

CHAIRMAN'S REPORT

For the Year Ended 30 June 2006

OUTSTANDING ACHIEVEMENT FOR 2006

The 2006 year was characterized by excellent performances being achieved by our gaming operations at GrandWest and Thuo Gaming trading as Grand Slots. Both the management teams of Sun International and Grand Slots need to be congratulated for their continued commitment in striving for excellence. By the time you receive this, the Golden Valley Casino in Worcester will have been successfully opened and we keenly await the future outcomes of this casino.

The group achieved strong growth in revenues which were 19.3% ahead of last year at R71,6 million.

At the date of this annual report, the directors had decided to delay the declaration of any dividend for the 2006 year. A final decision will be made once there is more certainty regarding the BBBEE SPV Trust. Shareholders will be informed immediately that a dividend is declared.

BBBEE STATUS

GPI strives to maintain its BBBEE status and has introduced a Trust to protect this status for the next 7 years. The GPI SPV Trust was sold 12,606,000 GPI ordinary shares which transaction was approved at a General Meeting of shareholders held on 30 July 2006. This step will enable GPI to further consolidate its black empowerment status and is the first step in complying with the required BBBEE lock-up in terms of acquiring a further 5% equity in SunWest.

INVESTMENTS

The board of GPI resolved to continue investing in gaming opportunities and to maintain its focus on the gaming industry. The current investment position is reflected as follows:

- 100% interest in BVI Investments 575 (Pty) Ltd (through which the shares (19.6%) in SunWest are held)
- 50% in Western Cape Management Company (Pty) Ltd
- 5.7% in the National Management Company (Pty) Ltd
- 25.1% in Thuo Gaming Western Cape (Pty) Ltd t/a Grand Slots
- 38% in Golden Valley Casino in Worcester (acquired after the year end).

All the above investments are generating profits other than the newly established Golden Valley Casino in Worcester which opened for trading on 22 November 2006.

As noted elsewhere in the report, our board is in discussion for increased equity in SunWest.

DEVELOPMENTS

The GrandWest expansion started last year. The project is now at an advanced stage and will include enhancements to the existing salon privé (which will open in December 2006); an additional smoking casino (opening in June 2007); and an additional 1200 bay parking garage. The number of slot machines will increase from 1846 to 2500 and a state of the art 5000 to 6000 seater arena for special events is also part of the development. Further additions will be a futuristic pin bowl alley, more festival shopping and restaurants.

The Golden Valley Casino in Worcester was opened on the 22nd November 2006 ahead of programme and the final cost of construction was below budget. Our sincere thanks to all involved in delivering this exciting new casino. A 90-room hotel has also now been approved and construction will commence in the new year.

I would like to draw your attention to a press release published on the 20th November 2006 which is included here after my report.

FINANCIAL RESULTS

I am pleased to report that for the period under review the group has shown a net profit attributable to the shareholders of R45,7 million, an increase of 19.3% over the prior year and earnings of 50,11c per share (2005: 36.5 cents).

The GrandWest Casino, the Table Bay Hotel, and Grand Slots continue to perform better than their competitors.

It is particularly gratifying to report these excellent earnings for the period under review.

CORPORATE GOVERNANCE

Over the last financial year we have introduced a more efficient administration to GPI. Our practices throughout the group are now at a high standard and we are pleased with our achievements in attaining this level of governance. Our board and committees are functioning well. The growth of GPI will demand an executive management structure and this is at present being researched.

PROSPECTS

The South African economy remains buoyant even though bank interest rates have been increased and we expect the companies that we **have** invested in to achieve **their** budgets in the ensuing year.

GrandWest Casino continues to maintain its superior status ahead of other casinos in South Africa and the latest results in the Annual Financial Statements of SunWest confirms SunWest to have revenues of approximately R1.5 billion with an EBITDA of approximately R650million.

Grand Slots has also grown substantially and is already showing profits ahead of schedule and this is despite the fact that we were not able to implement the budgeted number of machines at this stage. We expect to have completed the roll-out of our 1000 machine allocation by the middle of 2007.

We expect the revenues at GrandWest to improve once the new Salon Privé has been opened in December 2006.

The Golden Valley Casino in Worcester is now in operation and we are confident of a positive financial contribution.

LITIGATION

The year 2006 has been characterized by much litigation, as listed below:

1. Sun International (SISA) / AfriSun

Sun International now controls Real Africa Holdings Ltd (RAH) which in turn controls AfriSun Leisure. GPI is in discussion with SISA and RAH regarding the increase of GPI's interest in SunWest. RAH has instituted legal action against SISA over GPI's planned acquisitions. The board believes that these matters will be resolved positively and timeously.

