	(46 281 570)	—	—	—	—	—	—	—
Ordinary dividends paid	—	—	—	—	—	(4 862)	—	(4 862)	(4 862)	—	—	—	—	—	—	—
Shares repurchased	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Balance at 30 June 2009	112 395	697 064 643	(240 934 585)	—	—	(43 658 451)	—	456 242 453	456 242 453	—	—	—	—	—	—	—

Consolidated Cash Flow Statements | for the year ended 30 June 2009

	Note	GROUP		COMPANY	
		2009 R	2008 R	2009 R	2008 R
Cash flows from operating activities					
Profit/(loss) before taxation		179 189 633	747 968 205	(135 297 630)	(45 848 442)
Adjustments for:					
Depreciation		310 291	147 495	310 291	147 495
Interest received		(3 235 132)	(10 429 084)	(1 315 483)	(7 891 925)
Dividends received		(3 650 353)	(1 524 722)	(54 635 904)	(45 528 076)
Impairment of investment in associates		–	92 131 891	176 856 812	86 650 177
Finance costs		31 938 621	8 934 260	2 089 389	–
Negative goodwill from associates		(80 622 752)	(784 087 333)	–	–
Profit on sale of investments		(213 245)	–	(213 245)	–
Loss on sale of plant and equipment		12 701	–	12 701	–
Share of profit from associates		(118 190 856)	(47 051 571)	–	–
Operating cash flows before working capital changes		5 538 908	6 089 141	(12 193 069)	(12 470 771)
(Increase)/decrease in trade and other receivables		(1 641 035)	(137 979)	(2 395 935)	335 479
Increase/(decrease) in trade and other payables		9 856 174	(401 389)	15 777 560	(576 851)
Cash flows from operations		13 754 047	5 549 773	1 188 556	(12 712 143)
Income taxes paid	25.1	(10 401 049)	(8 144 030)	(2 188 931)	(676 276)
Net cash (outflow)/inflow from operating activities		3 352 998	(2 594 257)	(1 000 375)	(13 388 419)
Cash flows from investing activities					
Proceeds on sale of Wild Rush		6 298 478	–	6 298 478	–
Purchase of plant and equipment		(566 340)	(1 060 222)	(566 340)	(1 060 222)
Loans repaid/(advanced)					
– GPI Slots		–	5 947 677	(78 738)	5 836 081
– BVI		–	–	57 927 482	(13 169 975)
– Akhona GPI		(7 817 989)	(8 118 000)	(7 817 989)	(8 118 000)
– Utish		–	–	(264 652 135)	–
– Employee loans		(3 783 034)	–	–	–
– GPSIT		–	–	(15 400 000)	–
Investments (made)/received					
– SunWest – share premium distribution		–	43 580 073	–	–
– SunWest		(92 400 000)	(240 440 231)	(92 400 000)	(3 088 128)
– RAH		(9 998)	(139 290 193)	337 123 298	(139 290 193)
– Akhona GPI		(17 835 328)	(7 014 000)	(17 835 328)	(7 014 000)
– Wild Rush		(6 085 233)	–	(6 085 233)	–
– BVI		–	–	–	(999 900)
– Utish		–	–	(100)	–
– GPI Management Services		–	–	(100)	–
Net cash (outflow)/inflow from investing activities		(122 199 444)	(346 394 896)	(3 486 705)	(166 904 337)
Cash flows from financing activities					
Shares bought back – treasury shares		(15 238 000)	–	–	–
Shares bought back		(43 658 451)	–	(43 658 451)	–
Capital raised – treasury shares reissued		3 773 600	–	–	–
Capital raised – ordinary shares issued		–	167 201 831	–	167 201 831
Preference shares redeemed		(22 000 000)	(57 797 500)	–	–
Preference shares issued		105 725 757	201 398 108	–	–
Ordinary dividends paid to equity holders of parent	25.2	(45 902 102)	(24 793 966)	(45 902 102)	(24 793 966)
Preference dividends paid		–	(3 481 412)	–	–
Interest received		3 235 132	10 429 084	1 315 483	7 891 925
Finance costs		(25 280 009)	(3 193 031)	(2 089 389)	–
Dividends received		132 110 727	71 349 941	54 635 904	45 528 076
Net cash inflow/(outflow) from financing activities		92 766 654	361 113 055	(35 698 555)	195 827 866
Net increase/(decrease) in cash and cash equivalents		(26 079 792)	12 123 902	(40 185 635)	15 535 110
Cash and cash equivalents at the beginning of the year		81 834 197	69 710 295	44 478 668	28 943 558
Cash and cash equivalents at the end of the year	14	55 754 405	81 834 197	4 293 033	44 478 668

Notes to the Annual Financial Statements | for the year ended 30 June 2009

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 is 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, 1973 (No. 61 of 1973), as amended.

