THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretation commencing on page 5 of this Circular apply *mutatis mutandis* to this cover.

ACTION REQUIRED BY GPI SHAREHOLDERS

- This entire Circular is important and should be read with particular attention to the section entitled "*Action required by GPI Shareholders*", which commences on page 3.
- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser to whom, or the CSDP, Broker or other agent through whom the disposal was effected.
- GPI does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Dematerialised Shareholder of the transactions and actions set out in this Circular.

GRAND PARADE
INVESTMENTS LIMITED

GRAND PARADE INVESTMENTS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1997/003548/06)
Share code: GPL ISIN: ZAE000119814
("**GPI**" or "**the Company**")

CIRCULAR TO GPI SHAREHOLDERS

Relating to:

- the approval of the SunWest and Worcester Transaction;
- the approval of the Sibaya Transaction;
- the approval of the GPI Slots Transaction;
- the approval of the GPI Slots Repurchase Call Option; and
- the approval of the GPI Slots Forced Sale,

and incorporating:

- the Notice of General Meeting; and
- a form of proxy (*yellow*) in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only).

Lead Corporate Advisor	**Sponsor and Corporate Advisor**	**Independent Reporting Accountants and Auditors**	**Legal Advisor**
Leaf Capital	PSG CAPITAL	EY Building a better working world	bvpg BERNADT • VUKIC POTASH • & • GETZ ATTORNEYS

Date of issue: **21 July 2014**

Copies of this Circular are available in English only and may, from **Monday, 21 July 2014,** until **Thursday, 21 August 2014,** (both days inclusive), be obtained from the registered office of GPI, the Sponsor and Corporate Advisor, and the Transfer Secretaries, at the addresses set out in the *"Corporate Information"* section of this Circular. A copy of this Circular will also be available on GPI's website (www.grandparade.co.za).

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions set out on page 5 of this Circular apply to this forward-looking statement disclaimer.

This Circular contains statements about GPI and/or the GPI Group that are or may be forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "**believe**", "**aim**", "**expect**", "**anticipate**", "**intend**", "**foresee**", "**forecast**", "**likely**", "**should**", "**planned**", "**may**", "**estimated**", "**potential**" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. GPI cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which GPI operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by GPI, as communicated in publicly available documents by GPI, all of which estimates and assumptions, although GPI believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to GPI or not currently considered material by GPI.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of GPI not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. GPI has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

CORPORATE INFORMATION

The definitions and interpretation commencing on page 5 of this Circular apply *mutatis mutandis* to this Corporate Information section.

COMPANY SECRETARY
Lazelle Parton
33 on Heerengracht, Foreshore
Cape Town, 8001
(PO Box 6563, Roggebaai, 8012)

REGISTERED OFFICE OF THE COMPANY
33 on Heerengracht, Foreshore
Cape Town, 8001
(PO Box 6563, Roggebaai, 8012)

Date of incorporation of GPI
12 March 1997

Place of incorporation of GPI
Pretoria

SPONSOR AND CORPORATE ADVISOR
PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7599
(PO Box 7403, Stellenbosch, 7599)

and at
1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 987, Parklands 2121)

LEGAL ADVISOR
Bernadt Vukic Potash & Getz
11th Floor
No 1 Thibault Square
Cape Town, 8001
(PO Box 252, Cape Town, 8000)

LEAD CORPORATE ADVISOR
Leaf Capital Proprietary Limited
(Registration number 1997/020724/07)
5th Floor, Protea Place
Cnr Protea Road and Dreyer Street
Claremont, Cape Town, 7708
(PO Box 44302, Claremont, 7735)

INDEPENDENT REPORTING ACCOUNTANTS AND AUDITORS
Ernst & Young Incorporated
(Practice number: 918288)
Ernst & Young House
35 Lower Long Street
Cape Town, 8001
(PO Box 656, Cape Town, 8000)

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

INDEPENDENT EXPERT
Mazars Corporate Finance Proprietary Limited
Mazars House
Rialto Road Grand Moorings Precinct
Century City, 7441
(PO Box 134, Century City, 7446)

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Form of proxy *(yellow)*		**Attached**

ACTION REQUIRED BY GPI SHAREHOLDERS

The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this section on the action required by GPI Shareholders.

Please take careful note of the following provisions regarding the action required by GPI Shareholders.

1. If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

2. If you have disposed of all your Shares in GPI, please forward this Circular together with the attached form of proxy *(yellow)*, to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

3. A general meeting of GPI Shareholders will be held at 18h00 on Thursday, 21 August 2014 at Meeting Room 1.4, Cape Town International Convention Centre, Foreshore, Cape Town, Western Cape, to consider and, if deemed fit, to pass the resolutions set out in the Notice of General Meeting attached to this Circular.

4. GENERAL MEETING

4.1 If you hold Dematerialised Shares:

4.1.1 Own-name registration

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy *(yellow)*, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than **18h00 on Tuesday, 19 August 2014**.

4.1.2 Other than own-name registration

If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker. You must **not** complete the attached form of proxy. In accordance with the Custody Agreement between you and your CSDP or Broker you must advise your CSDP or Broker timeously if you wish to attend, or be represented at the General Meeting. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

4.2 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (yellow), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than **18h00 on Tuesday, 19 August 2014**.

4.3 Shareholders' appraisal rights

Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the SunWest and Worcester Transaction only, are referred to Annexure 18 of this Circular. Shareholders who wish to exercise their rights in terms hereof are required, before the Special Resolution to approve the SunWest and Worcester Transaction is voted on at the General Meeting, to give notice to the Company in writing objecting to the Special Resolution and to vote against the Special Resolution at the General Meeting.

4.4 Electronic participation at the General Meeting

Shareholders or their proxy(ies) may participate in the General Meeting by way of telephone conference call. A total of 20 telecommunication lines will be available for such participation. Shareholders or their proxies who wish to participate in the General Meeting via the teleconference facility must follow the instructions contained in Annexure A attached to the notice of General Meeting.

Shareholders who wish to participate in the General Meeting by phoning in must note that they will not be able to vote during the General Meeting.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this important dates and times section.

	2014
Circular containing Notice of General Meeting and form of proxy (*yellow*) posted to Shareholders on	Monday, 21 July
Notice convening the General Meeting released on SENS on	Monday, 21 July
Notice convening the General Meeting published in the South African press on	Tuesday, 22 July
Last day to trade in order to be eligible to vote at the General Meeting	Friday, 8 August
Record date to be eligible to vote at the General Meeting	Friday, 15 August
Last day to lodge forms of proxies in respect of the General Meeting by 18h00 on	Tuesday, 19 August
Last date and time for Shareholders to give notice in terms of section 164 of the Companies Act to GPI objecting to the Special Resolution approving the SunWest and Worcester Transaction by 18h00 on	Thursday, 21 August
General meeting of Shareholders to be held at 18h00 on	Thursday, 21 August
Results of the General Meeting released on SENS on	Thursday, 21 August
Results of the General Meeting published in the South African press on	Friday, 22 August
If the SunWest and Worcester Transaction is approved by Shareholders:	
Last date on which Shareholders who voted against Special Resolution Number 1 may require the Company to seek court approval in terms of section 115(3)(a) but only if Special Resolution was opposed by at least 15% of the voting rights exercised thereon	Thursday, 28 August
Last date on which Shareholders who voted against Special Resolution Number 1 can make application to the court in terms of section 115(3)(b) of the Companies Act	Thursday, 4 September
Last date for GPI to send objecting Shareholders notices of the adoption of the Special Resolution approving the SunWest and Worcester Transaction, in terms of section 164 of the Companies Act	Thursday, 4 September
If Shareholders do not exercise their rights in terms of section 115(3)(a) and 115(3)(b) of the Companies Act:	
Finalisation announcement in respect of the SunWest and Worcester Transaction released on SENS on	Thursday, 4 September

Note

(1) The above dates and times are subject to amendment. Any such amendment will be released on SENS.

(2) GPI Shareholders are referred to page 3 of the Circular for information on the action required by Shareholders.

(3) If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

(4) All times referred to in this Circular are references to South African time.

DEFINITIONS AND INTERPRETATION

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the following words and expressions bear the meanings assigned to them below:

"the Act" or "Companies Act"	the Companies Act, No 71 of 2008 (as amended);
"Afrisun KZN"	Afrisun KZN Proprietary Limited (registration number 1996/007228/07), a private company duly incorporated in accordance with the laws of South Africa, operating as Sibaya Casino and Entertainment Kingdom beneficially owned by the following entities: • Afrisun KZN Community Development Trust (10.00%); • Afrisun Leisure Investments Proprietary Limited (15.65%); • Dolcoast Investments SPV Proprietary Limited (23.99%); • Foromor Investments No 142 Proprietary Limited (0.02%); • Foromor Investments No 143 Proprietary Limited (0.02%); • Foromor Investments No 146 Proprietary Limited (0.02%); • Foromor Investments No 147 Proprietary Limited (0.02%); • Foromor Investments No 148 Proprietary Limited (0.02%); • Foromor Investments No 1410 Proprietary Limited (0.02%); • Foromor Investments No 1411 Proprietary Limited (0.02%); • Foromor Investments No 1414 Proprietary Limited (0.02%); • Sun International (South Africa) Limited (47.66%); • The Siyakha Development Trust (2.52%); and • The Sun International Employee Share Trust (0.01%);
"Agreements"	collectively, the Sibaya Sale Agreement, the SunWest and Worcester Sale Agreement and the GPI Slots Sale Agreement;
"the Board" or "the Directors"	the board of directors of GPI;
"Broker"	a "stockbroker" as defined in the Financial Markets Act, or its nominee;
"Business Day"	any day, other than a Saturday, Sunday or official public holiday in South Africa;
"Cents"	South African cents;
"Certificated Shareholders"	Shareholders who hold Certificated Shares;
"Certificated Shares"	shares which have not been Dematerialised, title to which is represented by a share certificate or other Document of Title;
"the Circular"	this bound document distributed to Shareholders, dated Monday, 21 July 2014, including its annexures, the notice of General Meeting and a form of proxy (*yellow*) and prepared in accordance with the JSE Listings Requirements;
"Companies Regulations"	the regulations published by the Minister of Trade and Industry in terms of section 223 of the Companies Act, and which include regulations relating to the functioning of the TRP;
"Competition Act"	the Competition Act, No 89 of 1998;
"Competition Authorities"	means the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act;
"CSDP"	a central securities depository participant registered in terms of the Financial Markets Act, with whom a beneficial holder of Shares holds a dematerialised Share account;
"CTICC"	Cape Town International Convention Centre;
"Custody Agreement"	the agreement which regulates the relationship between the CSDP or Broker and each beneficial holder of Dematerialised Shares;
"Dematerialised Shares"	shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical documents of title;
"Dematerialised Shareholders"	shareholders who hold Dematerialised Shares;

"Dematerialised Own-Name Shareholders"	shareholders who hold Dematerialised Shares and who have instructed their CSDP to hold their shares in their own name on the sub-register;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the GPI Shares in question acceptable to the Board;
"Dolcoast"	Dolcoast Investments Limited (registration number 1995/07115/06), a public company duly incorporated in accordance with the laws of South Africa and beneficially owned by the following parties: • Adprops 3 Proprietary Limited (3.0%); • CBF Leisure Investments Limited (30.86%); • Grand Casino Investments KZN Proprietary Limited (24.9%); • Ibonda Investments Holdings Proprietary Limited (4.00%); • Investment Progress Group Holdings Proprietary Limited (15.00%); • Khangela Investments Proprietary Limited (3.00%); • Kipam Investments Proprietary Limited (3.25%); • KZN Inyanda Limited (10.00%); and • Mzwandile Investment Holdings Proprietary Limited (6.00%);
"EBITDA"	earnings before interest, taxes, depreciation and amortisation;
"Ernst & Young"	Ernst & Young Incorporation (Practice number: 908207), an incorporation incorporated under the laws of South Africa, being the auditors and reporting accountants of the Company;
"the Existing Management Agreement"	the agreement entered into between GPI Management Services and Slots Shared Services, in terms of which GPI Management Services provides certain management to the GPI Slots Group Companies for which it earns a monthly fee;
"the Existing ICT Services Agreement"	the agreement entered into, to or to be entered into, between GPI Technology, GPI Slots, GPI and SISA in terms of which GPI Technology will provide certain information and communications technology services to the GPI Slots Group Companies for which it earns a monthly fee;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012;
"FY2014"	means the 12 month period ending on 30 June 2014;
"FY2015"	means the 12 month period ending on 30 June 2015;
"FY2016"	means the 12 month period ending 30 June 2016;
"General Meeting"	the general meeting of GPI Shareholders to be held at **18h00 on Thursday, 21 August 2014**, at Meeting Room 1.4, Cape Town International Convention Centre, Foreshore, Cape Town, Western Cape , to consider and, if deemed fit, approve the Resolutions proposed in the Notice of General Meeting;
"GPI" or "the Company"	Grand Parade Investments Limited (registration number 1997/003548/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE;
"GPI Management Services"	means GPI Management Services Proprietary Limited (registration number 2012/117635/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI;
"GPI Shareholders" or "Shareholders"	holders of GPI Shares;
"GPI Shares" or "Shares"	ordinary shares of no par value in the issued share capital of the Company;
"GPI Slots"	GPI Slots Proprietary Limited (registration number 2003/005175/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and which is a wholly-owned subsidiary of GPI;
"GPI Slots Closing Date Accounts"	means the GPI Slots Investment One Closing Date Accounts and the GPI Slots Investment Two Closing Date Accounts;
"GPI Slots Effective Date"	means either the GPI Slots Investment One Effective Date of the GPI Slots Investment Two Effective Date or the GPI Slots Investment Three Effective Date, or any of such dates as required by the context;
"GPI Slots Group Companies"	GPI Slots and each of its subsidiaries;
"GPI Slots Forced Sale"	means the forced sale by the GPI Slots Forced Seller of the GPI Slots Forced Sale Equity, pursuant to the occurrence of a GPI Slots Forced Sale Trigger Event;
"GPI Slots Forced Sale Equity"	means all of the shares in and loan accounts against GPI Slots held by a GPI Slots Forced Seller upon the occurrence of a GPI Slots Forced Sale Trigger Event;
"GPI Slots Forced Sale Provisions"	means the forced sale provisions contained in the Memorandum of Incorporation of GPI Slots;

"GPI Slots Forced Seller"	means SISA or GPI, as the context may require;
"GPI Forced Sale Trigger Event"	means any act or omission by SISA or GPI which will result in any of the events as set out in Annexure 17 occurring and which Forced Sale Trigger Event, will result in the GPI Slots Forced Sale;
"GPI Slots Initial Conditions Precedent"	means the outstanding conditions precedent to which the GPI Slots Transaction is subject to, as set out in paragraph 2.3.4 of this Circular;
"GPI Slots Investment One Effective Date"	means midnight between the last day of FY2014 and the 1st (first) day immediately succeeding such last day;
"GPI Slots Investment One Purchase Consideration"	the amount payable by SISA to GPI for the GPI Slots Investment One Sale Equity in terms of the GPI Slots Sale Agreement, amounting to R225,448,200 (two hundred and twenty five million four hundred and forty eight thousand and two hundred rand) in respect of the GPI Slots Investment One Sale Shares plus the face value of the GPI Slots Investment One Sale Claims, which amount is subject to adjustment as set out in paragraph 2.3.3.1.2 below;
"GPI Slots Investment One Sale"	the sale in terms of which, GPI sells to SISA and SISA purchases from GPI the GPI Slots Investment One Sale Equity;
"GPI Slots Investment One Sale Claims"	means 25.1% (twenty five point one percent) of all amounts of whatsoever nature owing by GPI Slots to GPI on the GPI Slots Investment One closing date on shareholder loan account, and includes any interest accrued thereon;
"GPI Slots Investment One Sale Equity"	The GPI Slots Investment One Sale Shares and the GPI Slots Investment One Sale Claims, provided that if there are no GPI Slots Investment One Sale Claims then any reference to "*GPI Slots Investment One Sale Equity*" shall be construed as a reference to the GPI Slots Investment One Sale Shares only;
"GPI Slots Investment One Sale Shares"	means 251 (two hundred and fifty one) GPI Slots Shares, constituting (immediately after the GPI Slots Investment One closing date) 25.1% (twenty five point one percent) of all the issued GPI Slots Shares;
"GPI Slots Investment Three Conditions Precedent"	means the outstanding conditions precedent to which the GPI Slots Investment Three Sale is subject to, the details of which has been set out in paragraph 2.3.4 of this Circular;
"GPI Slots Investment Three Effective Date"	means midnight between the last day of FY2016 and the 1st (first) day immediately succeeding such last day;
"GPI Slots Investment Three Purchase Consideration"	means the amount payable by SISA to GPI for the GPI Slots Investment Three Sale Equity in terms of the GPI Slots Sale Agreement calculated in the manner set out in paragraph 2.3.3.3 of this Circular;
"GPI Slots Investment Three Option"	the option granted by SISA to SUI to purchase the GPI Slots Investment Three Sale Equity;
"GPI Slots Investment Three Sale"	following the exercise by SISA of the Investment Three Option (in the event of SISA exercising such option), the sale in terms of which GPI sells to SISA and SISA purchases from GPI the GPI Slots Investment Three Sale Equity;
"GPI Slots Investment Three Sale Claims"	that portion of all amounts of whatsoever nature owing by GPI Slots to GPI at the time of the GPI Slots Investment Three closing date on shareholder loan account, including interest accrued thereon as will in terms of such closing result in SISA's claims on such shareholder loan account equating to 70% (seventy percent) of all amounts of whatsoever nature owing by GPI Slots on all shareholder loan accounts, including interest thereon;
"GPI Slots Investment Three Sale Equity"	the GPI Slots Investment Three Sale Shares and the GPI Slots Investment Three Sale Claims, provided that if there are no GPI Slots Investment Three Sale Claims then any reference to "*GPI Slots Investment Three Sale Equity*" shall be construed as a reference to the GPI Slots Investment Three Sale Shares only;
"GPI Slots Investment Three Sale Shares"	means so many GPI Slots Shares as will, immediately after the GPI Slots Investment Three closing, result in SISA holding 70% (seventy percent) of all the GPI Slots Shares then in issue;
"GPI Slots Investment Two Conditions Precedent"	means the conditions precedent to which the GPI Slots Investment Two Sale is subject to, the detail of which has been set out in paragraph 2.3.4 of this Circular;
"GPI Slots Investment Two Effective Date"	means midnight between the last day of FY2015 and the 1st (first) day immediately succeeding such last day;
"GPI Slots Investment Two Option"	the option granted by GPI to SISA to purchase the GPI Slots Investment Two Sale Equity calculated in the manner set out in paragraph 2.3.3.2.1 and 2.3.3.2.2 of this Circular;
"GPI Slots Investment Two Purchase Consideration"	the amount payable by SISA to GPI for the GPI Slots Investment Two Sale Equity;

