

Headlines

- Adjusted HEPS increased by 34%;
- Grandslots increases revenue by 11%;
- Kingdomslots increases revenue by 19%;
- Binding sale agreement concluded with Gauteng LPM operator;
- GrandWest strengthens its position to post a 6% revenue growth on last year.

GRAND SLOTS

KINGDOM SLOTS

SUNWEST INTERNATIONAL

GRANDWEST CASINO AND ENTERTAINMENT WORLD

The Table Bay At the Waterfront

THE GOLDEN VALLEY Casino

THE GOLDEN VALLEY Lodge

CITIC

Carnival City come play

SIBAYA CASINO & ENTERTAINMENT KINGDOM

BOARDWALK CASINO AND ENTERTAINMENT WORLD

Directors
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A Funkey (CEO), Dr N Maharegi #, N Mamba #, D Naidoo #,
S Petersen (Financial Director), F Samasi #, C Williams #

(# non-executive * independent)

GRAND PARADE INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(“GPI” or “the Company” or “the Group”)

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Registration number
1997/003548/06

Share code
GPL

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Grand Parade Investments Limited

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

Condensed group statement of comprehensive income

		Unaudited 31 Dec 2010 R'000s	Restated unaudited 31 Dec 2009 R'000s	Audited 30 June 2010 R'000s
Revenue	1	160 184	2 601	6 329
Cost of sales	2	(91 394)	-	-
Gross profit		68 790	2 601	6 329
Operating costs	3	(40 158)	(8 182)	(25 480)
Operating profit / (loss)		28 632	(5 581)	(20 151)
Profit from equity-accounted investments	4	61 272	58 086	117 628
Profit from jointly-controlled entities		42 764	40 489	82 200
Profit from associates		18 508	17 597	35 428
Impairment of investment	5	(32 838)	-	(3 860)
Re-measurement of investment	6	-	-	42 488
Depreciation and amortisation interest received	7	(14 265)	(231)	(478)
Finance costs		(17 932)	(11 657)	(29 835)
Net profit before taxation		25 876	40 617	105 792
Taxation		(3 773)	(785)	(1 084)
Net profit for the period		22 103	39 832	104 708
Other comprehensive income				
Changes in reserves of associated companies, net of tax		15 552	(15 431)	22 391
Unrealised fair value (losses) / gains on available-for-sale investments, net of tax		(1 532)	1 553	3 950
Total comprehensive income for the period		36 123	25 954	131 049
Profit for the period attributable to:				
- Ordinary shareholders		21 980	39 832	104 708
- Non-controlling interest		123	-	-
Total comprehensive income attributable to:		36 000	25 954	131 049
- Ordinary shareholders		36 123	25 954	131 049
- Non-controlling interest		-	-	-

	Unaudited 31 Dec 2010 R'000s	Restated unaudited 31 Dec 2009 R'000s	Audited 30 June 2010 R'000s
Basic and diluted earnings per share (cents)	4.75	8.86	23.04
Headline earnings per share (cents)	11.56	8.86	15.45
Adjusted headline earnings per share (cents)	12.00	8.98	19.52
Dividends paid per share (cents)	7.50	7.50	7.50

	Unaudited 31 Dec 2010 R'000s	Restated unaudited 31 Dec 2009 R'000s	Audited 30 June 2010 R'000s
Headline earnings reconciliation			
Earnings attributable to ordinary shareholders	21 980	39 832	104 708
Impairment of investment	32 838	-	3 860
Re-measurement of investment	-	-	(42 488)
Loss on sale of property, plant and equipment	131	-	-
Adjustments by jointly-controlled entities	-	-	1 534
- Fair value adjustments	-	-	974
Adjustments by associates	(1 526)	-	2 613
- Profit on disposal of shares	(1 526)	-	-
- Impairment of casino licence	-	-	3 482
- Impairment of available-for-sale investments	-	-	2 027
- Realised investment profits	-	-	(544)
- Bargain purchase in respect of associates	-	-	(788)
- Re-measurement of investment	-	-	(1 564)
Headline earnings	53 423	39 832	70 227
Reversal of employee share trust	(7)	-	62
Reversal of transaction costs	1 349	-	17 307
Adjusted headline earnings	54 765	39 832	87 596