1.3 Basis of consolidation

The consolidated financial statements include the results, financial position and cash flows of the GPI 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.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairments. Negative goodwill arising on an acquisition is recognised directly in the income statement.

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.

Associates

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the group's share of net assets of the associate.

Goodwill relating to an associate is included in the carrying amount of the investment.

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

If any such indication exists, the entire carrying amount of the investment in 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 associates. Where there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Losses of an associate in excess of the group's interest in the associate (which includes any long-term interest that, in substance, forms part of the group's net investment in the associate) are not recognised unless the group has a legal or constructive obligation in respect of those associates. If 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 an associate, unrealised profits and losses are eliminated to the extent of the group's interest in the associate.

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

Joint venture

The group has an interest in a joint venture which is a jointly-controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The group recognises its interest in the joint venture using proportionate consolidation. The group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the parent company. Adjustments are made where necessary to bring the accounting policies into line with those of the group.

Adjustments are made in the group's financial statements to eliminate the group's share of unrealised gains and losses on transactions between the group and its jointly-controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the group ceases to have joint control over the joint venture.

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.

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:

IFRIC 12 – Service Concession Arrangements

The International Financial Reporting Interpretations Committee (“IFRIC”) issued IFRIC 12 in November 2006. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the group is an operator and, therefore, this interpretation has no impact on the group.

IFRIC 14 and IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 employee benefits on the amount of the surplus that can be recognised as an asset. It also explains how the pension’s asset or liability may be affected where there is a statutory or contractual minimum funding requirement. The interpretation will standardise practice and ensure that entities recognise an asset in relation to a surplus on a consistent basis.

IAS 39 and IFRS 7 – Amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures – Reclassification of Financial Assets

The amendments introduces the possibility of reclassifications for certain financial assets previously classified as “held for trading” or “available-for-sale” to another category under limited circumstances. Various disclosures are required where a reclassification has been made. Derivatives and assets designated as “fair value through profit and loss” under the fair value option are not eligible for this reclassification.

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 flow 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 16.)

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 5.)

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 9.)

Value in use of investments in associate

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.

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.

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.

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. A financial asset or liability not at fair value through profit or loss are measured at transaction costs that are directly attributable to acquisition or incurral 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 cost 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 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. The dividends on these preference shares are recognised in the income statement as an 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 (such as uncreditworthiness of the third party) 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.

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 (such as changes in discounted cash flows) 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 a 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 interests 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 | for the year ended 30 June 2009

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 or Interpretation	Effective date*
IFRS 3 Business Combinations – revised	1 July 2009
IAS 27 Consolidated and Separate Financial Statements – amended	1 July 2009
IAS 39 Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
IFRS 1 Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards	1 July 2009
IFRIC 17 Distribution of Non-cash Assets to Owners	1 July 2009
IFRIC 18 Transfer of Assets from Customers	1 July 2009
IFRS 8 (AC 145) Operating Segments	1 January 2009
IAS 1 (AC 101) Presentation of Financial Statements – revised	1 January 2009
IAS 23 (AC 114) Borrowing Costs – revised	1 January 2009
IFRS 2 (AC 139) Amendments to IFRS 2 (AC 139) – Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
IAS 32 (AC 125) and IAS 1 (AC 101) Amendments to IAS 32 (AC 125) – Financial Instruments: Presentation and IAS 1 (AC 101) Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IFRS 7 (AC 144) Amendments to IFRS 7 (AC 144) – Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 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.

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.

IAS 39: This standard will not be applicable to the group as it has not entered into any hedging arrangements or transactions during the current year.

IFRS 1: This standard will not be applicable to the group as it has already adopted IFRS 1.

IFRIC 17: This standard will not be applicable to the group as it has not made any non-cash asset distribution to the owners.

IFRIC 18: This standard will not be applicable to the group as no customers have transferred assets in terms of IFRIC 18 in the current year.

IFRS 8 (AC 145): IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical area in which it operates and its major customers.