"GPI Slots Investment Two Sale"	following the exercise by SISA of the Investment Two Option (in the event of SISA exercising such Option), in terms of which GPI sells to SISA and SISA purchases from GPI the GPI Slots Investment Two Sale Equity;
"GPI Slots Investment Two Sale Claims"	means that portion of all amounts of whatsoever nature owing by GPI Slots to GPI at the time of the GPI Slots Investment Two closing on shareholder loan account, including interest accrued thereon, as will in terms of such closing result in SISA's claims on such shareholder loan account equating to 50.1% (fifty point one percent) of all amounts of whatsoever nature owing by GPI Slots on all shareholder loan accounts, including interest thereon;
"GPI Slots Investment Two Sale Equity"	means the GPI Slots Investment Two Sale Shares and the GPI Slots Investment Two Sale Claims, provided that if there are no GPI Slots Investment Two Sale Claims then any reference to "*GPI Slots Investment Two Sale Equity*" shall be construed as a reference to the GPI Slots Investment Two Sale Shares only;
"GPI Slots Investment Two Sale Shares"	means so many GPI Slots Shares as will, immediately after the GPI Slots Investment Two closing date, result in SISA holding 50.1% (fifty point one percent) of all the GPI Slots Shares then in issue;
"GPI Slots Option"	means, as required by the context, either the GPI Slots Investment Two Option or the GPI Slots Investment Three Option granted by GPI to SISA;
"GPI Slots Purchase Consideration"	means the GPI Slots Investment One Purchase Consideration, the GPI Slots Investment Two Purchase Consideration and the GPI Slots Investment Three Purchase Consideration;
"GPI Slots Repurchase Warranties Agreement"	means the agreement entered into between GPI Slots, GPI, SISA and SUI regulating the warranties to be provided by SISA to GPI in relation to GPI Slots Repurchase Sale and SISA's liability to GPI thereunder;
"GPI Slots Repurchase Call Option"	means the repurchase call option granted by SISA to GPI in the event that SISA does not exercise the GPI Slots Investment Two Option or the GPI Slots Investment Three Option, as the case may be, the detail of which has been set out in paragraph 2.3.5 below;
"GPI Slots Repurchase Claims"	means all amounts of whatsoever nature owing by GPI Slots to SISA at the time of the GPI Slots Repurchase closing on shareholder loan account, including accrued interest thereon;
"GPI Slots Repurchase Equity"	means the GPI Slots Repurchase Shares and the GPI Slots Repurchase Claims, provided that if there are no GPI Slots Repurchase Claims, then any reference to "GPI Slots Repurchase Equity" shall be construed as a reference to the "GPI Slots Repurchase Shares" only;
"GPI Slots Repurchase Sale"	means following the exercise by GPI of the GPI Slots Repurchase Call Option (in the event of GPI exercising such option), the sale in terms of which SISA will sell to GPI the GPI Slots Repurchase Equity;
"GPI Slots Repurchase Shares"	means all those GPI Slots Shares held by SISA at the time that the GPI Slots Repurchase Call Option is exercised;
"GPI Slots Sale Agreement"	means i) the sale of shares and claims agreement concluded between GPI, GPI Slots and SISA, dated 13 May 2014, regulating *inter alia*, the GPI Slots Transaction; ii) the GPI Slots Repurchase Warranties Agreement; each as amended from time to time;
"GPI Slots Sale Claims"	means either the GPI Slots Investment One Sale Claims or the GPI Slots Investment Two Sale Claims or the GPI Slots Investment Three Sale Claims, or any of such categories of claims as required by the context;
"GPI Slots Sale Equity"	means the GPI Slots Investment One Sale Equity, the GPI Slots Investment Two Sale Equity and the GPI Slots Investment Three Sale Equity;
"GPI Slots Sale Shares"	means the GPI Slots Investment One Sale Shares, the GPI Slots Investment Two Sale Shares and the GPI Slots Investment Three Sale Shares;
"GPI Slots Signature Date"	means the date of signature of the GPI Slots Sale Agreement, being 13 May 2014;
"GPI Slots Share"	means 1 (one) ordinary share in the issued share capital of GPI Slots, having a par value of R1.00 (one Rand) each;
"GPI Slots Subsidiaries"	means Slots Central Services, Grand Gaming Western Cape, Grand Gaming KwaZulu-Natal, Grand Gaming Mpumalanga, Grand Gaming Hotslots, Grand Gaming Gauteng and Slots Shared Services, or any one or more of them as required by the context;
"GPI Slots Transaction"	means the GPI Slots Investment One Sale, the GPI Slots Investment Two Sale and the GPI Slots Investment Three Sale and also incorporates the GPI Slots Repurchase Call Option and the GPI Slots Forced Sale;
"GPI Technology"	means Grand Technology Proprietary Limited (registration number 2012/079510/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI;
"GGR"	Gross Gaming Revenue;
"Grand Casino Investments"	Grand Casino Investments Proprietary Limited (registration number 2000/029598/07, a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI;

"Grand Casino Investments KZN"	Grand Casino Investments KZN Proprietary Limited (registration number 2001/007015/07, a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI;
"Grand Gaming Gauteng"	Grand Gaming Gauteng Proprietary Limited (registration number 2004/023074/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and 69.4% (sixty nine point four percent) of which company's issued shares are owned by GPI Slots, as beneficial owner and registered holder;
"Grand Gaming Hotslots"	Grand Gaming Hotslots Proprietary Limited (and previously Bohwa 1 Gaming Proprietary Limited) (registration number 2003/015499/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI Slots, trading as "Hot Slots";
"Grand Gaming KwaZulu-Natal"	Grand Gaming KwaZulu-Natal Proprietary Limited (registration number 2003/027516/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI Slots;
"Grand Gaming Mpumalanga"	Grand Gaming Mpumalanga Proprietary Limited (registration number 2004/009776/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI Slots;
"Grand Gaming Western Cape"	Grand Gaming Western Cape Proprietary Limited (registration number 2003/016213/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI Slots;
"the Group" or "the GPI Group"	the Company and its Subsidiaries;
"ICT Services Agreement"	means the agreement between GPI Technology, GPI Slots, GPI and SISA regulating, amongst other things, (a) the ongoing provision of information and communications technology services by GPI Technology to the GPI Slots Group Companies after the GPI Slots Investment One closing, (b) the establishment and/or maintenance of a governance committee for the purpose of determining information and communications technology policy and strategy with reference to the GPI Slots Group Companies, and (c) the right of SISA to be represented on such committee with effect from the GPI Slots Investment One closing;
"IFRS"	International Financial Reporting Standards as issued by the Board of the International Accounting Standards Committee, from time to time;
"Income Tax Act"	Income Tax Act, No. 58 of 1962, as amended;
"Independent Board"	means the independent board appointed by the GPI Board to evaluate the SunWest and Worcester Transaction as required in terms of the Companies Regulations and consisting of the following directors Norman Maharaj, Walter Geach, Colin Priem and Nombeko Mlambo;
"Independent Expert"	means Mazars Corporate Finance Proprietary Limited (registration number 2003/029561/07) a private company duly incorporated in accordance with the laws of the Republic of South Africa;
"Independent Reporting Accountants to GPI"	Ernst & Young;
"JSE"	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa;
"JSE Listings Requirements"	the Listings Requirements of the JSE;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, being Thursday, 10 July 2014;
"KZN Manco"	Afrisun KZN Manco Proprietary Limited (registration number 1998/001247/07, a private company duly incorporated in accordance with the laws of South Africa, beneficially owned by the following parties; • Afrisun KZN Community Development Trust (12.46%); • Dolcoast Investments SPV Proprietary Limited (29.92%); • National Casino Resort Manco Proprietary Limited (52.25%); and • The Siyakha Development Trust (5.37%);
"LPM"	limited pay-out machine;
"the Management and ICT Services Cancellation Agreement"	the agreement to be entered into between GPI Management Services, GPI Technology, GPI, Slots Shared Services, GPI Slots and SISA, in terms of which the Existing Management and ICT Services agreement will be cancelled with effect from the end of June 2014 for a fee of R20 million (inclusive of any Value-Added Tax) payable to GPI;
"Memorandum of Incorporation"	the memorandum of incorporation of the Company;

"Notice of General Meeting"	the notice of the General Meeting forming part of this Circular;
"Ordinary Resolutions"	the ordinary resolutions contained in the Notice of General Meeting, which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the SunWest and Worcester Transaction, the GPI Slots Transaction and the Sibaya Transaction, as is required in terms of the JSE Listings Requirements and the Companies Act;
"Own-name Registration"	the registration of Shareholders who hold Shares that have been dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"PSG Capital"	PSG Capital Proprietary Limited (registration number 2006/015817/07), a limited liability private company duly incorporated in accordance with the laws of South Africa;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
"Resolutions"	the Ordinary Resolutions and the Special Resolution;
"SENS"	the Stock Exchange News Service of the JSE;
"Sibaya"	Afrisun KZN Proprietary Limited (registration number 1996/007228/07), a private company duly incorporated in accordance with the laws of South Africa, operating as Sibaya Casino and Entertainment Kingdom, beneficially owned by the following parties: • Afrisun KZN Community Development Trust (10.00%); • Afrisun Leisure Investments Proprietary Limited (15.65%); • Dolcoast Investments SPV Proprietary Limited (23.99%); • Foromor Investments No 142 Proprietary Limited (0.02%); • Foromor Investments No 143 Proprietary Limited (0.02%); • Foromor Investments No 146 Proprietary Limited (0.02%); • Foromor Investments No 147 Proprietary Limited (0.02%); • Foromor Investments No 148 Proprietary Limited (0.02%); • Foromor Investments No 1410 Proprietary Limited (0.02%); • Foromor Investments No 1411 Proprietary Limited (0.02%); • Foromor Investments No 1414 Proprietary Limited (0.02%); • Sun International (South Africa) Limited (47.66%); • The Siyakha Development Trust (2.52%); and • The Sun International Employee Share Trust (0.01%);
"the Sibaya Sale Agreement"	means the agreement concluded between SISA, Grand Casino Investments KZN, Grand Casino Investments and GPI, regulating *inter alia*, the Sibaya Transaction;
"the Sibaya Transaction"	the proposed acquisition by SUI, through its wholly-owned subsidiary SISA, from Grand Casino Investments KZN, of a 24.9% interest in Dolcoast, which effectively translates to an additional 5.6% of Sibaya and 7.5% of KZN Manco for the Sibaya Transaction Purchase Consideration;
"the Sibaya Transaction Conditions Precedent"	the conditions precedent to which the Sibaya Transaction is subject to, the details of which have been set out in paragraph 2.2.3 of the Circular;
"the Sibaya Transaction Purchase Consideration"	the purchase consideration payable in terms of the Sibaya Transaction, being an amount of R130 million, further details of which have been set out in paragraph 2.2 of the Circular;
"SISA"	Sun International (South Africa) Limited (registration number 1977/071333/06), a public company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of SUI;
"Slots Shared Services"	Slots Shared Services Proprietary Limited (registration number 2008/011456/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of GPI Slots;
"South Africa"	the Republic of South Africa;
"Special Resolution"	means the special resolution which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the disposals by the Company and Grand Casino Investments of their entire interest in SunWest and Worcester contemplated by the SunWest and Worcester Transaction, as is required in terms of section 112 read with section 115 of the Companies Act;
"Strate"	Strate Limited (registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;

"Subsidiary"	a subsidiary as defined in the Companies Act;
"SUI"	Sun International Limited (registration number 1967/007528/07, a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE;
"SunWest"	SunWest Proprietary Limited (registration number: 1994/003869/07, a private company duly incorporated in accordance with the laws of South Africa, beneficially owned by the following parties: • Afrisun Leisure Proprietary Limited (14.87%); • Grand Casino Investments Proprietary Limited (17.10%); • Grand Parade Investments Limited (8.00%); • SI Employee Share Trust (3.30%); • Sun International (South Africa) Limited (55.87%); • SISA Investments No. 140 Proprietary Limited (0.21%); • SISA Investments No. 141 Proprietary Limited (0.21%); • SISA Investments No. 145 Proprietary Limited (0.21%); and • SISA Investments No. 149 Proprietary Limited (0.21%);
"the SunWest and Worcester Sale Agreements"	means i) a transaction implementation agreement between *inter alia* SUI, Tsogo, GPI, Grand Casino Investments and SISA; ii) a share repurchase agreement between GPI, Grand Casino Investments and Sunwest; and iii) a share repurchase agreement between GPI and Worcester Casino. For clarity, only agreements to which GPI or Grand Casino Investments are a party have been listed but there are additional agreements related to the SunWest and Worcester Transaction to which GPI or Grand Casino Investments are not parties;
"the SunWest and Worcester Transaction"	the proposed disposal to Tsogo by SUI (through its subsidiary companies) of a 14.9% interest in SunWest and Worcester for an aggregate cash consideration of R635 million, the proposed subscription by Tsogo for a new class A ordinary shares in each of SunWest and Worcester for an aggregate subscription price of R1.55 billion and a proposed share repurchase to be undertaken by each of SunWest and Worcester such that the entire interest held by GPI and Grand Casino Investments, being 25.1% in each of SunWest and Worcester, will be repurchased for an aggregate cash consideration of R1.55 billion;
"the SunWest and Worcester Transaction Conditions Precedent"	the conditions precedent to which the SunWest and Worcester Transaction is subject to, the details of which have been set out in paragraph 2.1.3 of the Circular;
"the SunWest and Worcester Transaction Purchase Consideration"	the purchase consideration of R1.55 billion payable by SunWest and Worcester to GPI;
"Takeover Panel"	the Takeover Regulation Panel established in terms of section 196 of the Companies Act; and
"Transactions"	Collectively, the Sibaya Transaction, the SunWest and Worcester Transaction and the GPI Slots Transaction;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa.
"Tsogo"	Tsogo Sun Holdings Limited (registration number 1989/002108/06, a public company duly incorporated in accordance with the laws of South Africa;
"Worcester Casino"	Worcester Casino Proprietary Limited (registration number 1998/016221/07, a private company duly incorporated in accordance with the laws of South Africa, beneficially owned by the following parties: • Afrisun Leisure Proprietary Limited (10.05%); • Grand Parade Investments Limited (25.10%); • SI Employee Share Trust (3.50%); and • Sun International (South Africa) Limited (61.35%).

GRAND PARADE
INVESTMENTS LIMITED

GRAND PARADE INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1997/003548/06)
Share code: GPL ISIN: ZAE000119814
(**"GPI"** or **"the Company"**)

Directors

Hassen Adams (Executive Chairman)
Alan Edward Keet (Chief Executive Officer)
Sukena Petersen (Financial Director)
Alexander Abercrombie (Executive Director, Gaming Operations)
Anthony William Bedford*
Norman Victor Maharaj (Lead Independent Director)*#
Nombeko Mlambo*#
Colin Michael Priem*#
Walter Geach*#

* Non-executive
\# Independent

CIRCULAR TO GPI SHAREHOLDERS

1. INTRODUCTION

1.1. GPI Shareholders were advised on Tuesday, 13 May 2014 on SENS and in the South African press that GPI had, subject to GPI Shareholder approval and the Sibaya Transaction Conditions Precedent, the SunWest and Worcester Transaction Conditions Precedent and the GPI Slots Transaction Conditions Precedent, concluded the Agreements regulating, *inter alia*, the Sibaya Transaction, the SunWest and Worcester Transaction and the GPI Slots Transaction and that a circular would be issued to Shareholders in due course containing further details of the Transactions.

1.2. Shareholders should note that the Transactions are independent divisible transactions and not inter-conditional.

1.3. In terms of the SunWest and Worcester Transaction it is proposed that SUI (through its subsidiary companies) will dispose of a 14,9% interest in SunWest and Worcester for an aggregate cash consideration of R635 million, Tsogo will subscribe for a new class of A ordinary shares in each of SunWest and Worcester for an aggregate subscription price of R1.55 billion and a specific share repurchase will be undertaken by each of SunWest and Worcester such that the entire interest held by GPI and Grand Casino Investments, being 25.1% in each of SunWest and Worcester, will be repurchased for an aggregate cash consideration of R1.55 billion.

1.4. In terms of the Sibaya Transaction it is proposed that SISA will acquire from Grand Casino Investments KZN, a 24.9% interest in Dolcoast, which effectively translates to an additional 5.6% of Sibaya and 7.5% of KZN Manco in exchange for the Sibaya Transaction Purchase Consideration.

1.5. In terms of the GPI Slots Transaction it is proposed that GPI will dispose of up to an aggregate shareholding of 70% in GPI Slots to SISA in three separate tranches. The GPI Slots Transaction incorporates the GPI Slots Repurchase Call Option and the GPI Slots Forced Sale.

1.2. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with the requisite information in accordance with the JSE Listings Requirements and the Companies Act in regard to the Transactions and to enable Shareholders to make an informed decision as to how they will vote in respect of the Resolutions set out in the Notice of the General Meeting enclosed with this Circular.