	Unaudited 31 Dec 2010 R'000s	Restated unaudited 31 Dec 2009 R'000s	Audited 30 June 2010 R'000s
Headline earnings calculation			
Shares in issue (before deducting treasury shares) ('000s)	462 331	449 581	462 331
Shares in issue (after deducting treasury shares) ('000s)	456 511	443 761	456 511
Weighted average number of shares in issue ('000s)	462 331	449 581	454 507
Adjusted weighted average number of shares in issue ('000s)	456 511	443 761	448 687
Basic and diluted earnings per share (cents)	4.75	8.86	23.04
Headline earnings per share (cents)	11.56	8.86	15.45
Adjusted headline earnings per share (cents)	12.00	8.98	19.52
Dividends paid per share (cents)*	7.50	7.50	7.50

* Final dividend declared in respect to the previous financial year and paid in December

OPERATIONAL HIGHLIGHTS

PERFORMANCE OF GPI'S LPM SLOTS OPERATIONS

The GPI Board's decision to take control of its LPM operations are already yielding exciting benefits for the Group.

Grandslots and Kingdomslots

During the first six months of the financial year, our LPM operations generated R155.6 million in Gross Gaming Revenue (GGR) which has exceeded the prior year by 14% (R18.5 million).

Grandslots and Kingdomslots are licensed to operate 1 000 LPMs each in the Western Cape and KwaZulu-Natal respectively.

At the end of December 2010, 1 685 LPMs were operational in the Western Cape, 12 less than last year. At the end of December 2010, Grandslots operated 928 LPMs in the province, 9 more than last year.

Average GGR/Machine/Day for the month of December in the Western Cape increased from R603.31 (2009) to R702.87 (2010).

At the end of December 2010, 1 971 LPMs were operational in KwaZulu-Natal, 125 more than last year. At the end of December 2010, Kingdomslots operated 754 LPMs in the province, 49 more than last year.

Average GGR/Machine/Day for the month of December in KwaZulu-Natal increased from R303.75 (2009) to R354.70 (2010).

Both these route operations' revenues are ahead of the feasibility on which our decision to acquire the businesses were based.

Management have also been hard at work implementing improvements to productivity and overall levels of cost effectiveness and efficiency, which have contributed substantially to the improvement in adjusted headline earnings.

Expanding GPI's LPM footprint into Gauteng

As previously announced on SENS during November 2010, GPI has taken a significant step towards reaching its goal of expanding its LPM network from 2 000 to 5 000 machines, through its subsidiary Thuo Gaming Gauteng (Proprietary) Limited (Thuo GG) which concluded a binding sale of business agreement with LPM operator Playmeter Leisure Services (Proprietary) Limited (Playmeter).

The transaction, which is still subject to approval by the Gauteng Gambling Board (GGB), will see Thuo GG acquire the assets and contracts of Playmeter's route operator business in Gauteng, including its Route Operator Licence, which will provide Thuo GG with the ability to operate up to 1 000 LPMs in Gauteng.

At the time of the transaction Playmeter's route operator business consisted of 62 LPMs across sixteen venues in Gauteng, along with an approval from the GGB to roll out an additional ten machines at two new venues. As at 31 December 2010 Playmeter were operating a total of 77 LPMs at nineteen venues.

In addition to the 15 machines activated since the aforementioned SENS announcement, additional applications have been submitted to the GGB and approved.

