



# Grand Parade Investments Limited

## Reviewed Final Results for the year ended 30 June 2009

GRAND PARADE  
INVESTMENTS LIMITED

### HIGHLIGHTS

- **Headline earnings ▲ 14%**
- **Operating costs ▼ 7%**
- **Dividend of 7,5 cps**
- **NAV per share ▲ 11%, strong balance sheet and low gearing**
- **Share buy-back – 27 million shares at an average of R2,18**
- **Increased exposure to select urban casinos and the LPM industry**
- **Cash retained for acquisitions**

### INCOME STATEMENT

	Note	Reviewed 30 June 2009 R'000s	Audited 30 June 2008 R'000s	% change
Revenue	1	27 451	34 032	(19)
Operating costs	2	(14 932)	(16 137)	(7)
Profit from operations		12 519	17 895	(30)
Share of profit from associates	3	118 191	47 052	151
Impairment in investment in associates	4	–	(92 132)	(100)
Negative goodwill from associates	5	80 623	784 087	(90)
Net income before finance costs and taxation		211 333	756 902	(72)
Finance costs	6	(31 939)	(8 934)	240
Net profit before tax		179 394	747 968	(76)
Taxation		(7 470)	(9 385)	(20)
Net profit for the year		171 924	738 583	(77)
Attributable to ordinary shareholders		171 924	738 583	
<b>Reconciliation of earnings per share</b>				
Basic earnings		171 924	738 583	
Preference dividend		–	(3 481)	
Attributable profit after preference dividend		171 924	735 102	
Negative goodwill from associates		(80 623)	(784 087)	
Impairment in investment in associates		–	92 132	
Loss on disposal of plant and equipment		13	–	
Profit on sale of subsidiary		(213)	–	
Tax on above		56	–	
Associates		5 548	41 054	
– BEE transaction		–	43 064	
– (Gain)/Loss on disposal of plant and equipment		53	(60)	
– Gain on disposal of investments recycled to income statement		(869)	(2 312)	
– Impairment of casino licence		3 613	–	
– Provision for pension fund exposure		2 751	362	
Tax effect of above		(28)	563	
Headline earnings		96 677	84 764	
Reversal of employee share trust consolidated**		(162)	–	
Adjusted headline earnings		96 515	84 764	
<b>Headline earnings and dividend per share</b>				
Shares in issue ('000s)		443 761	469 028	
Weighted average shares ('000s)		462 033	365 767	
Adjusted weighted average shares ('000s)		462 033	–	
Basic earnings per share (cents)		37,21	200,98	
Diluted earnings per share (cents)		37,21	200,98	
<b>Headline earnings per share (cents)</b>	7	20,92	23,17	
Adjusted headline earnings per share (cents)**		20,89	–	
Dividends paid per share (cents)*		10,00	7,50	

\* Final dividend declared in respect of the previous financial year and paid in December.  
\*\* The consolidation of the Employee Share Trust is reversed as the group does not receive the economic benefits of the trust.

### GENERAL OVERVIEW

#### INVESTMENT HIGHLIGHTS

During the year under review GPI increased its direct stake in SunWest (Proprietary) Limited (SunWest) by 2,83% at a cost of R92,4 million by exercising 560 000 of its 700 000 SunWest share options at an exercise price of R165 per SunWest share.

GPI through its associate Akhona Gaming Portfolio Investments Holdings (Proprietary) Limited (Akhona GPI), increased its indirect stake in the exceptionally well-positioned Sibaya Casino. GPI provided Akhona GPI with the funds to exercise its pre-emptive rights in acquiring additional Dolcoast Investments Limited (Dolcoast) shares. As a consequence, GPI's effective economic stake in Akhona GPI increased to 75% with its voting rights increasing to 49,99%. It is noted that Akhona Investment 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.

GPI increased its indirect stake in Thuo Gaming KwaZulu-Natal (Proprietary) Limited (Thuo KZN) through Akhona GPI's acquisition of Wild Rush Trading 97 (Proprietary) Limited (Wild Rush), which owns 10% of Thuo KZN at a cost of R6 million.

In accordance with the GPI board's previously stated view that GPI's share price is trading at a substantial discount to its underlying value, 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. In addition, the Grand Parade Share Incentive Trust (GPSIT), with the assistance of GPI, acquired a further 7,6 million shares in GPI at R2,00 per share. The combined average price per share of these buy-backs amounts to R2,18 per share. Key executives of GPI, in accordance with the rules of the GPSIT, were granted and exercised options over 1,8 million of these shares during the year, with the remaining 5,8 million shares held as treasury shares.