IAS 1 (AC 101): The changes relate to disclosure in the financial statements and are unlikely to have a significant impact on the company's financial statements.

IAS 23 (AC 114): Borrowing costs that are directly attributed to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and may no longer be expensed. Other borrowing costs are recognised as an expense.

IFRS 2 (AC 139): IFRS 2 was amended to provide more clarity on vesting conditions and cancellations.

IAS 32 (AC 125) and IAS 1 (AC 101): The amendment relates to disclosure of puttable instruments and obligations arising on liquidation. As the company does not have any puttable instruments and obligations the amendments are not applicable.

IFRS 7 (AC 144): The amendments require enhanced disclosures about fair value measurements and liquidity risk.



	GROUP		COMPANY	
	2009 R	2008 R	2009 R	2008 R
3 Revenue				
Bank interest received	3 235 132	10 429 084	1 315 483	7 891 925
Dividends received	3 650 353	1 524 722	54 635 904	45 528 076
Management fees	20 115 000	21 734 999	–	–
Other income	245 670	343 358	245 670	343 358
	27 246 155	34 032 163	56 197 057	53 763 359
4 Profit/(loss) before taxation				
Profit/(loss) before taxation is stated after:				
Expenses				
Depreciation	310 291	147 495	310 291	147 495
– Computer equipment	77 539	25 262	77 539	25 262
– Software	30 235	3 130	30 235	3 130
– Leasehold improvements	110 292	67 889	110 292	67 889
– Furniture and fittings	92 225	51 214	92 225	51 214
Operating lease rentals – premises	619 223	289 490	619 223	289 490
Impairment of investment in associates	–	92 131 891	176 856 812	86 650 177
Loss on disposal of plant and equipment	12 701	–	12 701	–
Auditor's remuneration				
Audit fees				
– current year	785 831	678 947	541 472	517 443
– prior year underprovision	248 923	278 800	248 923	217 080
– other services	106 066	450 870	106 066	450 870
Staff costs	4 720 054	3 459 612	4 720 054	3 459 612
– Salaries and wages	1 198 173	299 112	1 198 173	299 112
– Directors' remuneration	3 521 881	3 160 500	3 521 881	3 160 500
Number of employees	8	6	8	6
5 Taxation				
South African normal tax				
– current year	6 066 036	7 984 844	332 347	1 780 292
– prior year underprovision	–	92 851	–	–
STC	1 363 231	1 315 501	149 231	–
Deferred tax	40 456	(8 004)	40 456	(8 004)
Tax rate change	–	(129)	–	(129)
	7 469 723	9 385 063	522 034	1 772 159
Standard rate (%)	28,00	28,00	(28,00)	(28,00)
Exempt income (%)	(31,60)	(31,17)	(11,34)	(27,80)
Non-deductible expenses (%)	4,41	4,24	39,62	59,67
STC (%)	3,36	0,18	0,11	–
Effective tax rate (%)	4,17	1,25	0,39	3,87
Deferred taxation:				
Deferred tax asset	12 113	9 423	12 113	9 423
Deferred tax liabilities	(2 384 086)	(2 851 195)	(48 194)	(5 048)
	(2 371 973)	(2 841 772)	(36 081)	4 375
The deferred tax balance is made up as follows:				
Deferred tax assets:				
Operating lease	12 113	9 423	12 113	9 423
Deferred tax liabilities:				
Prepayments	(39 069)	(2 626)	(39 069)	(2 626)
Plant and equipment	(9 125)	(2 422)	(9 125)	(2 422)
Revaluation of available-for-sale investments	(2 335 892)	(2 846 147)	–	–
	(2 371 973)	(2 841 772)	(36 081)	4 375

Unrecognised deferred tax assets relate to unused STC credits available to the group which amount to R257 million (2008: R176 million). The STC on dividends declared for the year ending 30 June 2009 amounts to R3,3 million (2008: R4,6 million). This has not been accounted for in the current year's tax amount.

Notes to the Annual Financial Statements | for the year ended 30 June 2009

6 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.