Condensed group statement of financial position

	Notes	Unaudited 31 Dec 2010 R'000s	Restated unaudited 31 Dec 2009 R'000s	Audited 30 June 2010 R'000s
ASSETS				
Non-current assets		2 142 364	1 856 316	2 156 127
Current assets		85 471	76 628	122 352
Total assets		2 227 835	1 932 944	2 278 479
EQUITY AND LIABILITIES				
Total equity		1 774 265	1 632 387	1 772 380
Shareholders' interest		1 769 164	1 632 387	1 767 402
Non-controlling interest		5 101	-	4 978
Non-current liabilities		1 360	2 613	17 111
- Deferred tax liabilities		-	-	-
- Cumulative redeemable preference shares		281 124	285 124	281 124
- Interest-bearing borrowings	7	112 000	-	120 058
- Provisions		809	-	94
- Finance lease liabilities		2 469	-	-
Current liabilities		55 808	12 820	87 712
Total equity and liabilities		2 227 835	1 932 944	2 278 479
Net asset value (before deducting treasury shares) (cents)		383	363	383
Adjusted net asset value (after deducting treasury shares) (cents)		388	368	388
Tangible net asset value per share (cents)		351	363	351
Adjusted tangible net asset value per share (cents)		355	368	356

Condensed group statement of cash flows

	Unaudited 31 Dec 2010 R'000s	Restated unaudited 31 Dec 2009 R'000s	Audited 30 June 2010 R'000s
Net profit before taxation	25 876	40 617	105 792
Non-cashflow items:			
- Depreciation and amortisation	14 265	231	478
- Re-measurement of investment	-	-	(42 488)
- Impairment of investment	32 838	-	3 860
- Profit from equity-accounted investments	(61 272)	(58 086)	(117 628)
- Loss on sale of property, plant and equipment	131	-	-
Finance costs per the statement of comprehensive income	17 932	11 657	29 835
Interest received per the statement of comprehensive income - investments	(965)	(1 491)	(3 943)
Interest received per the statement of comprehensive income - operations	(1 018)	-	-
Dividends received per the statement of comprehensive income - investments	(1 355)	(1 075)	(1 910)
- Adjustments capital changes	(33 451)	(22 145)	(3 931)
Income tax paid	(5 575)	(705)	(842)
Interest received - operations	1 018	-	-
Finance costs paid - operations	(4 747)	-	-
Net cash outflows from operating activities	(16 323)	(30 997)	(30 777)
Plant and equipment acquired	(15 476)	(164)	(181)
Acquisition of intangible assets	2010	-	-
Net investments made	(32 838)	(298)	(203 308)
Proceeds on sale of property, plant and equipment	10	-	-
Cash acquired - Carentan Group	-	-	42 916
Net cash outflows from investing activities	(48 509)	(462)	(169 573)
Dividends received - Group	77 614	65 101	130 203
Finance costs paid - investments	(13 185)	(6 324)	(30 075)
Interest received - investments	965	1 491	3 552
Repayment of borrowings	(8 000)	-	-
Increase in finance lease liabilities	2 469	-	-
Borrowings raised	-	-	120 000
Share capital raised	-	-	29 921
Ordinary dividends paid	(32 270)	(32 251)	(32 814)
Preference shares redeemed	-	-	(24 000)
Preference share capital raised	-	-	20 000
Net cash inflows from financing activities	27 593	29 017	216 787
Net (decrease)/increase in cash and cash equivalents	(37 239)	(2 442)	25 437
Cash and cash equivalents at beginning of period	81 191	55 754	55 754
Cash and cash equivalents at end of period	43 952	53 312	81 191

Average GGR/Machine/Day for the month of December in Gauteng increased from R239.19 (2009) to R421.66 (2010) and active LPMs from 182 to 620 respectively.