2. DETAILS OF THE TRANSACTIONS

2.1. THE SUNWEST AND WORCESTER TRANSACTION

2.1.1. Overview

GPI currently holds 25.1% in each of SunWest and Worcester. In terms of the SunWest and Worcester Transaction it is proposed that SUI (through its subsidiary companies) will dispose of a 14,9% interest in SunWest and Worcester for an aggregate cash consideration of R635 million. Tsogo will subscribe for a new class of A ordinary shares in each of SunWest and Worcester for an aggregate subscription price of R1.55 billion and a specific share repurchase will be undertaken by each of SunWest and Worcester such that the entire interest held by GPI and Grand Casino Investments, being 25.1% in each of SunWest and Worcester, will be repurchased for an aggregate cash consideration of R1.55 billion.

2.1.2. Rationale for the SunWest and Worcester Transaction

The SunWest and Worcester transaction will realise significant value for GPI Shareholders and represents an excellent return on investment. GPI has been invested in SunWest and Worcester Casino as SUI's initial BEE partner for 16 years, but believes that the timing and terms of the SunWest and Worcester Transaction support GPI's strategy to pursue new investment opportunities. Importantly, SUI and Tsogo have the necessary financial capability, requisite BEE credentials, regulatory and industry knowledge to implement the SunWest and Worcester Transaction at a valuation that meets GPI's expectations.

GPI has identified a number of advantages to the SunWest and Worcester Transaction, which include the following:

- compelling valuation and returns;
- GPI currently owns minority stakes in both SunWest and Worcester Casino and the SunWest and Worcester Transaction will provide GPI with the financial resources to control its own future;
- the anticipated proceeds place GPI in a strong cash position with the flexibility to invest in its existing growth assets and to pursue new investment opportunities that have been identified; and
- GPI will be well-placed to compete for new deals given its balance sheet, BEE ownership credentials and ability to provide strategic input.

2.1.3. The SunWest and Worcester Transaction Conditions Precedent

The SunWest and Worcester Transaction is conditional upon the fulfilment or waiver, as the case may be of, *inter alia*, the following outstanding conditions precedent:

2.1.3.1. shareholders of GPI approving the terms of the SunWest and Worcester Transaction in the General Meeting and the requisite resolutions of the shareholders of GPI not being set aside by the court in accordance with section 115(7) of the Act;

2.1.3.2. the shareholders of SUI approving the placing of shares under the control of the directors of SUI to give effect to an undertaking in terms of which, in the event that an offeror acquires 35% of the issued shares of SUI, SUI may be required to issue shares in SUI to Tsogo in exchange for some or all of Tsogo's shares in SunWest and Worcester;

2.1.3.3. the release of GPI and Grand Casino Investments' shares in SunWest and Worcester from the security interests held over them;

2.1.3.4. the shareholders and directors of SunWest and Worcester passing the necessary resolutions for implementation of the SunWest and Worcester Transaction and any applicable notices of amendment to the SunWest and Worcester memorandum of incorporation required to facilitate the creation of the A shares being filed in the manner prescribed in the Act;

2.1.3.5. independent experts appointed by each of SunWest and Worcester in terms of section 114(2) of the Act delivering to the respective boards and the shareholders of those companies the report referred to in section 114(3) of the Act in respect of the specific repurchase of shares under the SunWest and Worcester Transaction;

2.1.3.6. the Western Cape Gambling and Racing Board providing their consent to the SunWest and Worcester Transaction;

2.1.3.7. to the extent required, obtaining all such approvals for the SunWest and Worcester Transaction that may be required by the TRP and/or any other applicable regulatory authorities; and

2.1.3.8. the SunWest and Worcester Transaction being approved by the Competition Authorities in terms of the Competition Act.

2.1.4. **The effective date of the SunWest and Worcester Transaction**

The SunWest and Worcester Transaction has an effective date that is three business days after the fulfilment or waiver, as the case may be, of the SunWest and Worcester Transaction Conditions Precedent as set out in paragraph 2.1.3 above. The Sunwest and Worcester Transaction Conditions Precedent are subject to a May 2015 long-stop date, although it is anticipated that they will be fulfilled or waived before this date.

2.1.5. **Other significant terms of the SunWest and Worcester Sale Agreements**

2.1.5.1. The SunWest and Worcester Sale Agreements contain warranties and indemnities that are customary for agreements of this nature.

2.1.5.2. The disposals by the Company and Grand Casino Investments as contemplated by the SunWest and Worcester Transaction are indivisibly linked to the implementation of the remaining elements of the Sunwest and Worcester Transaction specifically those related to the sale by SUI of a portion of its shares in Sunwest and Worcester to Tsogo and subscription by Tsogo to a new class of shares in Sunwest and Worcester.

2.1.6. **Categorisation of the SunWest and Worcester Transaction**

2.1.6.1. In terms of the Listings Requirements of the JSE, as the value of the SunWest and Worcester Transaction, in so far it relates to GPI, exceeds 25% of GPI's market capitalisation, the SunWest and Worcester Transaction is regarded as a category 1 transaction as contemplated in section 9 of the Listings Requirements of the JSE.

2.1.6.2. In terms of section 112 of the Companies Act, the SunWest and Worcester Transaction is regarded as a disposal of the greater part of the assets or undertaking of GPI and therefore is an affected transaction and that will require approval by Shareholders by way of a special resolution. Shareholders are referred to the fair and reasonable opinion from the Independent Expert set out in Annexure 1 in relation to the SunWest and Worcester Transaction.

Shareholders' appraisal rights

Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the SunWest and Worcester Transaction are referred to Annexure 18 of this Circular. Shareholders who wish to exercise their rights in terms hereof are required, before the Special Resolution to approve the SunWest and Worcester Transaction is voted on at the General Meeting, to give notice to the Company in writing objecting to the Special Resolution and to vote against the Special Resolution at the General Meeting.

2.1.7. **Financial information of SunWest and Worcester**

2.1.7.1. **SunWest:**

The audited annual financial statements of SunWest for the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011 as extracted from the financial information of SUI have been included in Annexure 8.

2.1.7.2. **Worcester:**

The audited annual financial statements of Worcester for the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011 as extracted from the financial information of SUI have been included in Annexure 9.

2.1.8. **Special arrangements, undertakings or agreements**

There are no arrangements, undertakings or agreements between GPI and SUI and persons acting in concert with either of them in relation to the SunWest and Worcester Transaction.

There are further no agreements, arrangements or understanding between SUI or any person acting in concert with it and any of the Directors of GPI, or any persons who were Directors of GPI in the 12 months preceding the SunWest and Worcester Sale Agreement or with GPI Shareholders or persons who were GPI Shareholders in the 12 months preceding the SunWest and Worcester Sale Agreement, which has any connection with or dependence upon the SunWest and Worcester Transaction.

2.1.9. **Independent Board's responsibility statement, opinion and recommendation regarding the SunWest and Worcester Transaction**

The Independent Board, consisting of Norman Maharaj, Walter Geach, Colin Priem and Nombeko Mlambo, accepts responsibility for the information included in this Circular, confirms that to the best of its knowledge and belief, the information contained in this Circular is true, and confirm that the Circular does not omit anything likely which could affect the importance of the information contained in this Circular.

The Independent Board has considered the terms and conditions of the SunWest and Worcester Transaction, and, after taking into account the report of the Independent Expert, is of the opinion that the SunWest and Worcester Transaction is fair to GPI Shareholders. Accordingly, and with due consideration to the prospects of the GPI business and all material information relevant to the SunWest and Worcester Transaction, the Independent Board recommends to shareholders to vote in favour of the SunWest and Worcester Transaction. The Directors who are eligible to vote, intend voting in favour of the relevant Resolutions.

2.2. THE SIBAYA TRANSACTION

2.2.1. **Overview**

GPI, through Grand Casino Investments KZN, currently owns 24.9% in Dolcoast. In terms of the Sibaya Transaction it is proposed that SISA will acquire from Grand Casino Investments KZN, a 24.9% interest in Dolcoast, which effectively translates to an additional 5.6% of Sibaya and 7.5% of KZN Manco in exchange for the Sibaya Transaction Purchase Consideration.

2.2.2. **Rationale for the Sibaya Transaction**

The Sibaya Transaction is an opportunity for GPI to exit a minority investment at a compelling valuation. Furthermore, it is GPI's strategy to acquire meaningful stakes in businesses to which it can add strategic value, and the investment in Dolcoast (and indirectly Sibaya Casino) no longer satisfies this criteria.

2.2.3. **The Sibaya Transaction Conditions Precedent**

The Sibaya Transaction is conditional upon the fulfilment or waiver, as the case may be of, *inter alia*, the following outstanding conditions precedent:

2.2.3.1. SISA delivering a written notice confirming that it is satisfied with the outcome of the due diligence investigation on Dolcoast and its wholly-owned subsidiary;

2.2.3.2. the requisite approval from the KwaZulu-Natal Gaming and Betting Board for the Sibaya Transaction (including any revisions to the memorandum of incorporation and shareholders agreement for Dolcoast);

2.2.3.3. to the extent necessary the Sibaya Transaction being approved by the Competition Authorities in terms of the Competition Act;

2.2.3.4. the remaining shareholders of Dolcoast waiving any rights (including but not limited to pre-emptive rights) in relation to SISA's acquisition of the shares in Dolcoast;

2.2.3.5. the shareholders of Grand Casino Investments KZN having passed a special resolution in terms of section 112(2) of the Act, approving the terms of the Sibaya Transaction;

2.2.3.6. to the extent required, all required regulatory approvals having been obtained;

2.2.3.7. SISA does not, prior to the fulfilment of the other conditions precedent, give notice that SISA is aware of any material adverse change in the condition of Dolcoast or its wholly-owned subsidiary; and

2.2.3.8. a SUI fairness opinion having been obtained from an independent expert indicating that the terms of the Sibaya Transaction are fair as contemplated in paragraph 2.2.3 of the Listings Requirements.

2.2.4. **Effective date of the Sibaya Transaction**

The effective date of the Sibaya Transaction is the 5th business day after the fulfilment or waiver, as the case may be, of the Sibaya Conditions Precedent as set out, *inter alia*, in paragraph 2.2.3 above. The Sibaya Conditions Precedent are anticipated to be fulfilled or waived by November 2014.

2.2.5. **Other significant terms of the Sibaya Agreement**

The Sibaya Agreement contains warranties and indemnities that are customary for agreements of this nature.

2.2.6. **Categorisation of the Sibaya Transaction**

In terms of paragraph 9.13 of the Listings Requirements of the JSE, the JSE requires that transactions which are entered into by a company with the same party or associates thereof, be aggregated and where the aggregation results in a category 1 transaction as contemplated in terms of the Listings Requirements, shareholder approval is required. Given that the Sibaya Transaction and the GPI Slots Transaction have been entered into between the same parties, the JSE requires that the transactions be aggregated.

Accordingly, with the rule of aggregation being applied as contemplated in terms of the Listings Requirements, the Sibaya Transaction is regarded as a category 1 transaction and requires approval by Shareholders in general meeting by way of an ordinary resolution.

Although the Sibaya Transaction is also deemed to be a disposal of all or greater part of the assets or undertaking of Grand Casino Investments KZN, the Sibaya Transaction does not constitute an "affected transaction" as defined in terms of the Companies Act.

2.2.7. **Additional information relating to the Sibaya Transaction**

Financial information of Sibaya

The audited annual financial statements of Dolcoast for the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011 as extracted from the financial information of GPI have been included in Annexure 10.

2.2.8. GPI has received notice from Dolcoast shareholders that they wish to pursue the acquisition of GPI's interest in Dolcoast and as such will neither allow SISA to commence the due diligence nor waive their pre-emptive rights until such time as this acquisition has been fully explored. Accordingly, GPI, Dolcoast and its shareholders are in the process of negotiating the manner in which such acquisition may be implemented, which may be by way of a share buy-back. To the extent that GPI, Dolcoast and its shareholders reach an agreement in relation to the acquisition of GPI's interest by Dolcoast shareholders or by Dolcoast, by way of a buy-back, then the conditions precedent set out in paragraphs 2.2.3.1 and 2.2.3.4 will not be fulfilled and the Sibaya Transaction will fall away and be of no further force or effect. To the extent that GPI, Dolcoast and its shareholders do not reach an agreement in relation to the acquisition of GPI's interest by Dolcoast shareholders or by Dolcoast, by way of a buy-back, then Dolcoast shareholders will consider allowing SISA to commence the due diligence and waive their pre-emptive rights.

2.3. THE GPI SLOTS TRANSACTION

2.3.1. **Overview**

GPI currently holds 100% of GPI Slots. In terms of the GPI Slots Transaction it is proposed that GPI will dispose up to an aggregate shareholding of 70% in GPI Slots to SISA in three separate tranches. The GPI Slots Transaction incorporates the GPI Slots Repurchase Call Option and the GPI Slots Forced Sale.

2.3.2. **Rationale for the GPI Slots Transaction**

The GPI Slots Transaction is an opportunity for GPI to maximise the long-term growth potential of GPI Slots and to realise significant value for shareholders today. GPI has achieved considerable and rapid growth in GPI Slots but recognises that the market is evolving and that future growth will be best achieved through partnership.

GPI will retain a meaningful, non-operational stake (a minimum of 30%) in GPI Slots and will therefore benefit from the new growth opportunities afforded by partnering with SUI, which brings a substantial local and international platform to the business. GPI has identified a number of strategic advantages and opportunities to the GPI Slots Transaction, which are consistent with GPI's strategy as an investment holding company:

- an opportunity to diversify GPI's capital by deploying the proceeds of the GPI Slots Transaction into non-gaming assets;

- the GPI Slots Transaction will ensure that GPI's operational involvement in GPI Slots is appropriate to the stage of growth of the asset. The costs of holding the investment will therefore be minimised;
- GPI Slots will be well-positioned to leverage SUI's expertise and infrastructure. In particular, GPI Slots will be positioned to expand operations internationally;
- the GPI Slots Transaction is expected to accelerate the growth of GPI's gaming and betting machine manufacturing business, Grand Merkur. GPI has ambitions to establish this business as South Africa's first gaming machine manufacturer, supplying both local and international markets; and
- an opportunity to lead the market in the development of new alternative gaming assets through collaboration with SUI in GPI Slots.

2.3.3. **The Transactions Steps Comprising the GPI Slots Transaction**

The GPI Slots Transaction is to be effected as follows:

2.3.3.1. **The GPI Slots Investment One Sale**

2.3.3.1.1. SISA will acquire an initial 25.1% interest in GPI Slots for the GPI Slots Investment One Purchase Consideration, which represents the purchase consideration for both the GPI Slots Investment One Sale Shares and the GPI Slots Investment One Sale Claims. It is anticipated that the GPI Slots Investment One Purchase Consideration will amount to R268.2 million.

2.3.3.1.2. The portion of the GPI Slots Investment One Purchase Consideration pertaining to the GPI Slots Investment One Sale Shares is subject to adjustment if there is a variance in the equity value of GPI Slots of 3% or greater, as determined based on the actual consolidated EBITDA of the GPI Slots Group of Companies, achieved for the FY2014 period, taking into account the net debt of the GPI Slots Group of Companies as at 30 June 2014.

2.3.3.1.3. The GPI Slots Investment One Sale Claims will have a purchase consideration equal to the face value thereof on the implementation date of the GPI Slots Investment One Sale, being the later of the 5th business day following the day (a) on which all the GPI Slots Conditions Precedent are fulfilled, or (b) on which the financial results of GPI Slots for the F2014 period are finalised.

2.3.3.1.4. The effective date of the GPI Slots Investment One Sale is 1 July 2014.

2.3.3.2. **The GPI Slots Investment Two Sale**

2.3.3.2.1. In terms of the GPI Slots Investment Two Sale, GPI has granted SISA an option to acquire additional GPI Slots Shares and an additional share of the shareholder loan account for cash such that SISA's total shareholding and shareholder loan account in GPI Slots post exercise of the option will be 50.1%, being the GPI Slots Investment Two Option. It is anticipated that the GPI Slots Investment Two Purchase Consideration will amount to R303.4 million.

2.3.3.2.2. The GPI Slots Investment Two Option is exercisable within 30 days of the financial results of GPI Slots for the FY2015 period being finalised. If the GPI Slots Investment Two Option is exercised, the effective date of the GPI Slots Investment Two Sale will be 1 July 2015.

2.3.3.2.3. Should the GPI Slots Investment One Sale not be completed for any reason other than breach by GPI of the GPI Slots Sale Agreement, the GPI Slots Investment Two Option cannot be exercised.

2.3.3.2.4. The GPI Slots Investment Two Purchase Consideration will, in so far as the GPI Slots Investment Two Sale Shares are concerned, be calculated on an equity value of GPI Slots determined by applying a 7.5 times multiple to the actual consolidated EBITDA achieved by the GPI Slots Group Companies for the FY2015 period, and thereafter deducting net debt.

2.3.3.2.5. The GPI Slots Investment Two Sale Claims will have a purchase consideration equal to the face value of the relevant share of the loan account on the implementation date of the GPI Slots Investment Two Sale.

2.3.3.3. **The GPI Slots Investment Three Sale**

2.3.3.3.1. Provided that SISA exercises and implements the GPI Slots Investment Two Option, GPI has granted SISA a further option to acquire additional GPI Slots shares and shareholder loan account for cash such that SISA's total shareholding and shareholder loan account in GPI Slots post exercise of the option will be 70.0%, being the GPI Slots Investment Three Option. It is anticipated that the GPI Slots Investment Three Purchase Consideration will amount to R292.1 million.

2.3.3.3.2. The GPI Slots Investment Three Option is exercisable within 30 days of the financial results of GPI Slots for the FY2016 period being finalised. If the GPI Slots Investment Three Option is exercised, the effective date of the resulting GPI Slots Investment Three Sale will be 1 July 2016.

2.3.3.3.3. The GPI Slots Investment Three Purchase Consideration will, in so far as the GPI Slots Investment Three Sale Shares are concerned, be calculated on an equity value of GPI Slots determined by applying a 7.5 times multiple to the actual consolidated EBITDA achieved by the GPI Slots Group Companies for the FY2016 period, and thereafter deducting net debt.

2.3.3.3.4. The GPI Slots Investment Three Sale Claims will have a purchase consideration equal to the face value thereof of the relevant share on the implementation date of the GPI Slots Investment Three Sale.