	2009 Gross R	2009 Net R	2008 Gross R	2008 Net R
Basic and diluted earnings per share reconciliation				
Attributable profit per income statement		171 719 910		738 583 142
Preference dividends paid		–		(3 481 412)
Attributable profit after preference dividend		171 719 910		735 101 730
Number of shares for basic EPS calculation				
Weighted average number of shares in issue		462 033 176		365 766 533
Basic and diluted earnings per share (cents)		37,17		200,98
Headline earnings per share reconciliation				
Attributable profit after preference dividends	–	171 719 910	–	735 101 730
Negative goodwill from associates	(80 622 752)	(80 622 752)	(784 087 333)	(784 087 333)
Profit on sale of investments	(213 245)	(153 536)	–	–
Loss on sale of plant and equipment	12 701	9 145	–	–
Impairment of investment in associates	–	–	92 131 891	92 131 891
Associates	5 547 652	5 520 205	41 053 655	41 616 757
– Impairment of casino licence	3 612 763	3 612 763	–	–
– BEE transaction	–	–	43 064 735	43 064 735
– (Loss)/gain on disposal of plant and equipment	53 000	38 160	(60 795)	(43 772)
– Gain on disposal of investments recycled to income statement	(869 411)	(882 018)	(2 312 455)	(1 766 376)
– Provisions for pension fund exposure	2 751 300	2 751 300	362 170	362 170
Headline earnings		96 472 972		84 763 045
Reversal of employee share trust consolidated*		42 720		–
Adjusted headline earnings		96 515 692		84 763 045
Number of shares for headline EPS calculation				
Weighted average number of shares in issue		462 033 176		365 766 533
Adjusted weighted average number of shares in issue		462 033 176		365 766 533
Headline earnings per share (cents)		20,88		23,17
Adjusted headline earnings per share (cents)		20,89		23,17

* The consolidation of the employee share trust is reversed as the group does not receive the economic benefits of the trust.



	GROUP		COMPANY	
	2009 R	2008 R	2009 R	2008 R
7 Finance costs				
Bank loans and overdraft	2 089 418	2 623 031	2 089 389	–
Preference shares – raising fee	1 250 000	570 000	–	–
Preference shares – interest	28 599 203	5 741 229	–	–
	31 938 621	8 934 260	2 089 389	–
8 Finance income				
Bank interest	3 235 132	10 429 084	1 315 483	7 891 925
9 Investments				
Available-for-sale investments				
National Manco	16 685 000	20 329 677	–	–
	16 685 000	20 329 677	–	–

Discounted cash flows have been used in order to determine the fair values of unlisted investments. Management estimated the expected future cash flows which were discounted at current rates. Expected future cash flows were determined by applying growth rates to the underlying investments in which the entity has a stake. The discount rate is based on the company's weighted average cost of capital adjusted for a risk premium.

10 Investments in subsidiaries

GPI Slots	–	–	100	100
Utish	–	–	100	–
GPI Management Services	–	–	100	–
BVI	–	–	1 000 000	1 000 000
	–	–	1 000 300	1 000 100

Special purpose entity

During the year, a R1 000 donation was made to the GPSIT in terms of the Trust Deed approved by the shareholders at the annual general meeting dated 9 December 2008. This has been expensed in the company's financial statements. The GPSIT is consolidated in terms of SIC 12 in the group accounts.

Notes to the Annual Financial Statements | for the year ended 30 June 2009

GROUP	SunWest		RAH	
	2009 R	2008 R	2009 R	2008 R
11 Investments in associates				
Carrying amount of the investment	1 148 985 444	–	513 990 108	–
Cost of investment – for cash	92 400 000	447 162 713	9 998	139 290 193
Cost of investment – for shares	–	–	–	461 350 092
Post-acquisition profits – beginning of year	–	–	–	–
Share of profit from associates	85 298 343	36 808 335	28 108 504	5 481 714
Negative goodwill from associates	80 622 752	784 087 333	–	–
Dividends received	(103 817 864)	(69 825 220)	(22 107 066)	–
Share premium distribution	–	(43 580 073)	–	–
Share of loss from associate prior to becoming an associate	–	(5 667 644)	–	–
Impairment of investment in associates	–	–	–	(92 131 891)
	1 303 488 675	1 148 985 444	520 001 544	513 990 108
Share of associates' balance sheet				
Current assets	16 813 585	23 928 781	9 727 068	13 723 334
Non-current assets	425 775 043	413 785 278	250 323 056	304 149 937
Current liabilities	(179 725 999)	(213 119 192)	(429 203)	(6 137 607)
Non-current liabilities	(113 537 165)	(98 680 173)	(3 764 696)	(15 972 464)
Net asset/(liabilities)	149 325 464	125 914 694	255 856 225	295 763 200
Share of associates' revenue and profits				
Revenue	538 420 097	515 690 639	23 551 434	1 356 120
Profit/(loss)	85 298 343	36 808 335	28 108 504	5 481 714

RAH

In order to secure the preference share funding from Sanlam, GPI had to transfer the stake it held in RAH at the time to Utish.