PERFORMANCE OF GPI'S JOINTLY CONTROLLED ENTITIES

SunWest

As announced on SENS on 23 September 2010, GPI exercised its remaining option to purchase 140 182 SunWest shares at a very favourable option price of R165 per share. At the Annual General Meeting held on 15 December 2010 the shareholders approved the payment of 10 cents per GPI share to certain black GPI shareholders as compensation for restricting the sale of their shares in GPI until 30 June 2012, which was necessary to achieve the 35% lock-in required by the option agreement. This together with other pre-emptive rights exercised during June 2010 increased GPI's direct shareholding in SunWest from 29.24% to 30.04%.

GrandWest Casino and Entertainment World's (GrandWest) initial 10-year casino exclusivity in the Cape Metropole expired during December 2010. The Provincial Government of the Western Cape (PGWC) is still considering whether to permit the relocation of one of the other casino licences in the Western Cape to the Cape Metropole and is presently engaging interested stakeholders before taking a final decision.

GrandWest's revenue increased by 6% compared to the prior year, whilst its attributable earnings increased by 5% (R7.2 million). GrandWest's performance is encouraging in light of the very difficult conditions it has traded under.

The Table Bay Hotel's attributable losses increased by 19% (R3.8 million) mainly due to the 10% drop in room occupancies from 54.3% to 44.3%. During the year the average room rate increased by 18%.

Golden Valley Casino

The GPI Group took up certain rights and increased its direct and indirect economic stake in Worcester Casino (Proprietary) Limited (Golden Valley Casino) from 44.39% to 45.37%. The funds raised were partly used to fund the completion of the Worcester N2 Interchange that was due for construction as committed to in the initial casino licence application submission to the Western Cape Gambling and Racing Board (WCGRB) in respect of the Golden Valley Casino's licence. The cost of this investment to GPI has historically been very small given that it has largely been funded internally through interest-bearing debt. The investment is yet to produce a positive earnings contribution.

This additional contribution does not increase the value of this investment above its recoverable amount. Consequently the investment has been impaired.

Golden Valley Casino's revenue increased by 11% compared to the prior year while its EBITDA increased by 5%.

Western Cape Manco

Western Cape Manco's attributable earnings increased by 5%, which is in line with the increase in GrandWest's revenue and EBITDA.

PERFORMANCE OF GPI'S ASSOCIATE INVESTMENTS

Real Africa Holdings Limited (RAH)

GPI's share of RAH's attributable earnings grew by 29% and it is pleasing that RAH has declared a dividend of 13 cents per share compared to 12 cents per share the previous year. RAH comprises some of the best performing urban casinos in South Africa and certainly the crown jewels of Sun International's portfolio of assets.

Group statement of changes in equity

	Capital redemption reserve fund R'000s	Ordinary share capital R'000s	Share premium R'000s	Treasury shares R'000s	Available-for-sale fair value reserve R'000s	Non-controlling interest R'000s	Accumulated profits R'000s	Total R'000s
Balance at 30 June 2009	252	112	697 269	(11 669)	14 349	-	939 402	1 639 715
Total comprehensive income for the period	-	-	-	-	39 832	-	25 954	65 586
Ordinary dividends paid	-	-	-	-	(13 878)	-	(33 282)	(47 160)
Restated balance at 31 Dec 2009	252	112	697 269	(11 669)	471	-	945 952	1 632 387
Total comprehensive income for the period	-	-	-	-	40 219	-	64 875	105 094
Share issue expenses	-	-	(41)	-	-	-	-	(41)
Share capital raised	-	3	29 959	-	-	-	-	29 962
Transfer to capital redemption reserve fund	24	-	-	-	-	-	(24)	-
Non-controlling interest	-	-	-	-	-	4 978	-	4 978
Balance at 30 June 2010	276	115	727 187	(11 669)	40 690	4 978	1 010 803	1 772 380
Total comprehensive income for the period	-	-	-	-	14 020	123	21 980	36 123
Ordinary dividends paid	-	-	-	-	-	-	(34 238)	(34 238)
Balance at 31 Dec 2010	276	115	727 187	(11 669)	54 710	5 101		