2. Sancino/Blue Bay Re: SPV & BBEE Trusts

Two shareholders of GPI Ltd, Sancino Projects Limited and Blue Bay Partners (Pty) Ltd, launched interdict proceedings against GPI during the course of the year. As a result, a Court Order has been put in place whereby GPI is able to continue with the resolutions as passed at the General Meeting of the 30 July 2006 save for the issue of the allocation of units in the BBEE Trust to the consortia and the existing shareholders as per the circular. The court has postponed the full hearing of the matter to March 2007 where a decision will be made regarding the BBEE Trust and also an application in terms of Section 252 of the Company's Act (Sancino Project Limited's claim in terms of the alleged oppression of their rights).

Blue Bay Partners has in the meantime withdrawn its application together with all other litigation and has been very cooperative in its relationship with GPI.

- Our lawyers, Hofmeyrs, believe that we run no significant economic risk as a result of these actions. We are confident of our legal position and consider the stance by Sancino Projects to be without merit.

We shall continue to update the shareholders of any future developments.

GPI WEBSITE

Our website can be accessed through the Internet at our address www.grandparade.co.za. This website is being used to give all shareholders, the media and the public the fullest information possible about the company, its financial information and any other relevant news which affects the company's investments. Please note that this website is updated on a regular basis.

LISTING ON THE JSE

It has long been GPI's intention to list the company and shareholders were apprised of this when GPI issued the original prospectus. The directors will pursue the best listing opportunities for the company. The listing is in an advanced stage of planning and is targeted for the first half of 2007 with every effort being made to list by the end of March 2007.

The listing will be a primary JSE listing and will only be delayed in the event that any of the litigation is not satisfactorily resolved. The board is of the view, however, that the acquisition of further shares by GPI in SunWest will be positively and timeously resolved.

The board is strongly of the view that a direct listing is in the interest of all shareholders and that this will allow shareholders to realize full value for their shareholding and directly receive any dividends.

ANNUAL GENERAL MEETING

Attached to these financial statements shareholders will find the notice of our annual general meeting (together with a form of proxy for voting) which is to be on 18th December 2006. The board of directors urge you, if possible, to attend this meeting in person when it will be available to answer any questions which you may have concerning these financial statements and any other related matters.

RESOLUTIONS AT THE AGM

Special Resolution needing 75% voting in favour

The most important resolution shareholders are being asked to vote on, is the change to the company articles of association. In order for the company to list on the JSE new articles are needed. The proposed new articles are JSE compliant and are available for inspection at the company's registered office and have been posted on the company's website.

You are all encouraged to vote in favour of this special resolution so that the company can proceed with its listing.

The remaining resolutions are ordinary resolutions (needing 50% voting in favour). These cover normal matters at an annual meeting of shareholders, such as appointment of directors, and auditors, and the approval of directors and audit fees. Every year one-third or the non-executive directors need to retire from the board and be re-voted for appointment. This year Ralph Freese

and Norman Daniels retire and both have indicated their willingness to be re-elected to the board.

APPRECIATION

I would like to express my sincerest appreciation for the efforts and hard work of all staff and advisors to Grand Parade Investments Limited, who have brought us through another successful financial year; to the GrandWest, Grand Slots and the Table Bay Hotel management teams for an excellent performance and to my board of directors for their support and dedication and who have made a significant contribution to the success of the our company.

HASSEN ADAMS

Chairperson

GPI PRESS RELEASE (20 November 2006)

Grand Parade Investments (GPI) has advised shareholders that it had received an unsolicited approach regarding an intention to make an offer from Dynamic Cables (Dynamic) to acquire 100% of the shares in GPI.

Preliminary indications are that Dynamic would offer 8 Dynamic shares for every 1 GPI share. Dynamic must submit a full offer within the next 25 days.

GPI Chairperson Hassen Adams said that the GPI Board would now await the full offer from Dynamic. "Thereafter, we will send the offer, together with the response from the GPI Board and an independent expert to be appointed, to our shareholder community."

"At this stage, we are unfortunately restricted in terms of what we can say to our shareholders, as the full process is covered by Securities Regulation Panel (SRP) and JSE rules.

"However, we would like to remind all shareholders, which we did last week, that it is our firm intention to list on the JSE, preferably by 31 March 2007. This will allow shareholders to realise full value for their shares and for them to be in line to receive dividends declared by GPI directly."

Adams noted that while this offer was unsolicited, it nevertheless indicated growing interest in the GPI share.

“It will be the GPI Board’s duty to properly advise our shareholders and particularly all our small broad-based shareholders who have been loyal GPI shareholders since inception in 1997.”

“We’d like to urge our shareholders to exercise caution and await further communication.

“If any of our shareholders are in doubt, we would suggest they contact the GPI offices or their own professional advisor.”