SunWest

During the period under review GPI increased its direct stake in SunWest by 2,83% at a cost of R92,4 million by exercising 560 000 of its 700 182 SunWest share options at an exercise price of R165 per SunWest share. As a result of accounting for the business combination in terms of IFRS 3 – Business Combinations, an adjustment of R80,6 million has been made for negative goodwill.

	2009 R	2008 R
Share of fair value of net assets on acquisition	173 022 752	1 231 250 046
Negative goodwill on acquisition	(80 622 752)	(784 087 333)
Total consideration	92 400 000	447 162 713
Cash consideration	539 562 713	447 162 713
Cash paid in previous years	447 162 713	206 722 482
Cash paid during the current year	92 400 000	240 440 231

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

Akhona GPI

GPI holds a 75% (2008: 50%) interest in Akhona GPI.

Thuo Gaming WC

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

Worcester Casino

GPI has a 36,7% (2008: 36,7%) direct interest in Worcester Casino.

COMPANY	2009 R	2008 R
Akhona GPI	24 849 328	7 014 000
SunWest	182 548 110	90 148 109
Worcester Casino	–	–
RAH	9 998	513 990 108
– cost	513 990 108	600 640 285
– sale of investment	(337 123 298)	–
– impairment of investment in associate	(176 856 812)	(86 650 177)
	207 407 436	611 152 217

The price of a RAH share at year-end traded at R2,50 (2008: R4,65) per share.



Akhona GPI		Thuvo Gaming WC		Worcester Casino		Total	
2009	2008	2009	2008	2009	2008	2009	2008
R	R	R	R	R	R	R	R
7 037 504	–	5 107 486	–	–	–	1 675 120 542	–
17 835 328	7 014 000	–	2 510	–	–	110 245 326	593 469 416
–	–	–	–	–	–	–	461 350 092
–	–	–	366 958	–	–	–	366 958
217 776	23 504	4 566 233	4 738 018	–	–	118 190 856	47 051 571
–	–	–	–	–	–	80 622 752	784 087 333
–	–	(3 765 000)	–	–	–	(129 689 930)	(69 825 220)
–	–	–	–	–	–	–	(43 580 073)
–	–	–	–	–	–	–	(5 667 644)
–	–	–	–	–	–	–	(92 131 891)
25 090 608	7 037 504	5 908 719	5 107 486	–	–	1 854 489 546	1 675 120 542
4 999 998	1 017 785	5 322 867	6 790 111	2 572 246	6 044 490	39 435 764	51 504 501
33 599 027	10 302 374	9 973 105	8 072 776	75 078 735	78 197 791	794 748 966	814 508 156
(2 211 911)	(82 150)	(6 005 137)	(6 587 492)	(47 796 612)	(43 169 109)	(236 168 862)	(269 095 550)
(16 339 491)	(6 984 000)	(3 382 116)	(3 167 909)	(40 404 621)	(47 770 922)	(177 428 089)	(172 575 468)
20 047 623	4 254 009	5 908 719	5 107 486	(10 550 252)	(6 697 750)	420 587 779	424 341 639
1 517 459	140 391	458 104 355	410 709 493	39 906 503	31 835 415	1 061 499 848	959 732 058
217 776	23 504	4 566 233	4 738 018	–	–	118 190 856	47 051 571