The following table reflects GPI's direct holding in its various investments.

Direct interest (%)	30 June 2009	30 June 2008
SunWest	29,24	26,41
Real Africa Holdings Limited (RAH)	30,57	30,57
Akhona GPI	75,00	50,00
Worcester Casino (Proprietary) Limited (Golden Valley/Worcester Casino)	36,70	36,70
Thuo Gaming Western Cape (Proprietary) Limited (TGWC)	25,10	25,10
National Casino Resort Management Company (Proprietary) Limited (National Manco)	5,67	5,67
Western Cape Casino Resort Manco (Proprietary) Limited (Western Cape Manco)	50,00	50,00

#### COMMENTARY ON GPI'S FINANCIAL PERFORMANCE AND POSITION

- Revenue**  
Revenue comprises GPI's share of management fee revenue generated by WC Manco, dividends received from National Manco, dividends received from preference share investments and interest earned on positive cash balances. Revenue has decreased mainly due to lower interest received as a result of lower average cash balances during the reporting period and lower revenues generated by Western Cape Manco.
- Operating costs**  
Operating costs were well controlled and savings of 7% were achieved on last year's costs. This was despite the additional demands of being a listed company with a larger portfolio of investments.
- Share of profit from associates**  
GPI's share of associate income increased substantially this year. In the case of SunWest this growth is attributed to its increased stake for the full year. Profit from RAH has been accounted for the full current reporting period, compared to one month in the previous year. Thuo WC performed well during the year, growing its revenues by 12%. Due to

### BALANCE SHEET

	Note	Reviewed 30 June 2009 R'000s	Audited 30 June 2008 R'000s
<b>ASSETS</b>			
Non-current assets	3	1 876 137	1 696 386
Current assets		80 235	95 626
<b>Total assets</b>		1 956 372	1 792 012
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Shareholders' interest		1 639 715	1 572 534
Non-current liabilities		287 496	204 240
Current liabilities		29 161	15 238
<b>Total equity and liabilities</b>		1 956 372	1 792 012
Net asset value (cents)		370	335

### CASH FLOW STATEMENT

	Note	Reviewed 30 June 2009 R'000s	Audited 30 June 2008 R'000s
Cash and cash equivalents at beginning of year		81 834	69 710
Cash flows from operating activities		3 353	(2 595)
Cash flow from investing activities		(133 664)	(346 394)
Cash flows from financing activities		104 231	361 113
Cash and cash equivalents at end of year		55 754	81 834

### STATEMENTS OF CHANGES IN EQUITY

	Capital redemption reserve fund R'000s	Ordinary share capital R'000s	Share premium R'000s	Redeemable preference share capital R'000s	Available-for-sale fair value reserve R'000s	Treasury shares R'000s	Accumulative profits R'000s	Total R'000s
Balance at 30 June 2007	115	83	112 201	57 798	17 930	–	109 569	297 696
Profit for the year	–	–	–	–	–	–	738 583	738 583
Unrealised fair value loss on available-for-sale investments	–	–	–	–	(446)	–	(446)	(446)
Total income and expense for the year	–	–	–	–	(446)	–	738 583	738 137
Share of loss from associate prior to becoming an associate	–	–	–	–	–	–	(5 669)	(5 669)
Ordinary dividend paid	–	–	–	–	–	–	(24 902)	(24 902)
Preference dividend	–	–	–	–	–	–	(3 481)	(3 481)
Preference shares redeemed	–	–	–	(57 798)	–	–	–	(57 798)
Transfer to capital redemption reserve fund	115	–	–	–	–	–	(115)	–
Share issue expenses	–	–	(8 397)	–	–	–	–	(8 397)
Share capital raised	–	34	636 914	–	–	–	–	636 948
<b>Balance at 30 June 2008</b>	<b>230</b>	<b>117</b>	<b>740 718</b>	<b>–</b>	<b>17 484</b>	<b>–</b>	<b>813 985</b>	<b>1 572 534</b>
Profit for the year	–	–	–	–	–	–	171 924	171 924
Unrealised fair value loss on available-for-sale investments	–	–	–	–	(3 134)	–	–	(3 134)
Total income and expense for the year	–	–	–	–	(3 134)	–	171 924	168 790
Ordinary dividend paid	–	–	–	–	–	–	(46 281)	(46 281)
Shares bought back	–	(5)	(43 654)	–	–	–	–	(43 659)
Treasury shares purchased	–	–	–	–	–	(15 238)	–	(15 238)
Treasury shares issued	–	–	–	–	–	3 569	–	3 569
Transfer to capital redemption reserve fund	22	–	–	–	–	–	(22)	–
<b>Balance at 30 June 2009</b>	<b>252</b>	<b>112</b>	<b>697 064</b>	<b>–</b>	<b>14 350</b>	<b>(11 669)</b>	<b>939 606</b>	<b>1 639 715</b>