2.3.3.4. **The Management and ICT Services Cancellation Agreement**

2.3.3.4.1. In terms of the Existing Management Agreement and the Existing ICT Services Agreements, GPI Management Services and GPI Technology, respectively, provide certain management and information and communications technology services to the GPI Slots Group Companies for which they earn a monthly fee.

2.3.3.4.2. The Management and ICT Services Cancellation Agreement is to be entered into, in terms of which the Existing Management Agreement and Existing ICT Services Agreement will be cancelled for a fee of R20 million (inclusive of any Value-Added Tax) payable to GPI.

2.3.3.4.3. The management services will be cancelled with effect from 1 July 2014 and the ICT services will be cancelled thereafter as determined by the board of GPI Slots but not earlier than the date on which the GPI Investment Two Sale is implemented.

2.3.4. **Conditions Precedent to the GPI Slots Transaction**

The GPI Slots Investment One Sale and the grants of the GPI Slots Investment Two Option and the GPI Slots Investment Three Option are conditional upon the fulfilment or waiver, as the case may be of, *inter alia*, the following conditions precedent, being the GPI Slots Initial Conditions Precedent:

2.3.4.1. GPI and SUI obtaining the required approvals of their respective shareholders in general meeting;

2.3.4.2. all relevant provincial Gambling Boards providing their consent to the GPI Slots Transaction;

2.3.4.3. the Management and ICT Services Cancellation Agreement having been entered into and becoming unconditional in accordance with their respective terms; and

2.3.4.4. GPI Slots Investment One Sale being approved by the Competition Authorities in terms of the Competition Act.

The GPI Slots Investment Two Sale is conditional upon the fulfilment or waiver, as the case may be of, *inter alia*, the following outstanding conditions precedent, being the GPI Slots Investment Two Conditions Precedent:

2.3.4.5. the GPI Slots Investment Two Sale being approved by the Competition Authorities in terms of the Competition Act; and

2.3.4.6. all relevant Provincial Gambling Boards providing their consent for the GPI Slots Investment Two Sale to the extent that such consent is not obtained in advance.

The GPI Slots Investment Three Sale is conditional upon the fulfilment or waiver, as the case may be, of the following outstanding conditions precedent, being the GPI Slots Investment Three Conditions Precedent:

2.3.4.7. All relevant Provincial Gambling Boards providing their consent for the GPI Slots Investment Three Sale to the extent that such consent is not obtained in advance.

2.3.5. **The GPI Slots Repurchase Sale**

2.3.5.1. In terms of the GPI Slots Repurchase Sale, SISA has granted GPI the GPI Slots Repurchase Call Option which entitles GPI to repurchase the interest in GPI Slots held by SISA at the date the GPI Slots Repurchase Call Option is exercised.

2.3.5.2. In terms of the GPI Slots Repurchase Sale, GPI will be entitled to exercise the GPI Slots Repurchase Call Option should:

2.3.5.2.1. SISA not exercise the GPI Slots Investment Two Option; or

2.3.5.2.2. Closing of the GPI Slots Investment Two Sale does not take place (other than as a result of a breach by GPI of its obligations under the GPI Slots Sale Agreement); or

2.3.5.2.3. Should SISA not exercise the GPI Slots Investment Three Option.

2.3.5.3. The purchase consideration payable in terms of the GPI Slots Repurchase Call Option in the circumstances set forth in clause 2.3.5.2.1 will be an amount equal to the GPI Slots Investment One Purchase Consideration paid by SISA to GPI plus R20 million.

2.3.5.4. The purchase consideration payable in terms of the GPI Slots Repurchase Call Option in the circumstances set forth in clause 2.3.5.2.2 will be an amount equal to the GPI Slots Investment One Purchase Consideration paid by SISA to GPI plus the GPI Slots Investment Two Purchase Consideration paid by SISA to GPI plus R20 million in respect of the cancellation of the Existing Management Agreement and the Existing ICT Services Agreement.

2.3.6. **The GPI Slots Forced Sale**

2.3.6.1. If a GPI Slots Forced Sale Trigger Event occurs in relation to a GPI Slots Forced Seller, all of such GPI Slots Forced Seller's GPI Slots Forced Sale Equity shall be made available for sale to the other remaining shareholder of GPI Slots. A GPI Slots Forced Sale Trigger Event shall be deemed to have occurred in the circumstances set out in Annexure 17 of this Circular,

2.3.6.2. The consideration payable for the GPI Slots Forced Sale Equity shall be –

2.3.6.2.1. the face value of any GPI Slots shareholder loan claim, if any, forming part of the GPI Slots Forced Sale Equity; plus

2.3.6.2.2. in respect of each GPI Slots Share forming part of the GPI Slots Forced Sale Equity, an amount equal to 80% of the amount determined in accordance with the formula: A=B/C, where –

2.3.6.2.3. **A** represents the amount to which such factor of 80% is to be applied for the purpose of determining the consideration in regard to each such GPI Slots Share;

2.3.6.2.4. **B** represents the EBITDA of GPI Slots for the first 12 months of the 14 months immediately preceding the month during which the applicable GPI Slots Trigger Event occurs, multiplied by a factor of 7.5, provided that if the Trigger Event occurs after the GPI Slots Investment Three Option period, such EBITDA shall instead be multiplied by a factor which is the lower of (a) 7.5; and (b) a factor determined in accordance with paragraph 2.3.6.3; and

2.3.6.2.5. **C** represents the number of GPI Slots Shares in issue as at the date on which notice of the Forced Sale is given to the remaining shareholders of GPI Slots.

2.3.6.3. The factor contemplated in clause 2.3.6.2.4 above shall be determined by independent auditors acting as experts and not as arbitrators and any shareholder of GPI Slots shall be entitled to refer the determination to the independent auditors. In making such determination, the independent auditors shall not take into account whether the GPI Slots Shares making up the GPI Slots Forced Sale Equity constitute a majority or a minority interest in GPI Slots.

2.3.7. **Other significant terms of the GPI Slots Sale Agreement**

2.3.7.1. The GPI Slots Sale Agreement contains warranties, indemnities and restraints that are customary for agreements of this nature.

2.3.7.2. The GPI Slots Purchase Consideration is in aggregate capped at an amount no more than 24.9% of the market capitalisation of SUI on the date of signature of the GPI Slots Sale Agreement.

2.3.8. **Categorisation of the GPI Slots Transaction**

In terms of the Listings Requirements of the JSE, as the value of the GPI Slots Transaction, in so far it relates to GPI, and on the assumption that SISA exercises the GPI Slots Investment Two Option, and the GPI Slots Investment Three Option, exceeds 25% of GPI's market capitalisation, it meets the definition of a category 1 transaction as contemplated in terms of section 9 of the Listings Requirements of the JSE, requiring shareholder approval.

2.3.9. **Categorisation of the GPI Repurchase Call Option**

Should GPI exercise the GPI Slots Repurchase Call Option same may meet the definition of a category 1 transaction as contemplated in terms of section 9 of the Listings Requirements of the JSE. Accordingly, Shareholder approval will be sought from GPI Shareholders at the General Meeting.

2.3.10. **Categorisation of the GPI Slots Forced Sale**

Should a GPI Slots Trigger Event occur as a result of an act or omission by either SISA or GPI and the GPI Slots Forced Sale is implemented in accordance with the GPI Slots Forced Sale Provisions, the GPI Slots Forced Sale, from a GPI perspective, may meet the definition of a category 1 transaction as contemplated in terms of section 9 of the Listings Requirements of the JSE. Accordingly, Shareholder approval will be sought from GPI Shareholders at the General Meeting.

2.3.11. **Additional information relating to the GPI Slots Transaction**

2.3.11.1. **Financial information**

The audited annual financial statements of GPI Slots for the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011 and the Independent Reporting Accountants' Reports on such financial information have been included in Annexures 11 and 12, respectively.

The reviewed interim financial statements of GPI Slots for the six months ended 31 December 2013 and the Independent Reporting Accountants' Report on such financial information have been included in Annexures 13 and 14, respectively.

2.4. APPLICATION OF THE PROCEEDS FROM THE SUNWEST AND WORCESTER TRANSACTION, THE SIBAYA TRANSACTION AND THE GPI SLOTS TRANSACTION

GPI will use a portion of the proceeds to redeem R133.2 million of existing Redeemable Cumulative Preference Shares, and deploy the remainder into new opportunities that meet GPI management's target IRR and other strategic objectives. The Board may also consider declaring a special dividend to shareholders, although no decision has yet been taken in this regard. The lottery bid in particular is a key near-term focus for GPI with enormous potential for growth if successful. Cash will also be utilised to support and accelerate the growth of existing operations, particularly at BURGER KING® and related food assets. The cash proceeds will over the short-term be invested in preference share investments while the cash is being deployed into the areas highlighted above.

GPI's new opportunities are chosen to be consistent with GPI's strategy as an investment holding company, which includes the following objectives:

- holding a diversified portfolio of assets, both in terms of sector and stage of the asset life-cycle (start-up, growth and mature);
- creating value and exceeding benchmark returns on exit;
- realising value for shareholders at the appropriate point in the asset life cycle;
- minimising the costs of holding investments;
- ensuring that GPI's operational involvement (including management time and human and financial capital) is appropriate to the stage of growth of the asset; and
- co-investing with the right partner for each business in order to maximise the value of the investment and extract synergies where possible.

2.5. GPI Group structure before and after the implementation of the Transactions

A diagram setting out the GPI Group structure before and after the implementation of the Transactions has been set out in Annexure 19 to this Circular.

3. THE BUSINESS OF GPI

3.1. GPI is a Western Cape-based, black owned and controlled company historically focussed on passive investments in the South African hospitality and gaming industry. In recent years, while still maintaining a core focus on maximising the potential of new and existing hospitality and gaming investments, GPI has also positioned itself to take advantage of high growth opportunities beyond this sector, particularly where there are strong synergies with existing investments.

3.2. The business of GPI can be summarised as follows:

3.2.1. Non-operated hospitality and gaming investments comprising minority interests in the GrandWest, Golden Valley, and Sibaya casinos, the Table Bay Hotel, and the CTICC; and

3.2.2. GPI operated businesses and new growth opportunities, currently comprising GPI Slots, Burger King SA (a restaurant chain operating in the quick service restaurant sector), property and other early-stage gaming and non-gaming opportunities.

3.2.1. Non-operated hospitality and gaming investments

3.2.1.1. SunWest

SunWest is the holding company for GPI's 25.1% investment in GrandWest Casino and the Table Bay Hotel. GPI also owns a 24.75% economic interest (6.2% effective interest) in the CTICC through SunWest.

GrandWest Casino is situated in Goodwood, Cape Town, and provides a diverse entertainment offering. Operations include gambling (casino tables and slot machines), together with a host of entertainment facilities, from restaurants to bars, fast food outlets, cinemas, a theatre, and retail shops. Visitors have a choice of the 4-star Grand Hotel or the City Lodge for accommodation. GrandWest also offers full conference and banqueting facilities and has played host to a variety of events, exhibitions and gala dinners. Additional construction in 2006 and 2007 doubled the size of the casino to accommodate a non-smoking area, an additional 1 000 parking bays, a parking garage and a new covered walkway. A multi-purpose arena with seating for more than 5 000 people was opened in October 2007 and has hosted world-class shows and concerts.

The Table Bay Hotel is one of the "Leading Hotels of the World" and is situated in the historic Victoria & Alfred Waterfront in Cape Town. This luxury 5-star hotel has 329 rooms, three restaurants, a pool, gymnasium, health spa, conference facilities, chauffeur service and underground parking.

The CTICC is situated on the Cape Town Foreshore and is a city-based initiative that formed part of the original bidding process by SunWest in tendering for the operating casino licence in 1999. SunWest has a 24.75% interest in Convenco (the holding company of CTICC) while the balance of 75.25% is held by the Western Cape Provincial Government and the City of Cape Town. The CTICC is recognised as a world-class convention centre that, since its completion in 2003, has seen hundreds of thousands of visitors attending consumer exhibitions, conferences and trade shows. The CTICC is internationally regarded given its meticulous design with regard for the end-user and utilising modern amenities and technology throughout the building.

3.2.1.2. Worcester Casino

Worcester Casino is the holding company for GPI's 25.1% investment in Golden Valley Casino and Golden Valley Lodge, comprising a casino, hotel, conference centre and other leisure facilities in Worcester in the Western Cape. The casino was the fifth and final casino to be opened in the Western Cape, and has both slot machines and tables in operation, as well as a conference centre, restaurant and other entertainment facilities. Golden Valley Lodge is a 98 room, 4-star hotel located adjacent to the casino and conference centre.

3.2.1.3. Grand Casino Investments KZN

Grand Casino Investments KZN is the holding company for GPI's 24.9% investment in Dolcoast Investments Limited, which holds a 22.4% interest in Sibaya Casino. GPI's indirect interest in Sibaya Casino is 5.6% and 7.5% in KZN Manco.

Sibaya Casino is a lucrative and exceptionally well-positioned casino located just north of Durban between Umdloti and Umhlanga. Sibaya Casino has over 1 000 slot, 24 touch-bet roulette machines and 43 tables across the gaming floors. Sibaya Casino also has two hotels – which boast spectacular views of the Indian Ocean – the luxurious 5-star Royal Sibaya Hotel and the 3-star Sibaya Lodge. Both facilities are within reach of the main casino building and all of its restaurants and facilities.

3.2.2. GPI-operated businesses

3.2.2.1. GPI Slots Group

GPI Slots is a group of companies primarily involved in the operation of LPMs, with Route Operator Licences in the Western Cape, KwaZulu-Natal, Mpumalanga and Gauteng. Each Route Operator Licence entitles the holder to manage and operate 1,000 LPMs within the respective province. GPI Slots is the second largest operator of LPMs in South Africa with 1,784 LPMs in operation across all licences as at the 31 December 2013, with access to a total of 5 000 LPMs across its five LPM gaming licences. The five GPI Slots licences comprise Grandslots, Kingdomslots, Grand Gaming Mpumalanga, Grand Gaming Gauteng and Grand Gaming Hot Slots.

The LPM industry offers consistent financial performance and attractive growth prospects:

- Significant barriers to entry exist due to the stringent licensing requirements of Route Operators and the significant capital requirements necessary to purchase LPMs and subsequently roll them out;
- The industry remains relatively underdeveloped, primarily due to the slow speed at which provincial gambling boards have allotted Route Operator licences in the remaining provinces, therefore providing scope for further growth and expansion; and
- There are a limited number of Route Operator licences available in each province.

GGR from GPI Slots' operations increased by 25.1% year-on-year for the financial years ended 30 June 2012 and 2013. GPI Slots also continues to improve its majority market share in the Western Cape, which is the business's strongest performing division in terms of both GGR, GGR per machine per day and profitability.

GPI Slots plans to achieve further positive growth by focusing on:

- Increasing the number of Route Operator Licences held, both through acquisition and by applying to the respective provincial gambling boards for licences when they become available and are financially attractive;
- Increasing the number of active LPMs in each province to as close to capacity (1, 000 LPMs per licence) as possible;
- Improving the quality of the gaming offerings and managing GPI Slots' network to achieve maximum GGR per machine per day; and
- Roll-out of Type B site licences across all four provinces as the respective gambling boards increase the number of approved Type B sites. Type B licences allow for up to 40 LPMs at one site. GPI Slots currently has one Type B site which operates in Gauteng.

One of the factors that could positively impact earnings for GPI Slots in the near future is an increase in the maximum bet, which currently stands at R5 and which has been maintained at this level since the inception of the industry. Management believe that potential legislative changes could see the maximum bet limit increased to as much as R30 per bet. This should result in an increase in the payout limit and as a further result increase GGR per machine.

3.2.2.2. Slots Shared Services

The former GPI Management Services Proprietary Limited, now named Slots Shared Services, was set up in 2010 as a central management company to own and manage the LPMs and other assets used by the GPI Slots Group, enter into employment contracts with the staff of GPI and its operating businesses, and manage the day to day operations of GPI and its operating businesses.

GPI sold its shares in the company to GPI Slots on 1 July 2013 with a view to creating a shared service centre dedicated to the provision of services specific to the GPI Slots Group. Accordingly all staff whose functions relate solely to the Slots Division have been retained in the company and Slots Shared Services charges companies within the GPI Slots Group appropriate intercompany charges for staff time.

The LPMs previously owned by GPI Management Services were sold to the individual companies in the GPI Slots Group.

3.2.2.3. GPI Management Services

This is a new company (recently re-named GPI Management Services) that was acquired following the sale of the former GPI Management Services to GPI Slots as described in paragraph 3.2.2.2 above. Staff involved with the management of the day-to-day operations of GPI and its operating businesses generally, were transferred to this company. Appropriate intercompany charges are raised for staff time utilised in accordance with Service Level Agreements between GPI Management Services and the operating businesses.

3.2.2.4. BURGER KING®

GPI and Burger King Worldwide have formed Burger King SA, which holds the long-term master franchise agreement for BURGER KING® in South Africa and will have exclusive rights to develop and expand the BURGER KING® brand in the country's quick service restaurant market.

GPI has aggressive growth plans for the business and expects to swiftly establish a meaningful presence in the quick-service restaurant market. The first BURGER KING® restaurant opened in Cape Town at 33 on Heerengracht in May 2013 and was followed by the opening of the following stores:

- Tyger Valley Shopping Centre, Western Cape on 4 July 2013;
- Cavendish Shopping Centre, Western Cape on 30 July 2013;
- Cape Gate Shopping Centre, Western Cape on 15 October 2013;
- Kenilworth Race Course, Western Cape on 21 December 2013;
- Drostdy Centre, Western Cape on 9 January 2014;
- Park Station, Gauteng on 1 February 2014;
- Rivonia Road, Gauteng on 1 February 2014;
- Sasol Circle, Gauteng on 1 February 2014;
- The Zone, Gauteng on 19 February 2014;
- Zevenwacht Shopping Centre, Western Cape on 16 March 2014;
- Pavilion Shopping Centre, KZN on 14 April 2014;
- Kenilworth Centre, Western Cape on 24 April 2014;
- Sasol – Maraboe, Gauteng on 28 April 2014;
- Cape Town Station, Western Cape on 30 April 2014;
- Fox and Kruis, Gauteng on 9 May 2014;
- Ghandi Square, Gauteng on 5 June 2014;
- Hatfield, Gauteng on 28 June 2014.