Notes to the Annual Financial Statements | for the year ended 30 June 2009

	GROUP		COMPANY	
	2009 R	2008 R	2009 R	2008 R
12 Related party loans				
GPI and its subsidiary companies, in the ordinary course of business, entered into various service and investment transactions.				
<i>Employee loans</i>	3 783 034	–	–	–
– Non-directors	318 795	–	–	–
– Directors	3 464 239	–	–	–
GPSIT	–	–	15 400 000	–
Akhona GPI	15 935 989	8 118 000	15 935 989	8 118 000
Utish	–	–	264 652 135	–
BVI	–	–	–	23 753 673
Total current assets	19 719 023	8 118 000	295 988 124	31 871 673
BVI	–	–	(34 173 809)	–
GPI Slots	–	–	(486 343)	(565 081)
Total current liabilities	–	–	(34 660 152)	(565 081)
Employee loans are secured by the shares issued to employees.				
Other related party loans are unsecured, interest free and payable on demand.				
13 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	740 835 489	112 283 566	740 835 489	112 283 566
Shares issued before share split	–	175 599 071	–	175 599 071
Shares issued after share split	–	461 350 092	–	461 350 092
Share issue expenses	–	(8 397 240)	–	(8 397 240)
Gain on treasury shares issued	204 700	–	–	–
Shares repurchased	(43 658 451)	–	(43 658 451)	–
Closing balance (issued and fully paid) – 30 June	697 381 738	740 835 489	697 177 038	740 835 489
Reconciliation of number of shares in issue				
Opening balance – 1 July	469 028 354	83 009 513	469 028 354	83 009 513
Issued before share split	–	10 670 519	–	10 670 519
Share split	–	281 040 096	–	281 040 096
Issued after share split	–	94 308 226	–	94 308 226
Shares repurchased	(19 447 035)	–	(19 447 035)	–
Closing balance – 30 June	449 581 319	469 028 354	449 581 319	469 028 354
Treasury shares				
Opening balance – 1 July	–	–	–	–
Shares repurchased	(15 238 000)	–	–	–
Shares issued	3 568 900	–	–	–
Closing balance – 30 June	(11 669 100)	–	–	–
Reconciliation of number of treasury shares				
Opening balance – 1 July	–	–	–	–
Shares repurchased	(7 600 000)	–	–	–
Shares issued	1 780 000	–	–	–
Closing balance – 30 June	(5 820 000)	–	–	–



	GROUP		COMPANY	
	2009 R	2008 R	2009 R	2008 R
14 Cash and cash equivalents Cash at bank and deposit bank accounts consist of Money Market call accounts with floating interest rates that fluctuated between 10,46% and 8,77% during the year.	55 754 405	81 834 197	4 293 033	44 478 668
15 Cumulative redeemable preference share capital and premium				
15.1 Redeemable at the option of the group – equity				
Authorised 2009: Nil (2008: Nil redeemable preference shares of R1 per share)				
Issued preference shares				
Opening balance	–	57 797 500	–	–
Preference shares redeemed during the year	–	(57 797 500)	–	–
Closing balance	–	–	–	–
15.2 Redeemable at the option of the holder – debt				
15.2.1 Authorised 203 356 redeemable preference shares of R1 per share (2008: 203 356)				
Issued preference shares – Standard Bank/Depfin				
Balance at beginning of year – 1 July	201 398 108	–	–	–
Preference shares issued – par value	–	203 356	–	–
Preference share premium	–	203 152 643	–	–
Preference shares redeemed	(22 000 000)	–	–	–
Share issue expenses	–	(1 957 891)	–	–
Closing balance – 30 June	179 398 108	201 398 108	–	–
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.				
This facility is secured by SunWest ordinary shares.				
15.2.2 Authorised 200 redeemable preference shares of R0,01 per share (2008: Nil).				
Issued preference shares – Sanlam				
Balance at beginning of year – 1 July	–	–	–	–
Preference shares issued – par value*	1	–	–	–
Preference share premium	105 725 756	–	–	–
Closing balance – 30 June	105 725 757	–	–	–
Total closing balance – 30 June	285 123 865	201 398 108	–	–

New preference shares were issued to Sanlam. Interest is calculated at 83% of the prime rate. Preference interest is paid semi-annually on 31 March and 30 September. This facility is secured by 110 535 507 RAH ordinary shares.

* The par value of the preference shares issued to Sanlam is less than R1. It has therefore been rounded to R1.



	GROUP		COMPANY	
	2009 R	2008 R	2009 R	2008 R
20 Investments				
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	4 654 000	5 409 000	–	–
Current liabilities	(626 500)	(1 539 500)	–	–
Net current assets	4 027 500	3 869 500	–	–
Revenue	20 115 000	21 735 000	–	–
Net operating costs	(1 742 500)	(2 005 500)	–	–
Interest received	398 500	326 000	–	–
Net profit before tax	18 771 000	20 055 500	–	–
Taxation	(6 469 500)	(6 931 000)	–	–
Net profit after tax	12 301 500	13 124 500	–	–

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 liabilities 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 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.