### SEGMENTAL ANALYSIS

Based on 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 investments.

The following table details GPI's share of associate income from its various investments. GPI's prior year earnings attributable from SunWest includes its share of the BEE transaction charge amounting to R43 million.

	Reviewed 30 June 2009 R'000s	Audited 30 June 2008 R'000s
Income from associates	118 191	47 052
– SunWest	85 298	36 809
– RAH	28 109	5 482
– Thuo WC	4 566	4 738
– Akhona GPI	218	23

### ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except where stated otherwise, and in accordance with International Financial Reporting Standards (IFRS) and are presented in terms of disclosure requirements set out in IAS 34 – Interim Financial Reporting and the Companies Act of South Africa. The GPI group did not early adopt any new amendments or statements during the reported financial year.

The accounting policies applied to the consolidated financial information are consistent with those set out in the audited annual financial statements for the year ended 30 June 2008.

GRAND PARADE INVESTMENTS LIMITED  
(Incorporated in the Republic of South Africa)

Registration number  
1997/003548/06

Share code  
GPL

ISIN  
ZAE00119814

Directors  
H Adams (Chairman)\*, A Abercrombie\*, A W Bedford\*,  
A Funkey, R Freese\*, R Hopton, Dr N Maharaj\*,  
N Mlambo\*, C Williams\*\*  
(\* non-executive \*\* independent)

Registered office  
15th Floor Triangle House, 22 Riebeeck Street,  
Cape Town, 8001  
PO Box 7746, Roggebaai, 8012

Transfer secretaries  
Computershare Investor Services (Proprietary) Limited  
70 Marshall Street, Johannesburg, 2001

Attorneys  
Bernardt Vukic Potash & Getz Attorneys

Corporate advisers  
Leaf Capital (Proprietary) Limited

Sponsor  
PSG Capital (Proprietary) Limited

Company Secretary  
Richard Hopton

#### 8 Related party transactions

The GPI group, in the ordinary course of business, entered into various transactions with related parties. All transactions were concluded at arm's length. Any intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the group as presented.

#### 9 Ordinary dividend declaration

Notice is hereby given of the declaration of an ordinary cash dividend of 7,5 cents per share (2008: 10 cents per share). The following salient dates will apply to the dividend:

- Last date to trade "cum" the dividend: Friday, 27 November 2009
- Trading commences "ex" the dividend: Monday, 30 November 2009
- Record date: Friday, 4 December 2009
- Date of payment of the dividend: Monday, 7 December 2009

Share certificates cannot be dematerialised or rematerialised between Monday, 30 November 2009 and Friday, 4 December 2009, both days inclusive.

#### 10 Subsequent events

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

#### 11 Directorate

During the financial year Richard Hopton was appointed as Financial Director. He has also assumed the responsibilities of Company Secretary with effect from 25 June 2009.

#### 12 Review results

The GPI group auditors Ernst & Young Inc have reviewed the condensed consolidated financial information for compliance with IFRS and the Companies Act of South Africa for the year ended 30 June 2009. Their unqualified review opinion is available for inspection at the registered office of the company.

#### 13 Prospects

GPI's healthy portfolio of highly cash-generative assets have proved resilient during the unfolding global economic storm. These assets have provided GPI with an excellent platform on which to build on GPI's enviable track record. Mindful of the needs of our shareholders and our commitment to be a dividend active company, provision has been made for the payment of a dividend. The retained cash in the business as well as its strong balance sheet places GPI in a good position to expand its interests in the tourism and leisure sector, including the urban casino industry and the LPM market. During this recessionary period, where many businesses are waiting for the economic storm to abate, GPI is firmly on the move and taking advantage of its opportunities.

For and on behalf of the board

H Adams  
Chairman  
2 September 2009  
Cape Town

A Funkey  
Chief Executive Officer