3.2.2.5. Grand Capital Investment Holdings

Grand Capital Investment Holdings is the holding company for GPI House Properties, Grand Merkur and Grand Technology.

GPI House Properties is the property owning entity within GPI and is the registered owner of the head office property located at 33 on Heerengracht in the Cape Town Central Business District. The building was acquired to support the continued growth of operations and to improve the working environment of staff. The first Burger King store to be opened in South Africa is located in the head office property, which also houses the training facilities that support the roll-out of Burger King by GPI nationally. GPI House Properties owns another three properties: an office plus warehouse in Johannesburg, a site at N1 City earmarked for a BURGER KING® restaurant, and a factory in Atlantis. Further property acquisitions in Atlantis, Cape Town and Johannesburg are currently underway.

Grand Merkur was formed in 2012 in partnership with Merkur Gaming, a leading German manufacturer, supplier and operator of gaming machines, including LPMs. Merkur Gaming is a member of the Gauselmann Group. The objective of Grand Merkur is to manufacture LPMs as well as other gaming machines in South Africa, including, electronic bingo terminals, sports betting and lottery terminals. Despite the substantial size of the gaming machine market in South Africa, there was previously no local manufacturer and all gaming machines were imported. By leveraging the core competencies of GPI and Merkur Gaming, GPI intends over time to capture a significant share of the lucrative gaming machine manufacturing market, both locally and internationally, as well as to make substantial savings at GPI Slots through the production and supply of its own machines.

GPI owns 100% of Grand Technology, which was acquired in July 2013 as part of GPI's strategy of investing in its own information technology infrastructure. Grand Technology currently provides technological support for both the BURGER KING® and GPI Slots businesses.

3.2.2.4. Grand Lottery

Grand Lottery is the vehicle for GPI's world-class bid for the National Lottery. The announcement of the winning bid is in August. GPI believes that its ability to fund the bid out of its own financial resources, as supported by these Transactions, is a positive factor in the bid consideration.

3.2.2.6. Grand Sport

Grand Sport houses GPI's new sports betting business trading under the name Grand Play, which is currently licensed to transact as a bookmaker online but is looking to expand into a physical retail presence.

3.2.2.7. Grand Foods

Grand Foods has a wholly-owned subsidiary, Utish Investments, which in turn is the holding company for GPI's 85% share in Burger King South Africa.

3.2.2.8. Grand Property Management and Grand On-line

Grand Property Management and Grand On-line were acquired as shelf companies and are intended to be used as vehicles for future investments that may arise. As at the Last Practicable Date, none of the aforementioned Subsidiaries of GPI have traded and nor do they hold any investments.

4. PROSPECTS OF GPI

The Board of GPI is of the view that the business has attractive growth prospects over the medium to long-term. The management team is well placed to take advantage of new opportunities that have already been identified as potential investments, and to continue to identify suitable new investment and growth opportunities.

5. FINANCIAL INFORMATION OF GPI

5.1. *Pro forma* financial effects of the Transactions on GPI

The consolidated *pro forma* financial effects of the Transactions, as set out below, are the responsibility of the Directors. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of the Company's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of the Company's financial position post the implementation of the Transactions.

The consolidated *pro forma* financial effects set out below should be read in conjunction with the consolidated *pro forma* statement of financial position as set out in Annexure 2, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 2. The Independent Reporting Accountants' report on the consolidated *pro forma* financial information appears in Annexure 3 to this Circular.

The table below sets out the *pro forma* financial effects of the adjustments on the Company, based on the interim financial results for the six months ended 31 December 2013 and on the assumption that, for calculating the net asset value per GPI Share and net tangible asset value per GPI Share, the adjustments were effected on 31 December 2013. In respect of the earnings per GPI Share and headline earnings per GPI Share it is assumed that the adjustments were effected on 1 July 2013.

	Unaudited results before the adjustments	*Pro forma* results after the Sibaya Transaction	*Pro forma* results after the Sibaya Transaction and the SunWest and Worcester Transaction	*Pro forma* results after the Sibaya Transaction, the SunWest and Worcester Transaction and the GPI Slots Transactions	Change (%)
Net asset value per Share (cents)	368.72	370.42	475.47	612.65	66.2%
Net tangible asset value per Share (cents)	314.63	316.33	421.38	612.10	94.5%
Earnings per Share (cents)	26.21	27.68	130.88	267.51	920.6%
Headline earnings per Share (cents)	13.95	13.55	7.72	6.91	(50.5%)
Number of Shares in issue ('000)	469 588	469 588	469 588	469 588	–
Weighted number of Shares in issue ('000)	461 358	461 358	461 358	461 358	–

Notes and assumptions:

a) The consideration relating to each GPI Slots Investment One Sale, GPI Slots Investment Two Sale and GPI Slots Investment Three Sale have been based on the following assumptions:

GPI Slots Investment One Sale:

As per the terms of the GPI Slots Sale Agreement, the GPI Slots Investment One Sale Purchase Consideration has been based on the aggregate amount of (a) R225.4 million and (b) the face value of the GPI Slots Investment One Sale Claim, at the closing date of the GPI Slots Investment One Sale (**Investment One Shareholder Loans**), in proportion to the equity percentage being acquired by Sun International. However if the consideration, based on a formula as agreed in the GPI Slots Sale Agreement, exceeds the R225.4 million by an amount greater or less than 3%, the purchase consideration, is adjusted to agree to the results of the formula. The formula is, 25.1% of, the product of 8.5 times the actual EBITDA, less the aggregate of (a) the net debt of the GPI Slots Group of the financial year ended 30 June 2014 and (b) the face value of the Investment One Shareholder Loans.

The actual EBITDA value comprises the GPI Slots Group EBITDA net of any share relating to minority shareholders (**EBITDA**), while the net debt value comprises any interest-bearing third party debt plus back cash and cash equivalents (net of any cash utilised in working capital during the ordinary course of business) (**Net Debt**).

It has been assumed, for the purposes of calculating the GPI Slots Investment One Purchase Consideration only, that the closing date of the GPI Slots Investment One Sale is 30 June 2014.

The calculation of the consideration, in terms of the formula describe above, has been based on the forecast results for the 12 months ended 30 June 2014 and amounts to R217.9 million which is 3.3% lower than the R225.4 million. As a result the consideration has been adjusted to R217.9 million.

The GPI Slots Investment One Purchase Consideration has been calculated in terms of the aforementioned formula by taking the EBITDA of R123.3 million less R0.9 million, for the proportionate minorities interest share of the EBITDA, to arrive at an adjusted EBITDA value of R122.4 million. The adjusted EBITDA of R122,4 million is multiplied by 8.5 times to arrive at a value of R1 040.4 million, to which R47.4 million in cash and cash equivalents and R6.1 million in working capital movements have been added and R25.5 million of third party interest-bearing debt and R200.3 million in Investment One Shareholder Loans have been deducted to arrive at a value of R868.1 million. 25.1% of this value equals the R217.9 million equity consideration. The face value of the Investment One Shareholder Loans is R200.3 million, therefore 25.1% of the loans, R50.3 million has been added to the equity consideration to give a total consideration value of R268.2 million.

All the aforementioned values have been extracted from the GPI Slots forecast financial information for the year ended 30 June 2014, as set out in Annexure 4 of this Circular.

GPI Slots Investment Two Sale and GPI Slots Investment Three Sale:

The GPI Slots Investment Two Sale Purchase Consideration and GPI Slots Investment Three Sale Purchase Consideration, have been based on a formula as agreed in the GPI Slots Sale Agreement. The formula is the aggregate of (a) the face value of the proportionate share of the GPI Slots shareholder loans being acquired by SUI and (b) the product of 7.5 multiplied by the GPI Slots Group EBITDA (excluding minority share), for each of the related financial years ending 30 June 2015 and 30 June 2016, respectively, less the net debt and the face value of GPI Slots Investment Two Sale Claim, at the closing date of the GPI Slots Investment Two Sale and the GPI Slots Investment Three Sale Claim at the closing date of the GPI Slots Investment Three Sale (**Investment Two Shareholder Loans and Investment Three Shareholder Loans**).

It has been assumed for the purposes of calculating the GPI Slots Investment Two Purchase Consideration only, that the closing date of the GPI Slots Investment Two Sale is 30 June 2015.

The GPI Slots Investment Two Sale Purchase Consideration has been calculated in terms of the agreed formula by taking the EBITDA of R163.6 million less R1.7 million, for the proportionate minorities interest share of the EBITDA, to arrive at an adjusted EBITDA value of R161.9 million. The adjusted EBITDA of R161.9 million is multiplied by 7.5 times to arrive at a value of R1 214.3 million, to which R20.5 million in cash and cash equivalents and R9.3 million in working capital movements have been added and R30.3 million of third party interest-bearing debt and R118.3 million in Investment Two Shareholder Loans have been deducted to arrive at a value of R1 095.5 million. 25.0% of this value equals the R273.8 million equity consideration. The face value of the Investment Two Shareholder Loans is R118.3 million, therefore 25.0% of the loans, R29.6 million has been added to the equity consideration to give a total consideration value of R303.4 million.

All the above values have been extracted from the GPI Slots forecast financial information for the year ended 30 June 2015, as set out in Annexure 4 of this Circular.

It has been assumed, for the purposes of calculation the GPI Investment Three Purchase Consideration only, that the closing date of the GPI Slots Investment Three Sale is 30 June 2016.

The GPI Slots Investment Three Sale Purchase Consideration has been calculated in terms of the agreed formula by taking the EBITDA of R203.9 million less R6.1 million, for minorities share of EBITDA, to arrive at an adjusted EBITDA value of R197.8 million. The adjusted EBITDA of R197.8 million is multiplied by 7.5 times to arrive at a value of R1 483.5 million, to which R19.1 million in cash and cash equivalents has been added from which R3.3 million in working capital, R32.0 million of third party interest-bearing debt and R33.3 million in Investment Three Shareholder Loans have been deducted to arrive at a value of R1 434.6 million. 19.9% of this value equals the R285.5 million equity consideration. The face value of the Investment Three Shareholder Loans is R33.3 million, therefore 19.9% of the loans, R6.6 million has been added to the equity consideration to give a total consideration value of R292.1 million.

All the above values have been extracted from the GPI Slots forecast financial information for the year ended 30 June 2016, as set out in Annexure 4 of this Circular.

b) It has been assumed that the Transactions took place on 1 July 2013 when determining the effect of the transaction on the statement of comprehensive income.

c) It has been assumed that the Transactions took place on 31 December 2013 when determining the effect of the transaction on the statement of financial position.

d) Where applicable the tax rate has been assumed at 28% for income tax and 18.67% for capital gains tax. It has also been assumed that the taxes will only be payable at the end of the financial year, in June 2014, and have therefore been recognised as a payable under current liabilities.

e) It has been assumed that over a short term period, the GPI Group invest all surplus cash in preference share investments which accrue dividends (net of tax) at a rate of 5.16% per annum, being the rate currently achieved by GPI. The preference share investments are essentially guaranteed money market investments made by GPI, which are accounted for as cash and cash equivalents as they are repayable either on demand or with a 30 day notice. The preference share dividends are paid quarterly and if the preference share capital is withdrawn, the preference share dividends are paid out on a pro-rata basis It has been assumed further that all preference share dividends received are from South African resident companies and are not subject to Dividend Withholding Tax.

f) It has been assumed that the fair value of the GPI Slots Group's net assets, excluding shareholder loans, at 31 December 2013 is R868.1 million, which is equal to the equity value calculated in terms of the GPI Slots Investment One Purchase Consideration.

g) The financial information used in the *pro forma* financial effects for:

- Dolcoast has been extracted from select unaudited management information of Dolcoast for the six months ended 31 December 2013;
- SunWest has been extracted from the unaudited management accounts of SunWest for the six months ended 31 December 2013;
- Worcester Casino has been extracted from the unaudited management accounts of Worcester Casino for the six months ended 31 December 2013;
- GPI Slots in relation to the GPI Slots Investment One Sale has been extracted from the reviewed interim financial statements of GPI Slots for the six months ended 31 December 2013 and the GPI Slots Investment One Sale Purchase Consideration has been extracted from the reviewed forecast financial statements of GPI Slots for the year ended 30 June 2014;
- GPI Slots in relation to the GPI Slots Investment Two Sale has been extracted from the reviewed interim financial statements of GPI Slots for the six months ended 31 December 2013 and the GPI Slots Investment Two Sale Purchase Consideration has been extracted from the reviewed forecast financial statements of GPI Slots for the year ended 30 June 2015; and
- GPI Slots in relation to the GPI Slots Investment Three Sale has been extracted from the reviewed interim financial statements of GPI Slots for the six months ended 31 December 2013 and the GPI Slots Investment Three Sale Purchase Consideration has been extracted from the reviewed forecast financial statements of GPI Slots for the year ended 30 June 2016.

6. GENERAL MEETING

A general meeting of GPI Shareholders will be held at **18h00 on Thursday, 21 August 2014** at Meeting Room 1.4, Cape Town International Convention Centre, Foreshore, Cape Town, Western Cape, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice of General Meeting attached to this Circular.

7. DIRECTORS

7.1. The full names, ages, business address and capacities of the Directors of GPI are outlined below:

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Chairman	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alex Abercrombie	62	Executive	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Chief Executive Officer	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Sukena Petersen	34	Financial Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Norman Victor Maharaj	63	Lead independent director	23 Olienhout Drive, Plattekloof, 7500
Nombeko Mlambo	68	Non-executive	3 Derna Road, Kenwyn, Cape Town
Anthony William Bedford	59	Non-executive	10 Elizabeth Lane, Constantia, Cape Town
Colin Michael Priem	55	Non-executive	22 Welwyn Avenue, Pinelands, Cape Town
Walter Geach	59	Non-executive	University of Western Cape, Modderdam Road, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

Details of the directors of the major Subsidiaries of GPI are set out in Annexure 16 to this Circular.

7.2. Save for being a Shareholder of GPI, no Director (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly in the Transactions or in any transactions that were:

7.2.1. effected by the Company during the current or immediately preceding financial year; or

7.2.2. during an earlier financial year and remain in any respect outstanding or unperformed.

7.3. Save for being a Shareholder of GPI, no Director has had any material beneficial interest, either direct or indirect, in the Transactions and no promoter or director of GPI is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

7.4. Save for being a Shareholder of GPI, no Director has had any material beneficial interest, either direct or indirect, in the promotion of the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

7.5. For the year ended 30 June 2013, no Director has received management, consulting or technical fees from the Group nor any part of any other fees for such services rendered, directly or indirectly, including payments to management companies.

7.6. For the year ended 30 June 2013, no Director has received any commission, gain or entered into any profit-sharing arrangement with the Group.

7.7. A breakdown of the remuneration and benefits paid or accrued as payable to Directors by the Group for the year ended 30 June 2013, is set out below:

	Salary (R'000s)	**Directors' fees (R'000s)**	**Fees for other services (R'000s)**	**Short-term benefits (R'000s)**	**Bonuses and perfor-mance related payments (R'000s)**	**Long-term benefits (R'000s)**	**Total (R'000s)**
A Abercrombie	1 227	–	–	182	975	184	2 568
H Adams	1 802	–	–	585	6 470	270	9 127
A Bedford	–	145	40	–	–	–	185
R Hoption(1)	275	–	–	28	150	41	494
A Keet	1 576	–	–	124	1 000	236	2 936
N Maharaj	–	161	33	–	–	–	194
N Mlambo	–	171	20	–	–	–	191
S Petersen	678	–	–	87	740	113	1 618
C Priem(2)	–	127	59	–	–	–	193
F Samaai(4)	–	139	38	–	–	–	177
W Geach(3)	–	–	–	–	–	–	–

Notes:

(1) Resigned as executive director on 30 November 2012

(2) Appointed as non-executive director on 20 August 2012

(3) Appointed as non-executive director on 17 September 2013

(4) Resigned as non-executive director on 2 June 2014

7.8. The remuneration of the Directors will not be varied as a result of the Transactions.

7.9. No share options were issued in terms of the GPI Share Incentive Trust scheme for the year ended 30 June 2013. However the following Directors where awarded the following options on 31 August 2013 in terms of the GPI Share Incentive Trust scheme:

Director	**Number of share options awarded on 1 August 2013**	**Exercise price per share option awarded**
H Adams	4 501 385	R3.61
A Abercrombie	1 837 327	R3.61
A Keet	2 674 019	R3.61
S Petersen	921 053	R3.61
TOTAL	**9 933 784**	**R3.61**

Note: In terms of the trust deed regulating the GPI Share Incentive Trust ("the Trust Deed"), Shares awarded under the GPI Share Incentive Trust vest over a five year period from the grant date, namely:

– 25% thereof as at the second anniversary of the option grant date;
– 25% thereof as at the third anniversary of the option grant date;
– 25% thereof as at the fourth anniversary of the option grant date; and
– 25% thereof as at the fifth anniversary of the option grant date.

The trustees have discretion in terms of the Trust Deed to award Shares to participants in the GPI Share Incentive Trust on a more favourable basis to that set out above.

7.10. The following fees have been approved for the non-executive directors of GPI for the year ended 30 June 2013:

Fees payable to non-executive directors for the year ended 30 June 2013	**Base Fee (R'000s)**	**Attendance Fee (R'000s)**	**Attendance fee above minimum number of meetings (R'000s)**	**Minimum number of meetings per year**
Lead Independent Director	121	12	7	4
Directors	97	12	7	4
Audit and Risk Committee Chairman	–	19	7	4
Audit and Risk Committee Member	–	10	7	4
Remuneration and Nomination Committee Chairman	–	15	7	2
Remuneration and Nomination Committee Member	–	7	7	2
Social and Ethics Committee member	–	7	7	2
Investment Committee member	–	7	–	2

7.11. Service contracts of executive Directors

7.11.1. Each of the executive Directors has concluded service contracts with terms and conditions that are standard for such appointments, which are available for inspection in terms of paragraph 17 below.

7.11.2. No restraints of trade have been imposed by GPI on any Directors in respect of the business conducted by GPI and the contracts of all executive Directors are terminable on three month's notice.