	Loans and receivables R	Available- for-sale R	Non- financial assets R	Total R
Financial assets – GROUP				
2009				
Cash and cash equivalents	55 754 405	–	–	55 754 405
Related party loans	19 719 023	–	–	19 719 023
Trade and other receivables	8 404 578	–	139 532	8 544 110
Available-for-sale investments	–	16 685 000	–	16 685 000
Total	83 878 006	16 685 000	139 532	100 702 538
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
Total	95 616 335	20 329 677	9 380	115 955 392

Notes to the Annual Financial Statements | for the year ended 30 June 2009

	Financial liabilities measured at amortised cost R	Non-financial liabilities R	Total R
22 Financial instruments continued			
Financial liabilities – GROUP			
2009			
Trade and other payables	24 134 930	78 353	24 213 283
Dividends payable	4 245 736	–	4 245 736
Preference shares	285 123 865	–	285 123 865
Total	313 504 531	78 353	313 582 884
2008			
Trade and other payables	7 664 841	33 655	7 698 496
Dividends payable	3 866 268	–	3 866 268
Preference shares	201 398 108	–	201 398 108
Total	212 929 217	33 655	212 962 872
	Loans and receivables R	Non-financial assets R	Total R
Financial assets – COMPANY			
2009			
Cash and cash equivalents	4 293 033	–	4 293 033
Related party loans	295 988 124	–	295 988 124
Trade and other receivables	2 520 920	139 532	2 660 452
Total	302 802 077	139 532	302 941 609
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
Total	76 605 479	9 380	76 614 859
	Financial liabilities measured at amortised cost R	Non-financial liabilities R	Total R
Financial liabilities – COMPANY			
2009			
Trade and other payables	17 137 402	78 353	17 215 755
Related party loans	34 660 152	–	34 660 152
Dividends payable	4 245 736	–	4 245 736
Total	56 043 290	78 353	56 121 643
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



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 remain constant.

GROUP	Increase in basis points	Effect on pre-tax profit R	Decrease in basis points	Effect on pre-tax profit R
Current year	100	2 649 733	(100)	(2 649 733)
Prior year	100	508 390	(100)	(508 390)
COMPANY				
Current year	100	42 930	(100)	(42 930)
Prior year	100	444 787	(100)	(444 787)

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	1 401 629	1	1 611 544
Prior year	1	9 466 832	1	1 467 784

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.

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.

Notes to the Annual Financial Statements | for the year ended 30 June 2009

22 Financial instruments continued

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	> 2 years R	Total R
2009						
Trade and other payables	–	24 134 930	–	–	–	24 134 930
Preference shares	–	–	46 000 000	30 207 000	210 874 757	287 081 757
Interest on preference shares	–	6 376 015	14 442 775	42 787 461	20 510 767	84 117 018
Dividends payable	4 245 736	–	–	–	–	4 245 736
Total	4 245 736	30 510 945	60 442 775	72 994 461	231 385 524	399 579 441
2008						
Trade and other payables	–	7 664 841	–	–	–	7 664 841
Preference shares	–	–	–	–	203 356 000	203 356 000
Interest on preference shares	–	11 894 129	24 220 667	24 220 667	67 222 775	127 558 238
Dividends payable	3 866 268	–	–	–	–	3 866 268
Total	3 866 268	19 558 970	24 220 667	24 220 667	270 578 775	342 445 347
COMPANY						
2009						
Trade and other payables	–	17 137 402	–	–	–	17 137 402
Related party loan	34 660 152	–	–	–	–	34 660 152
Dividends payable	4 245 736	–	–	–	–	4 245 736
Total	38 905 888	17 137 402	–	–	–	56 043 290
2008						
Trade and other payables	–	1 404 540	–	–	–	1 404 540
Related party loan	565 081	–	–	–	–	565 081
Dividends payable	3 866 268	–	–	–	–	3 866 268
Total	4 431 349	1 404 540	–	–	–	5 835 889

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
2009				
Loans and receivables	–	3 235 132	–	3 235 132
Available-for-sale investments	(3 134 422)	–	–	(3 134 422)
Financial liabilities at amortised cost	–	–	(31 938 621)	(31 938 621)
Total	(3 134 422)	3 235 132	(31 938 621)	(31 837 911)
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
COMPANY				
2009				
Loans and receivables	–	1 315 483	(2 089 389)	(773 906)
Total	–	1 315 483	(2 089 389)	(773 906)
2008				
Loans and receivables	–	7 891 925	–	7 891 925
Total	–	7 891 925	–	7 891 925