7.11.3. The duration of each executive Director's appointment is determined by the service contracts referred to in paragraph 7.11.1 above, whilst the duration of the appointment of non-executive Directors is determined by the Memorandum of Incorporation which is also available for inspection in terms of paragraph 17 below.

7.12. Directors' Interests in the issued Shares of GPI

7.12.1. The table below sets out the direct and indirect beneficial interests of the Directors' (and their associates), including any directors who may have resigned during the last 18 months, in GPI's issued share capital as at the Last Practicable Date:

	Beneficial interest (ordinary shares)			
Director	**Direct (000's)**	**Indirect (000's)**	**Total (000's)**	**% Held**
A Abercrombie	5 837	300	6137	1.31
H Adams	3 564	43 303	46 865	9.98
A Bedford	174	3 988	4 162	0.89
A Keet	600	293	893	0.19
N Maharaj	–	5	5	–
N Mlambo	20	43	63	0.01
S Petersen	400	–	400	0.09
C Priem	–	–	–	–
F Samaai[1]	29	377	406	0.09
W Geach	–	–	–	–
Total	**10 624**	**48 309**	**65 623**	**14.24**

Note:

[1] Resigned as non-executive director on 2 June 2014

7.12.2. The following changes have taken place in the interests of the following Directors' in the issued ordinary share capital of GPI in the period from 30 June 2013 to the Last Practicable Date:

Date	Name of Director	Number of Shares	Price per Share	Nature of Change
10/09/2013	Hassen Adams(1) (through an associate)	130 570	430 cents	Disposal
11/09/2013	Hassen Adams(1) (through an associate)	87 821	429 cents	Disposal
12/09/2013	Hassen Adams(1) (through an associate)	2 390	430 cents	Disposal
13/09/2013	Hassen Adams(1) (through an associate)	31 830	424 cents	Disposal
13/09/2013	Anthony Bedford	8 921	425 cents	Disposal
16/09/2013	Anthony Bedford	66 444	421 cents	Disposal
17/09/2013	Hassen Adams(1) (through an associate)	37 000	420 cents	Disposal
17/09/2013	Anthony Bedford	55 555	420 cents	Disposal
19/09/2013	Anthony Bedford	9 710	419 cents	Disposal
20/09/2013	Anthony Bedford	60 000	397	Disposal
27/09/2013	Hassen Adams(2) (through an associate)	5 000 000	405 cents	Disposal
27/09/2013	Hassen Adams(1) (through an associate)	336 926	410 cents	Disposal
11/10/2013	Hassen Adams(1) (through an associate)	100 901	410 cents	Disposal
14/10/2013	Hassen Adams(1) (through an associate)	36 650	410 cents	Disposal
15/10/2013	Hassen Adams(1) (through an associate)	284 595	410 cents	Disposal
16/10/2013	Hassen Adams(1) (through an associate)	440 199	416 cents	Disposal
20/12/2013	Hassen Adams (through an associate)	600 000	400 cents	Disposal
20/12/2013	Alexander Abercrombie	600 000	400 cents	Purchase

8. SHARE CAPITAL

8.1. The Share capital of the Company before the Transactions is set out below:

Authorised share capital	**R'000**
2 000 000 000 ordinary Shares of no par value	**500**
Issued share capital	
484 403 402 ordinary Shares of no par value	**830 364**

8.2. The expected share capital of the Company following implementation of the Transactions is set out below:

Authorised share capital	**R'000**
2 000 000 000 ordinary Shares of no par value	**500**
Issued share capital	
484 403 402 ordinary Shares of no par value	**830 364**

8.3. The Company has 3 418 396 treasury shares.

9. MAJOR SHAREHOLDERS

9.1. As far as the Company is aware, as at the Last Practicable Date the following persons are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Name of Shareholder	Number of Shares held	Percentage of Shares in issue
Chandos Trust[1]	47 268 792	10.06%
Nadeson Investments Proprietary Limited[2]	36 682 290	7.18%
Quintessence Opportunities Proprietary Limited[3]	31 070 614	6.62%
Regarding Capital Management Proprietary Limited[4]	27 495 195	5.86%
Total	**142 516 891**	**29.72%**

Notes:

1. No director of GPI is a trustee or a beneficiary of Chandos Trust.
2. Hassen Adams and Alan Keet are directors and indirect beneficial shareholders of Nadeson Investments Proprietary Limited.
3. Hassen Adams is a director and Hassen Adams or his associates are shareholders of Quintessence Opportunities Proprietary Limited.
4. Regarding Capital Management Proprietary Limited is an asset management company which holds the GPI Shares on behalf of its clients.

9.2. There has been no change in the controlling shareholder nor trading objects of GPI in the five years prior to the Last Practicable Date, nor in respect of any of its Subsidiaries, save for the change in control when GPI acquired such companies as Subsidiaries.

10. ADDITIONAL INFORMATION

10.1. Material changes

There have been no material changes in the financial or trading position of GPI and its Subsidiaries since its published unaudited financial results for the interim period ended 31 December 2013.

10.2. Borrowings

Details of the material borrowings of GPI and its Subsidiaries are disclosed in Annexure 15.

10.3. Material contracts

There have been no material contracts, other than the Agreements, entered into either verbally or in writing by GPI or its Subsidiaries, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by GPI and/or its Subsidiaries, within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to GPI and/or its Subsidiaries at the date of this Circular.

10.4. Code of corporate practice and conduct

10.4.1. GPI and its Directors are committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs.

10.4.2. GPI is committed to the principles of transparency, integrity and accountability as advocated in the King Code III. Accordingly, GPI endorses the King Code III and has applied its principles in all sensible and material respects with the spirit and intent thereof in the control, management and direction of the Company. The register documenting the assessment of the Company's compliance with the 75 principles of King III can be viewed at http://grandparade.co.za/our-company/governance/.

10.5. Acquisition of material assets

No material assets have been acquired by the GPI Group during the last three years preceding the date of this Circular.

11. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to the GPI Group is sufficient for the GPI Group's present working capital requirements and will, post-implementation of the Transactions be adequate for at least 12 months from the date of issue of this Circular.

12. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have over the previous 12 months had a material effect on the financial position of the GPI Group.

13. EXPENSES

13.1. The estimated costs of preparing and distributing this Circular, holding the General Meeting and implementing the Transactions, including the fees payable to professional advisors, are approximately R13.9 million, including Value Added Tax, and include the following:

Expenses	**R' 000**
Sponsor and Corporate Advisor – PSG Capital	1 520
Lead Corporate Advisor – Leaf Capital	8 108
Legal Advisor – Bernardt Vukic Potash & Getz	2 027
Independent Reporting Accountants to GPI – Ernst & Young Inc	969
JSE documentation fee	78
Independent Valuer – Mazaars Corporate Finance	222
Printing and postage costs – Greymatter & Finch	342
Announcements and publication	97
Other – contingency	677
Estimated total	**14 040**
As a percentage of the Purchase Consideration	**0.58%**

13.2. Other than as set out above, GPI has incurred no preliminary expenses in relation to the Sale during the three years preceding this Circular.

14. GPI DIRECTORS' RECOMMENDATION

14.1. The Directors of GPI have considered the terms and conditions of the Transactions and have considered the Resolutions and are of the opinion that they are in the interests of GPI Shareholders.

14.2. The Directors of GPI recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

14.3. The Directors of GPI, in their personal capacities, intend to vote the Shares held by them in favour of the Resolutions to be proposed at the General Meeting.

15. ADVISORS' CONSENTS

The parties referred to in the Corporate Information section of this Circular have consented in writing to act in the capacities stated and to their names being stated in the Circular and, in the case of the Independent Reporting Accountants, have consented to the reference to their reports in the form and context in which they appear, and have not withdrawn their consents prior to the publication of the Circular.

16. GPI DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of GPI, whose names are given on page 12 of this Circular collectively and individually accept full responsibility for the accuracy of the information furnished relating to the GPI Group and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of GPI and at the Johannesburg office of PSG Capital from Monday, 21 July 2014 until Thursday, 21 August 2014 (both days inclusive):

17.1. the Memorandum of Incorporation of GPI and the memorandums of incorporation of its Subsidiaries;

17.2. the Agreements;

17.3. copies of the service contracts of executive Directors;

17.4. the *pro forma* financial information of GPI;

17.5. the report of the Independent Reporting Accountants on the *pro forma* financial information of GPI;

17.6. the fair and reasonable opinion from the Independent Expert set out in Annexure 1 in relation to the SunWest and Worcester Transaction;

17.7. the audited annual financial statements of GPI for the preceding three financial years (30 June 2013, 30 June 2012 and 30 June 2011), together with all notes, certificates and/or information required by the Companies Act;

17.8 a copy of the TRP approval letter; and

17.9. a copy of this Circular and all annexures hereto.

SIGNED AT CAPE TOWN ON THURSDAY, 10 JULY 2014, BY HASSEN ADAMS ON BEHALF OF ALL THE DIRECTORS OF GRAND PARADE INVESTMENTS LIMITED, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

Hassen Adams
Executive Chairman

INDEPENDENT EXPERT'S OPINION ON THE SUNWEST AND WORCESTER TRANSACTION

10 July 2014

The Directors
Grand Parade Investments Limited
33 on Heerengracht
Cape Town
8001

ATTENTION: THE DIRECTORS

FAIR AND REASONABLE OPINION IN RESPECT OF THE PROPOSED TRANSACTION BETWEEN SUNWEST INTERNATIONAL (PTY) LTD ("SUNWEST"), WORCESTER CASINO (PTY) LTD ("WORCESTER") AND GRAND PARADE INVESTMENTS (PTY) LTD ("GPI" OR "THE COMPANY") WHEREBY SUNWEST AND WORCESTER PROPOSE A SPECIFIC SHARE REPURCHASE OF 25.1% OF SUNWEST AND WORCESTER HELD BY GPI FOR A CASH CONSIDERATION OF R1.55 BILLION ("THE TRANSACTION" OR "THE OFFER")

INTRODUCTION

GPI has entered into a Sale of Shares Agreement ("the Agreement") with Sunwest and Worcester (collectively referred to as the "Purchasers"), in terms of which the Purchasers agreed to acquire 25.1% of the total issued share capital in Sunwest and Worcester ("Sale Shares") from the Company ("the Acquisition") for a purchase consideration of R 1.55 billion ("The Transaction" or "The Offer").

GPI requires an independent fair and reasonable opinion on whether the transaction is fair and reasonable in terms of Section 112 of the Companies Act 71 of 2008 ("The Act").

The independent board is required, in terms of the JSE Listings Requirements, to obtain appropriate external advice on The Offer in the form of a fair and reasonable opinion from an independent expert.

DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"

For the purposes of our opinion, fairness is primarily based on a quantitative assessment.

Therefore, fairness is determined by comparing the consideration given with the consideration received. The offer would be considered fair if the value of the consideration given (the value of the 25.1% interest in Sunwest and Worcester disposed) based on arm's length market related price for the shares, as determined in accordance with an accepted valuation approach is equal to or less than the consideration received (R1.55 billion), or unfair if the opposite would hold true. Those factors that are difficult to quantify, or are unquantifiable but nonetheless may affect a reader's assessment of the opinion, are taken into account in forming an opinion in respect of fairness.

The assessment of reasonableness of The Offer focuses primarily on qualitative considerations including the offer price in relation to the prevailing trading price as at the time of The Offer.

If the consideration offered per security exceeds either the estimated fair value per security or current traded price per security, but not both, a split opinion clearly detailing the independent board's view is required, e.g. fair but not reasonable or reasonable but not fair.

SOURCES OF INFORMATION
In the course of our analysis, we relied upon financial and other information obtained from GPI, Sunwest and Worcester's management and from various public, financial and industry sources. Our conclusion is dependent on such information being accurate in all material respects.

The principal sources of information used in formulating our opinion regarding The Offer include:

- Information and assumptions made available by and from discussions held with the management of GPI, Sunwest and Worcester;
- Audited annual financial statements of Worcester, Sunwest and its subsidiary Cape Town International Convention Centre Company (Pty) Ltd ("CTICC") for the periods ended 30 June 2011, 2012, 2013;
- The unaudited management accounts for the 10 months ended 30 April 2014 for Worcester, Sunwest and CTICC;
- Publicly available information relating to Sunwest, Worcester and CTICC and other companies in their respective sectors that we deemed to be relevant, including company announcements, analysts' reports and media articles; and
- The terms and conditions of The Offer.

Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, including publicly available information, whether in writing or obtained in discussions with management and the Board.

PROCEDURES

In arriving at our opinion, we have, *inter alia*:

- Reviewed The Offer, including its terms and conditions;
- Considered information made available by GPI, Sunwest and Worcester and from discussions held with the Board and management of GPI, Sunwest and Worcester;
- Discussions held with the non-executive (Mr Colin Priem) in regards to The Offer;
- Discussed the future prospects of Sunwest, Worcester and CTICC with management and considered the qualitative benefits of The Offer identified by management;
- Reviewed the methodologies available for performing valuations of businesses operating in this industry sector;
- Performed an indicative valuation of Sunwest and Worcester using sum-of-parts discounted cash flow methodology and where appropriate the net asset valuation based on forecast information, discounting this by a fair rate of return;
- Conducted appropriate sensitivity analyses given a reasonable range of key assumptions on the valuation methodologies applied above;
- Considered factors pertaining to both the marketability and minority discounts when assessing the value of Sunwest and Worcester Shares;
- Reviewed general economic, market and related conditions in which Sunwest and Worcester operates; and
- We compared our indicative valuations with the consideration payable in terms of the Offer.

The valuations were performed taking cognisance of Sunwest and Worcester and its subsidiaries' current and planned operations as well as other market factors affecting these operations. Using the values derived from the above valuations, a comparison was made to the consideration receivable.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly we cannot express an opinion on the financial data or other information used in arriving at our opinion.

VALUATION

We have performed a valuation of Sunwest and Worcester to determine whether The Offer consideration represents fair value to GPI shareholders. The discounted cash flow approach was employed.

Additionally, sensitivity analyses were performed considering key assumptions in arriving at the valuation range set out below.

The above valuation involved a stress test and sensitivity analysis on the key value drivers.

The valuation of the Sunwest and Worcester and its subsidiaries resulted in a valuation range between R1,386 million and R1,853 million, with a core value of R1,586 million dissecting this range.

As such The Offer is fair to the current shareholders of GPI, as they are receiving a cash consideration of R1.55 billion which is within the valuation range for their interest in Sunwest and Worcester.

REASONABILITY

Sunwest and Worcester shares are tightly held and thinly traded compared to similar listed entities, reducing their liquidity. The Offer is reasonable in that it creates a market for the Sunwest and Worcester shares for all Sunwest and Worcester Shareholders at a fair price (as defined).

The reasonableness of the transaction, however, is determined based on qualitative issues surrounding the transaction. Therefore, a transaction that is unfair may still be reasonable, or vice versa, after taking into consideration other significant factors.

A shareholder's decision regarding whether the consideration to be received in terms of the Offer is fair and reasonable may be influenced by particular circumstances. A shareholder should accordingly consult an independent advisor if there is in any doubt as to the merits of the Offer, considering personal circumstances and the opinion of the independent expert does not purport to cater for individual shareholders' position but rather the general body of shareholders.

OPINION

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of the Offer. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

We have considered the terms and conditions of The Offer, and based upon and subject to the aforegoing, we are of the opinion that the consideration of R1,55 billion for 25.1% of the issued shares in Sunwest and Worcester is fair and reasonable to GPI Shareholders.

LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained in discussion with the Board and management of GPI, Sunwest and Worcester. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by GPI, Sunwest or Worcester whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions as at the date of The Offer. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This letter and opinion is provided solely for the benefit of the Board of GPI concerned for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of the GPI Shareholders.

There is no relationship between Mazars Corporate Finance (Pty) Ltd and any other parties involved in this transaction. Mazars Corporate Finance (Pty) Ltd has no shares in GPI, Sunwest and Worcester or any other party involved in the transaction. Mazars Corporate Finance (Pty) Ltd's fees in respect of this fair and reasonable is R65 000 plus VAT and is not payable in shares and is not contingent or related to the outcome of the Transaction.

Mazars Corporate Finance (Pty) Ltd has no conflict of interest in relation to the Transaction and is able to make impartial decisions in relation to that Offer without fear or favour. Mazars Corporate Finance (Pty) Ltd has all the necessary competencies for this appointment. An internal review and quality control process exists at Mazars Corporate Finance (Pty) Ltd that ensured that someone other than the senior person responsible for the assignment reviewed the final opinion.

Each shareholder's individual decision may be influenced by such shareholder's particular circumstances. Our opinion does not purport to cater for each shareholder's circumstances, but rather the general body of shareholders taken as a whole. Should a shareholder be in any doubt as to what action to take, he or she should consult an independent advisor.

CONSENT

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear in the Circular.

Yours faithfully,

Andrew Morris
Director
Mazars Corporate Finance (Proprietary) Limited
Mazars House, Rialto Road
Grand Moorings Precinct
Century City
7441

SECTION 114 (3) (annotated in italics to show in context of information relevant to the Transaction)

The person retained in terms of subsection (2) the *Independent Expert* must prepare a report to the board, and cause it to be distributed to all holders of the company's securities, concerning the proposed arrangement *the Substitution*, which must, at a minimum:

(a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement; *Not applicable*

(b) identify every type and class of holders of the company's securities affected by the proposed arrangement; *The company has 469 588 587 ordinary shares of no-par value in issue.*

(c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);

All GPI shareholders are affected in precisely the same manner by the transaction.
(d) evaluate any material adverse effects of the proposed arrangement against –

1. (i) the compensation that any of those persons will receive in terms of that arrangement; and

2. (ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the company;

There are no material adverse effects arising from the Transaction.

(e) state any material interest of any director of the company or trustee for security holders; *Para. (e) substituted by s. 70 (c) of Act No. 3 of 2011*.

Director	**Direct (000's)**	**Indirect (000's)**	**Total (000's)**	**% held**
A Abercrombie	5 837	300	6 137	1.31
H Adams	3 564	43 303	46 865	9.98
A Bedford	174	3 988	4 162	0.89
A Keet	600	293	893	0.19
N Maharaj	–	5	5	–
N Mlambo	20	43	63	0.01
S Petersen	400	–	400	0.09
C Priem	–	–	–	–
F Samaai[(1)]	29	377	406	0.09
W Geach	–	–	–	–
Total	**10 624**	**48 309**	**65 623**	**14.24**

Notes

(1) Resigned as non-executive director on 2 June 2014.

(f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph

No director, trustee, advisor or any other person has any other interest whatsoever – other than the interest that every shareholder has – in the transaction proceeding. There are consequently no directors, trustees or advisors that have any conflict of interest with respect to the approval of the transaction.

and

(g) include a copy of sections 115 and 164.

APPENDICES – SECTION 115 AND SECTION 164 OF THE COMPANIES ACT OF SOUTH AFRICA

"Section 115: Required approval for transactions contemplated in Part A

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

(a) the disposal, amalgamation or merger, or scheme of arrangement:

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to:

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved:

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the Company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the Company's holding company if any, if:

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the Company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the Company must either:

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

(a) the resolution is manifestly unfair to any class of holders of the Company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

(a) notified the Company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

SECTION 164: DISSENTING SHAREHOLDERS APPRAISAL RIGHTS

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in section 112, 113, or 114,

that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the Company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the Company must send a notice that the resolution has been adopted to each shareholder who:

(a) gave the Company a written notice of objection in terms of subsection (3); and

(b) has neither:

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the Company pay the shareholder the fair value for all of the shares of the Company held by that person if:

(a) the shareholder:

(i) sent the Company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the Company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the Company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder:

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the Company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the Company within:

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:

(a) the shareholder withdraws that demand before the Company makes an offer under subsection (11), or allows an offer made by the Company to lapse, as contemplated in subsection (12)(b);

(b) the Company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the Company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the Company received a demand as contemplated in subsection (7)(b), if applicable, the Company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the Company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

(a) the shareholder must either in the case of:

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the Company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the Company or the Company's transfer agent; and

(b) the Company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

(i) tendered the share certificates; or

(ii) directed the transfer to the Company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the Company to pay the shareholder the fair value so determined, if the Company has:

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

(a) all dissenting shareholders who have not accepted an offer from the Company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the Company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the Company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the Company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the Company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the Company in terms of subsection (11), in which case:

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the Company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the Company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the Company being unable to pays its debts as they fall due and payable for the ensuing 12 months:

(a) the Company may apply to a court for an order varying the Company's obligations in terms of the relevant subsection; and

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the Company; and

(ii) ensures that the person to whom the Company owes money in terms of this section is paid at the earliest possible date compatible with the Company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the Company to amalgamate or merge with one or more other companies, such that the Company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section Are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the Company, or an acquisition of its shares by the Company within the meaning of section 48, and therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the Company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF GPI

The *pro forma* financial information for the Group, at 31 December 2013, is set out below. The *pro forma* financial information has been prepared to provide details of how the Transactions might have affected the financial position of the Group and is provided for illustrative purposes only. Because of its nature, the *pro forma* financial information may not fairly present the Group's statements of financial position, comprehensive income and cash flows after the Transactions. The *pro forma* financial information has been prepared in accordance with the Company's accounting policies and in compliance with IFRS.

The *pro forma* financial information, as set out below, should be read in conjunction with the limited assurance report of the Independent Reporting Accountant, which is included as Annexure 3 to this Circular.

The Directors of GPI are responsible for the preparation of the *pro forma* financial information. The *pro forma* statement of financial position of GPI at 31 December 2013 has been prepared on the assumption that the Transactions were effected on 31 December 2013. The unaudited statement of comprehensive income of Transactions at 31 December 2013 has been prepared on the assumption that the Transactions were effected on 1 July 2013.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Results for the six months ended 31 December 2013 R'm	Adjustments for the Sibaya Transaction R'm	Notes	Subtotal – After the Sibaya Transaction R'm	Adjustments for the disposal of SunWest R'm	Notes	Subtotal – After the Sibaya Transaction and the disposal of SunWest R'm	Adjustments for the disposal of Worcester Casino R'm	Notes
Revenue	328.2	1.1	*2, 3*	329.3	35.8	*6*	365.1	0.6	*11*
Cost of Sales	(191.3)	–		(191.3)	–		(191.3)	–	
Gross Profit	**136.9**	**1.1**		**138.0**	**35.8**		**173.8**	**0.6**	
Other Income	–	–		–	–		–	–	
Operating Costs	(108.1)	(0.7)	*4*	(108.8)	(9.1)	*7*	(117.9)	(0.1)	*12*
Profit from Operations	**28.8**	**0.4**		**29.2**	**26.7**		**55.9**	**0.5**	
Profit from equity-accounted investments	61.2	(2.3)	*2*	58.9	(58.8)	*8*	0.1	–	
Profit on disposal of investment	–	10.7	*5*	10.7	481.0	*9*	491.7	–	
Remeasurement of investment	32.8	–		32.8	–		32.8	–	*13*
Reversal of impairment of investment	–	–		–	–		–	22.1	
Gain on acquisition of investment	23.9	–		23.9	–		23.9	–	
Depreciation and amortisation	(22.9)	–		(22.9)	–		(22.9)	–	
Profit before finance costs and taxation	**123.8**	**8.8**		**132.6**	**448.9**		**581.5**	**22.6**	
Finance income	7.1	–		7.1	–		7.1	–	
Finance costs	(10.4)	–		(10.4)	4.7	*10*	(5.7)	–	
Profit before taxation	**120.5**	**8.8**		**129.3**	**453.6**		**582.9**	**22.6**	
Taxation	(3.2)	(2.0)	*5*	(5.2)	–		(5.2)	–	
Profit for the period	**117.3**	**6.8**		**124.1**	**453.6**		**577.7**	**22.6**	
Other comprehensive income									
Unrealised fair value loss on available-for-sale investments, net of tax	(1.2)	–		(1.2)	–		(1.2)	–	
Total comprehensive income for the period	**116.1**	**6.8**		**122.9**	**453.6**		**576.5**	**22.6**	
Profit for the period attributable to:									
– Ordinary shareholders	120.9	6.8		127.7	453.6		581.3	22.6	
– Non-controlling interest	(3.6)	–		(3.6)	–		(3.6)	–	
	117.3	**6.8**		**124.1**	**453.6**		**577.7**	**22.6**	
Total comprehensive income attributable to:									
– Ordinary shareholders	119.7	6.8		126.5	453.6		580.1	22.6	
– Non-controlling interest	(3.6)	–		(3.6)	–		(3.6)	–	
	116.1	**6.8**		**122.9**	**453.6**		**576.5**	**22.6**	

Subtotal – After the Sibaya Transaction and the SunWest and Worcester Transaction R'm	Adjustments due to GPI Slots Investment One Sale R'm	*Notes*	Subtotal R'm	Adjustments due to GPI Slots Investment Two Sale R'm	*Notes*	Subtotal R'm	Adjustments due to GPI Slots Investment Three Sale R'm	*Notes*	Adjusted results for the six months ended 31 December 2013 R'm
365.7	(261.4)	*14, 16*	104.3	7.8	*16*	112.1	7.5	*16*	119.6
(191.3)	164.1	*14*	(27.2)	–		(27.2)	–		(27.2)
174.4	**(97.3)**		**77.1**	**7.8**		**84.9**	**7.5**		**92.4**
–	17.5	*15*	17.5	–		17.5	–		17.5
(118.0)	41.7	*14, 17*	(76.3)	(1.5)	*17*	(77.8)	(1.5)	*17*	(79.3)
56.4	**(38.1)**		**18.3**	**6.3**		**24.6**	**6.0**		**30.6**
0.1	23.2	*14*	23.3	(7.8)	*20*	15.5	(6.2)	*20*	9.3
491.7	558.5	*18*	1 050.2	86.4	*21*	1 136.6	119.3	*21*	1 255.9
32.8	–		32.8	–		32.8	–		32.8
22.1	–		22.1	–		22.1	–		22.1
23.9	–		23.9	–		23.9	–		23.9
(22.9)	17.9	*14*	(5.0)	–		(5.0)	–		(5.0)
604.1	**561.5**		**1 165.6**	**84.9**		**1 250.5**	**119.1**		**1 369.6**
7.1	(0.5)	*14*	6.6	–		6.6	–		6.6
(5.7)	0.3	*14*	(5.4)	–		(5.4)	–		(5.4)
605.5	**561.3**		**1 166.8**	**84.9**		**1 251.7**	**119.1**		**1 370.8**
(5.2)	(31.3)	*14, 15, 19*	(36.5)	(50.7)	*19*	(87.2)	(52.9)	*19*	(140.1)
600.3	**530.0**		**1 130.3**	**34.2**		**1 164.5**	**66.2**		**1 230.7**
(1.2)	–		(1.2)	–		(1.2)	–		(1.2)
599.1	**530.0**		**1 129.1**	**34.2**		**1 163.3**	**66.2**		**1 229.5**
603.9	530.0		1 133.9	34.2		1 168.1	66.2		1 234.3
(3.6)	–		(3.6)	–		(3.6)	–		(3.6)
600.3	**530.0**		**1 130.3**	**34.2**		**1 164.5**	**66.2**		**1 230.7**
602.7	530.0		1 132.7	34.2		1 166.9	66.2		1 233.1
(3.6)	–		(3.6)	–		(3.6)	–		(3.6)
599.1	**530.0**		**1 129.1**	**34.2**		**1 163.3**	**66.2**		**1 229.5**

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME continued

	Results for the six months ended 31 December 2013 R'm	Adjustments for the Sibaya Transaction R'm	Notes	Subtotal – After the Sibaya Transaction R'm	Adjustments for the disposal of SunWest R'm	Notes	Subtotal – After the Sibaya Transaction and the disposal of SunWest R'm	Adjustments for the disposal of Worcester Casino R'm	Notes
Headline Earnings reconciliation									
Profit for the period attributable to ordinary shareholders	**117.3**	**6.8**		**124.1**	**453.6**		**577.7**	**22.6**	
Non-controlling interest	3.6	–		3.6	–		3.6	0.0	
Profit for the period	**120.9**	**6.8**		**127.7**	**453.6**		**581.3**	**22.6**	
Remeasurement of investment	(32.8)	–		(32.8)	–		(32.8)	–	
Gain on acquisition of investment	(23.9)	–		(23.9)	–		(23.9)	–	
Profit on disposal of investment	–	(10.7)	*5*	(10.7)	(481.0)	*9*	(491.7)	–	
Profit from cancellation of management and ICT contract	–	–		–	–		–	–	
Reversal of impairment of investment	–	–		–	–		–	(22.1)	*13*
Loss on sale of property, plant and equipment	0.2	–		0.2	–		0.2	–	
Tax on above	–	–		–	–		–	–	
Tax on profit from disposal of investment	–	2.0	*5*	2.0	–		2.0	–	
Headline and diluted headline earnings	**64.4**	**(1.9)**		**62.5**	**(27.4)**		**35.1**	**0.5**	
Reversal of employee share trust	(0.1)	–		(0.1)	–		(0.1)	–	
Reversal of transaction costs	4.3	0.7	*4*	5.0	9.1	*7*	14.1	0.1	*12*
Adjusted headline and diluted adjusted headline earnings	**68.6**	**(1.2)**		**67.4**	**(18.3)**		**49.1**	**0.6**	
Reconciliation of the number of shares (million)									
Shares in issue (before deducting treasury shares)	469.6	–		469.6	–		469.6	–	
Shares in issued (after deducting treasury shares)	466.2	–		466.2	–		466.2	–	
Weighted average number of shares in issue (before deducting treasury shares)	461.4	–		461.4	–		461.4	–	
Adjusted weighted average number of shares in issue (after deducting treasury shares)	458.9	–		458.9	–		458.9	–	
Basic and diluted earnings per share (cents)	26.21	1.47		27.68	98.31		125.99	4.89	
Headline and diluted headline earning per share (cents)	13.95	(0.40)		13.55	(5.94)		7.61	0.11	
Adjusted and diluted adjusted headline earnings per share (cents)	14.94	(0.25)		14.69	(3.99)		10.70	0.13	
Ordinary dividend per share (cents)	15.00	–		15.00	–		15.00	–	

Subtotal – After the Sibaya Transaction and the SunWest and Worcester Transaction R'm	Adjustments due to GPI Slots Investment One Sale R'm	Notes	Subtotal R'm	Adjustments due to GPI Slots Investment Two Sale R'm	Notes	Subtotal R'm	Adjustments due to GPI Slots Investment Three Sale R'm	Notes	Adjusted results for the six months ended 31 December 2013 R'm
600.3	**530.0**		**1 130.3**	**34.2**		**1 164.5**	**66.2**		**1 230.7**
3.6	–		3.6	–		3.6	–		3.6
603.9	**530.0**		**1 133.9**	**34.2**		**1 168.1**	**66.2**		**1 234.3**
(32.8)	–		(32.8)	–		(32.8)	–		(32.8)
(23.9)	–		(23.9)	–		(23.9)	–		(23.9)
(491.7)	(558.5)	*18*	(1 050.2)	(86.4)	*18*	(1 136.6)	(119.2)	*18*	(1 255.9)
–	(17.5)		(17.5)	–		(17.5)	–		(17.5)
(22.1)	–		(22.1)	–		(22.1)	–		(22.1)
0.2	–		0.2	–		0.2	–		0.2
–	–		–	–		–	–		–
2.0	44.0	*15, 19*	46.0	50.7	*19*	96.7	52.9	*19*	149.6
35.6	**(2.0)**		**33.6**	**(1.5)**		**32.1**	**(0.2)**		**31.9**
(0.1)	–		(0.1)	–		(0.1)	–		(0.1)
14.2	1.5	*17*	15.7	1.5	*17*	17.2	1.5	*17*	18.7
49.7	**(0.5)**		**49.2**	**–**		**49.2**	**1.3**		**50.5**
469.6	–		469.6	–		469.6	–		469.6
466.2	–		466.2	–		466.2	–		466.2
461.4	–		461.4	–		461.4	–		461.4
458.9	–		458.9	–		458.9	–		458.9
130.88	114.87		245.75	7.41		253.16	14.35		267.51
7.72	(0.44)		7.28	(0.32)		6.96	(0.05)		6.91
10.83	(0.11)		10.72	–		10.72	0.28		11.00
15.00	–		15.00	–		15.00	–		15.00

ASSUMPTIONS TO THE *PRO FORMA* FINANCIAL EFFECTS:

a) The consideration relating to each GPI Slots Investment One Sale, GPI Slots Investment Two Sale and GPI Slots Investment Three Sale have been based on the following assumptions:

GPI Slots Investment One Sale:

As per the terms of the GPI Slots Sale Agreement, the GPI Slots Investment One Sale Purchase Consideration has been based on the aggregate amount of (a) R225.4 million and (b) the face value of the GPI Slots Investment One Sale Claim, at the closing date of the GPI Slots Investment One Sale (**Investment One Shareholder Loans**), in proportion to the equity percentage being acquired by Sun International. However if the consideration, based on a formula as agreed in the GPI Slots Sale Agreement, exceeds the R225.4 million by an amount greater or less than 3%, the purchase consideration, is adjusted to agree to the results of the formula. The formula is, 25.1% of, the product of 8.5 times the actual EBITDA, less the aggregate of (a) the net debt of the GPI Slots Group of the financial year ended 30 June 2014 and (b) the face value of the Investment One Shareholder Loans.

The actual EBITDA value comprises the GPI Slots Group EBITDA net of any share relating to minority shareholders, while the net debt value comprises any interest-bearing third party debt adding back cash and cash equivalents (net of any cash utilised in working capital during the ordinary course of business).

It has been assumed, for the purposes of calculating the GPI Slots Investment One Purchase Consideration only, that the closing date of the GPI Slots Investment Once Sale is 30 June 2014.

The calculation of the consideration, in terms of the formula describe above, has been based on the forecast results for the 12 months ended 30 June 2014 and amounts to R217.9 million which is 3.3% lower than the R225.4 million. As a result the consideration has been adjusted to R217.9 million.

The GPI Slots Investment One Purchase Consideration has been calculated in terms of the formula by taking the EBITDA of R123.3 million less R0.9 million, for the proportionate minorities interest share of the EBITDA, to arrive at an adjusted EBITDA value of R122.4 million. The adjusted EBITDA of R122.4 million is multiplied by 8.5 times to arrive at a value of R1 040.4 million, to which R47.4 million in cash and cash equivalents and R6.1 million in working capital movements have been added and R25.5 million of third party interest-bearing debt and R200.3 million in Investment One Shareholder Loans have been deducted to arrive at a value of R868.1 million. 25.1% of this value equals the R217.9 million equity consideration. The face value of the Investment One Shareholder Loans is R200.3 million, therefore 25.1% of the loans, R50.3 million has been added to the equity consideration to give a total consideration value of R268.2 million.

All the above values have been extracted from the GPI Slots forecast financial information for the year ended 30 June 2014, as set out in Annexure 4 of this Circular.

GPI Slots Investment Two Sale and GPI Slots Investment Three Sale:

The GPI Slots Investment Two Sale Purchase Consideration and GPI Slots Investment Three Sale Purchase Consideration, has been based on a formula as agreed in the GPI Slots Sale Agreement. The formula is the aggregate of (a) the face value of the proportionate share of the GPI Slots shareholder loans being acquired by SUI and (b) the product of 7.5 multiplied by the GPI Slots Group EBITDA (excluding minority share), for each of the related financial years ending 30 June 2015 and 30 June 2016, respectively, less the Net Debt and the face value of GPI Slots Investment Two Sale Claim, at the Closing Date of the GPI Slots Investment Two Closing Date/the GPI Slots Investment Three Sale Claim at the Closing Date of the GPI Slots Investment Three Closing Date (**Investment Two Shareholder Loans/Investment Three Shareholder Loans**).

It has been assumed for the purposes of calculating the GPI Slots Investment Two Purchase Consideration only, that the closing date of the GPI Slots Investment Two Sale is 30 June 2015.