	GROUP		COMPANY	
	2009 R	2008 R	2009 R	2008 R
23 Directors' emoluments				
Executive directors				
– directors' fees	–	1 228 500	–	1 228 500
– salary	2 030 923	225 000	2 030 923	225 000
Non-executive directors				
– directors' fees	1 490 958	1 707 000	1 490 958	1 707 000
	3 521 881	3 160 500	3 521 881	3 160 500
Paid by:				
– the company	3 521 881	3 160 500	3 521 881	3 160 500
24 Dividends declared and paid				
Final dividend in respect of the 2008 financial year of 10 cents (2007: 30 cents per share) (pre the 4:1 share split)	46 281 570	24 902 854	46 281 570	24 902 854
The final dividend in respect of the 2009 financial year of 7,5 cents per share was declared on 2 September 2009.				
25 Notes to the cash flow statement				
25.1 Taxation paid				
Taxation – beginning of the year	3 673 291	2 424 125	1 836 278	732 262
Amount per income statement (note 5)				
– current year	6 066 036	7 984 844	332 347	1 780 292
– prior year underprovision	–	92 851	–	–
– STC	1 363 231	1 315 501	149 231	–
Taxation – closing balance for the year	(701 509)	(3 673 291)	(128 925)	(1 836 278)
	10 401 049	8 144 030	2 188 931	676 276
25.2 Dividends paid				
Opening balance	3 866 268	3 757 380	3 866 268	3 757 380
Dividends declared	46 281 570	24 902 854	46 281 570	24 902 854
Closing balance	(4 245 736)	(3 866 268)	(4 245 736)	(3 866 268)
	45 902 102	24 793 966	45 902 102	24 793 966

Notes to the Annual Financial Statements | for the year ended 30 June 2009

GROUP	Balance (owed)/ receivable 2009 R	Receipts/ (payments) 2009 R	Receipts/ (payments) 2008 R	Balance (owed)/ receivable 2008 R
26 Related party transactions				
Nadesons (Pty) Limited	–	–	(481 512)	11 750
DLA Cliffe Dekker Hofmeyr	–	–	(242 650)	(181 255)
Shares purchased by directors	–	7 250 600	98 420	–
Shares sold by directors	–	(3 750 000)	–	–
Proman Project Management Services (Pty) Limited	49 183	(619 223)	(770 684)	44 804
Joint ventures	–	12 143 500	–	12 422 000
GPSIT loans to directors	3 464 239	3 464 239	–	–
Asch Consulting Engineering (Pty) Limited	(7 757)	(136 129)	(153 883)	(100)
Short-term employee benefits	–	(3 521 881)	(3 160 050)	–
COMPANY				
Nadesons (Pty) Limited	–	–	(481 512)	11 750
DLA Cliffe Dekker Hofmeyr	–	–	(242 650)	(181 255)
Shares purchased by directors	–	7 250 600	98 420	–
Shares sold by directors	–	(3 750 000)	–	–
Proman Project Management Services (Pty) Limited	49 183	(619 223)	(770 684)	44 804
Asch Consulting Engineering (Pty) Limited	(7 757)	(136 129)	(153 883)	(100)
Subsidiaries	245 391 983	114 929 905	23 188 592	(7 333 894)
Special purpose entities	15 400 000	15 400 000	–	–
Short-term employee benefits	–	(3 521 881)	(3 160 000)	–

Third parties

DLA Cliffe Dekker Hofmeyr (formerly known as Hofmeyr Herbststein & Gihwala Inc.) is a firm of attorneys that provides legal services to the group. No transactions occurred during the year. Directors of DLA Cliffe Dekker Hofmeyr, Messrs Alexander Abercrombie and Charl Williams, are also directors of the company.

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

Asch Consulting Engineers are engineering consultants. Asch Consulting Engineers provides GPI 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, R25 million has been invested with Grindrod Bank. A director of GPI, Mr Hassen Adams, is also a shareholder of Grindrod Bank.

Subsidiaries

Refer to note 12 for balances owed/due to subsidiaries.

Associates

Refer to note 11 for transactions and balances relating to associates.

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, 1973 (No. 61 of 1973), as amended, a capital redemption reserve fund must be created for the par value of the preference shares redeemed during the year.

29 Breaches

During the year the covenants on both preference shares were breached, marginally and for approximately a week each, which can be attributed to the market uncertainty caused by the financial crisis. These breaches have since been remedied with the SISA and RAH share prices rallying above the breach ratio for each of the respective preference shares.