The GPI Slots Investment Two Sale Purchase Consideration has been calculated in terms of the agreed formula by taking the EBITDA of R163.6 million less R1.7 million, for the proportionate minorities interest share of the EBITDA, to arrive at an adjusted EBITDA value of R161.9 million. The adjusted EBITDA of R161.9 million is multiplied by 7.5 to arrive at a value of R1 214.3 million, plus R20.5 million in cash and cash equivalents and R9.3 million in working capital movements less R30.3 million of third party interest-bearing debt and less R118.3 million in Investment Two Shareholder Loans to arrive at a value of R1 095.5 million. 25.0% of this value equals the R273.8 million equity consideration. The face value of the Investment Two Shareholder Loans is R118.3 million, therefore 25.0% of the loans, R29.6 million has been added to the equity consideration to give a total consideration value of R303.4 million.

All the above values have been extracted from the GPI Slots forecast financial information for the year ended 30 June 2015, as set out in Annexure 4 of this Circular.

It has been assumed, for the purposes of calculation the GPI Slots Investment Three Purchase Consideration only, that the closing date of the GPI Slots Investment Three Sale is 30 June 2016.

The GPI Slots Investment Three Sale Purchase Consideration has been calculated in terms of the agreed formula by taking the EBITDA of R203.9 million less R6.1 million, for proportionate minorities interest share of the EBITDA, to arrive at an adjusted EBITDA value of R197.8 million. The adjusted EBITDA of R197.8 million is multiplied by 7.5 to arrive at a value of R1 483.5 million, plus R19.1 million in cash and cash equivalents plus R3.3 million in working capital movements, less R32.0 million of third party interest-bearing debt less R33.3 million in Investment Three Shareholder Loans to arrive at a value of R1 434.6 million. 19.9%

of this value equals the R285.5 million equity consideration. The face value of the Investment Three Shareholder Loans is R33.3 million, therefore 19.9% of the loans, R6.6 million has been added to the equity consideration to give a total consideration value of R292.1 million.

All the above values have been extracted from the GPI Slots forecast financial information for the year ended 30 June 2016, as set out in Annexure 4 of this Circular.

b) It has been assumed that the Transactions took place on 1 July 2013 when determining the effect of the transaction on the statement of comprehensive income.

c) It has been assumed that the Transactions took place on 31 December 2013 when determining the effect of the transaction on the statement of financial position.

d) Where applicable the tax rate has been assumed at 28% for income tax and 18.67% for capital gains tax. It has also been assumed that the taxes will only be payable at the end of the financial year, in June 2014, and have therefore been recognised as a payable under current liabilities.

e) It has been assumed that over a short term period, the GPI Group invest all surplus cash in preference share investments which accrue dividends (net of tax) at a rate of 5.16% per annum, being the rate currently achieved by GPI. The preference share investments are essentially guaranteed money market investments made by GPI, which are accounted for as cash and cash equivalents as they are repayable either on demand or with a 30 day notice. The preference share dividends are paid quarterly and if the preference share capital is withdrawn, the preference share dividends are paid out on a pro-rata basis. It has been assumed further that all preference share dividends received are from South African resident companies and are not subject to Dividend Withholding Tax.

f) It has been assumed that the fair value of the GPI Slots Group's net assets, excluding shareholder loans, at 31 December 2013 is R868.1 million, which is equal to the equity value calculated in terms of the GPI Slots Investment One Purchase Consideration.

g) The financial information used in the *pro forma* financial effects for:

- Dolcoast has been extracted from the published financial information of GPI for the six months ended 31 December 2013;
- SunWest has been extracted from the published financial information of SUI for the six months ended 31 December 2013;
- Worcester Casino has been extracted from the published financial information of SUI for the six months ended 31 December 2013;
- GPI Slots in relation to the GPI Slots Investment One Sale has been extracted from the reviewed interim financial statements of GPI Slots for the six months ended 31 December 2013 and the GPI Slots Investment One Sale Purchase Consideration has been extracted from the reviewed forecast financial statements of GPI Slots for the year ended 30 June 2014;
- GPI Slots in relation to the GPI Slots Investment Two Sale has been extracted from the reviewed interim financial statement of GPI Slots for the six months ended 31 December 2013 and the GPI Slots Investment Two Sale Purchase Consideration has been extracted from the reviewed forecast financial statements of GPI Slots for the year ended 30 June 2015; and
- GPI Slots in relation to the GPI Slots Investment Three Sale has been extracted from the reviewed interim financial statements of GPI Slots for the six months ended 31 December 2013 and the GPI Slots Investment Three Sale Purchase Consideration has been extracted from the reviewed forecast financial statements of GPI Slots for the year ended 30 June 2016.

NOTES TO THE CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME:

1) The "Results for the six months ended 31 December 2013" column has been extracted from the published unaudited interim results of GPI for the six months ended 31 December 2013.

2) In terms of the Sibaya Transaction, dividends received (R2.2 million) and equity accounted earnings (R2.3 million) relating to Dolcoast, recognised in the six months ended 31 December 2013, have been reversed.

3) Dividends received during the six months ended 31 December 2013 of R3.3 million as a result of the net cash received from the Sibaya Transaction, of R129.3 million, have been invested in preference shares yielding an annual return of 5.16%.

4) The total transaction fees related to the Sibaya Transaction, amounts to R0.7 million. The transaction fees do not attract income tax as they have been considered capital in nature.

5) A R10.7 million profit on the disposal of Dolcoast had been determined based on the difference between the consideration received from the disposal of R130.0 million and the carrying value of the investment of R119.3 million. The total tax on the disposal of R2.0 million consists of R17.0 million income tax set off by a R15.0 million reversal of deferred tax that was initially recognised at a GPI Group level on the revaluation of the investment in Dolcoast, when control of Grand Casino Investments KwaZulu-Natal was acquired.

6) Dividends received during the six months ended 31 December 2013 of R35.8 million as a result of the net cash received from the disposal of SunWest, of R1 385.6 million, invested, over the short-term, in preference shares yielding an annual return of 5.16%. The net cash is made up of the R1 527.9 million consideration received from the disposal less R9.1 million of related transaction fees and R133.2 million used to redeem the outstanding redeemable cumulative preference shares issued by Grand Casino Investments.

7) The total transaction fees related to the disposal of the investment in SunWest, amounts to R9.1 million. The transaction fees do not attract income tax as they have been considered capital in nature.

8) The investment in SunWest was treated as an investment in a jointly-controlled entity in the GPI Group results. The GPI Group disposed its total investment in SunWest and as a result the R58.8 million earnings from investment in a jointly-controlled entity recognised during the six months to 31 December 2013 has been reversed.

9) A profit on the disposal of the investment in SunWest of R481.0 million is based on the difference between the consideration received from the disposal of R1 527.9 million and the carrying value of the investment at a Group level of R1 046.9 million.

10) Grand Casino Investments issued R132.2 million in redeemable cumulative preference shares in equal portions to Standard Bank Limited and Depfin Proprietary Limited. GCI's investment in SunWest was provided as security against the preference shares, therefore as a result of GCI's disposal of its investment in SunWest, it was required to redeem the outstanding preference shares. For the six months ended 31 December 2013, R5.2 million of preference share dividends were recognised and have been reversed as a result of the SunWest and Worcester Transaction. In addition R0.5 million of capitalised costs, that were being written off over the term of the preference shares, were released to the statement of comprehensive income, immediately as a result of the redemption of the outstanding preference shares having the effect of reducing the reversal of preference shares dividends.

11) Dividends received during the six months ended 31 December 2013 of R0.6 million as a result of the net cash received from the disposal of Worcester Casino, of R22.0 million, invested in preference shares yielding an annual return of 5.16%. The net cash is made up of the R22.1 million consideration received from the disposal less R0.1 million of related transaction fees.

12) The total transaction fees related to the disposal of the investment in Worcester Casino, amounts to R0.1 million. The transaction fees do not attract income tax as they have been considered capital in nature.

13) The investment in Worcester Casino was impaired to its recoverable amount of Rnil in previous financial periods. As a result of the Sunwest and Worcester transaction, and in terms of IAS 36 – Impairment of Assets, the initial impairment losses of R22.1 million have been reversed as the recoverable amount is equal to R22.1 million.

14) In terms of the GPI Slots Sale Agreement with effect from the closing date of GPI Slots Investment One Sale, GPI and SUI have agreed to operate the GPI Slots Group based on a predetermined set of business and trading policies. Therefore in terms of IFRS 11 – Joint Arrangements, GPI's investment in GPI Slots is classified as an investment in a jointly controlled entity and GPI is required, from the closing date of GPI Slots Investment One Sale, to de-consolidate the results of the GPI Slots Group.

When de-consolidating the GPI Slots Group, 100% of the GPI Slots Group income and expense items have be removed from each line item as it has been assumed that the transaction took place on 1 July 2013 and the earnings from the investment in jointly controlled entity for the six months ended 31 December 2013 must be recognised. The following income and expense items have been removed from the Statement of Comprehensive Income; Revenue of R279.7 million; Cost of Sales of R164.1 million; Operating costs of R54.1 million, Depreciation and amortisation of R17.9 million; Finance Income of R1.6 million; Finance costs of R1.4 million and Taxation of R12.7 million. Therefore a total of R31.1 million relating to the GPI Slots Group has been removed from the profit after taxation.

A total of R23.2 million has been recognised as earnings from jointly controlled investments under equity accounted earnings. This amount represents 74.9% of the GPI Slots Group's profit after taxation for the six months ended 31 December 2013 of R31.0 million.

In addition, and as a result of the deconsolidation of the GPI Slots Group, certain related party transactions that were eliminated on consolidation of the GPI Slots Group into GPI, have been recognised as part of the de-consolidation process. These transactions are:

- IT Service Fees of R1.6 million recognised as an income under revenue and an expense under operating costs,
- Office rental of R2.1 million recognised as an income under revenue and an expense under operating cost,
- Management SLA fee of R7.3 million recognised as income under revenue and an expense under operating costs, and
- Preference share dividends of R1.1 million recognised as income under finance income and an expense under finance expense.

15) Included in other income is a R17.5 million cancellation fee, net of VAT, paid by SUI to GPI Management Services for the cancellation of Management and ICT Service contracts. The fee is capital in nature and therefore the capital gain on the cancellation has been taxed at the capital gains tax rate of 18.67%. The base cost of the cancelled contract is Rnil, therefore the total capital gain is R20.0 million (total proceeds before VAT deduction) resulting in a capital gains tax of R3.7 million.

16) The net cash received in each tranche of the GPI Slots Transaction, has been invested, over the short-term, in preference share investments that yield on average 5.16% per annum. The dividends received under from these investments do not attract any income tax as they are exempt from tax. The dividends received in each tranche of the GPI Slots Transaction have been calculated as follows:

In terms of GPI Slots Investment One Sale, the net cash received by GPI is R284.3 million which consists of R268.2 million in proceeds from the disposal 25.1% of the GPI Slots Group, R17.5 million management and ICT contract cancellation fees received net of VAT and less transaction fees of R1.4 million. The total dividends received from the preference share investments amount to R7.3 million and have been recognised under revenue.

In terms of GPI Slots Investment Two Sale, the net cash received by GPI is R301.9 million which consists of R303.4 million in proceed from the disposal of 25.0% of the GPI Slots Group, less transaction fees of R1.5 million. The total dividends received from the preference share investments amount to R7.8 million and have been recognised under revenue.

In terms of GPI Slots Investment Three Sale, the net cash received by GPI is R290.6 million which consists of R292.1 million in proceeds from the disposal of 19.9% of the GPI Slots Group, less transaction fees of R1.5 million. The total dividends received from the preference share investments amount to R7.5 million and have been recognised under revenue.

17) The total transaction fees incurred by GPI for the GPI Slots Transaction amounts to R4.4 million, the costs have been applied on a pro-rata basis to each tranche of the GPI Slots Transaction based on the portion of the investment sold. Therefore R1.4 million has been allocated to GPI Slots Investment One Sale; R1.5 million has been allocated to GPI Slots Investment Two Sale and R1.5 million has been allocated to GPI Slots Investment Three Sale. The transaction fees have been allocated to operating costs and do not attract income tax as they are capital in nature.

18) In terms of IFRS 10- Consolidated Financial Statements, GPI must recognise a gain or loss associated with the loss of control of the investment in the GPI Slots Group when control changes. Control changes from control to joint control after the completion of Investment One Sale. The profit is calculated by deducting the net assets of the GPI Slots Group from the proceeds received from the disposals and the fair value of GPI's investment in jointly controlled investment.

The gain associated with the loss of control of the investment in the GPI Slots Group amounts to R558.5 million, which was calculated; by deducting the carrying value of the net assets of the GPI Slots Group, of R359.9 million from the sum of (i) the proceeds received of R268.2 million and (ii) the fair value of GPI's investment in jointly controlled investment of R650.2 million (74.9% of the Fair Value of the GPI Slots Group of R868.1 million).

19) The capital gains tax on the GPI Slots Transaction, has been calculated using a tax base cost of GPI's investment in the GPI Slots Group of R2.0 million and has been calculated as follows:

In terms of GPI Slots Investment One Sale, the capital gain on the disposal of 25.1% of the GPI Slots Group is R216.0 million, which is made up of proceeds from the disposal of equity of R217.9 million less the pro-rata share of the tax base cost of the investment in the GPI Slots Group of R0.5 million and less transaction fees of R1.4 million. The tax on the capital gain calculated at a rate of 18.6% amounts to R40.3 million.

In terms of GPI Slots Investment Two Sale, the capital gain on the disposal of 25.0% of the GPI Slots Group is R271.8 million, which is made up of proceeds from the disposal of equity of R273.9 million, less the pro-rata share of the tax base cost of the investment in the GPI Slots Group of R0.5 million and less transaction fees of R1.5 million. The tax on the capital gain calculated at a rate of 18.6% amounts to R50.7 million.

In terms of GPI Slots Investment Three Sale, the capital gain on the disposal of 19.9% of the GPI Slots Group is R283.6 million, which is made up of proceeds from the disposal of equity of R285.5 million, less the pro-rata share of the tax base cost of the investment in the GPI Slots Group of R0.4 million and less transaction fees of R1.5 million. The tax on the capital gain amounts to R52.9 million.

20) In GPI Slots Investment Two Sale, a further 25.0% of GPI Slots is disposed and as a result the equity accounted earnings from the investment is reduced accordingly by R7.8 million which is 25.0% of the R31.0 million earnings from the GPI Slots Group for the six months ended 31 December 2013.

In GPI Slots Investment Three Sale, a further 19.9% of GPI Slots is disposed and as a result the equity accounted earning from the investment is reduced accordingly by R6.2 million which is 19.9% of the R31.0 million earnings from the GPI Slots Group for the six months ended 31 December 2013.

21) In GPI Slots Investment Two Sale and GPI Slots Investment Three Sale, a further 25.0% and 19.9% of GPI Slots is sold and a profit on the disposal must be recognised as the difference between the proceeds received from the sale and the fair value of the portion of the investment that was sold.

Therefore, in GPI Slots Investment Two Sale, the profit on disposal is calculated by deducting R217.0 million (25.0% of the fair value of the Net Assets of the Slots Group of R868.1 million) from the R303.4 million proceeds received from the disposal, resulting in a profit from the disposal of R86.4 million.

In GPI Slots Investment Three Sale, the profit from disposal is calculated by deducting R172.8 million (R19.9% of the fair value of the Net Assets for the GPI Slots Group of R868.1 million) from the R292.1 million received from the disposal, resulting in a profit from disposal of R119.3 million.

22) All adjustments are expected to have a continuing effect, save for the transaction costs incurred for the Transactions.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Results for the six months ended 31 December 2013 R'm	Adjustments for the Sibaya Transaction R'm	*Notes*	Subtotal – After the Sibaya Transaction R'm	Adjustments for the disposal of SunWest R'm	*Notes*	Subtotal – After the Sibaya Transaction and the disposal of SunWest R'm	Adjustments for the disposal of Worcester Casino R'm	*Notes*
ASSETS									
Investment in jointly controlled entities	1 046.9	–		1 046.9	(1 046.9)	*7*	–	–	
Investment in associates	119.3	(119.3)	*2*	–	–		–	–	
Investments	6.2	–		6.2	–		6.2	–	
Loans receivable	–	–		–	–		–	–	
Goodwill	158.3	–		158.3	–		158.3	–	
Property, plant and equipment	315.4	–		315.4	–		315.4	–	
Intangible assets	95.8	–		95.8	–		95.8	–	
Deferred tax assets	29.2	–		29.2	–		29.2	–	
Non-current assets	1 771.1	(119.3)		1 651.8	(1 046.9)		604.9	–	
Inventories	2.8	–		2.8	–		2.8	–	
Trade and other receivables	59.5	–		59.5	–		59.5	–	
Related party loans	14.8	–		14.8	–		14.8	–	
Cash and cash equivalents	254.9	129.3	*3*	384.2	1 383.0	*8*	1767.2	22.0	*12*
Current assets	332.0	129.3		461.3	1 383.0		1 844.3	22.0	*1*
Total Assets	2 103.1	10.0		2 113.1	336.1		2 449.2	22.0	
EQUITY AND LIABILITIES									
Total equity	1 737.1	8.0	*4*	1 745.1	471.3	*9*	2 216.4	22.0	*13*
Non-controlling interest	(5.6)	–		(5.6)	–		(5.6)	–	
	1 731.5	**8.0**		**1 739.5**	**471.3**		**2 210.8**	**22.0**	
Deferred tax liabilities	36.1	(15.0)	*5*	21.1	–		21.1	–	
Cumulative redeemable preference shares	132.6	–		132.6	(132.6)	*10*	–	–	
Interest-bearing borrowings	83.5	–		83.5	–		83.5	–	
Provisions	0.8	–		0.8	–		0.8	–	
Finance lease liabilities	2.1	–		2.1	–		2.1	–	
Non-current liabilities	255.1	(15.0)		240.1	(132.6)		107.5	–	
Trade and other payables	88.8	–		88.8	(2.6)	*11*	86.2	–	
Interest-bearing borrowings	11.5	–		11.5	–		11.5	–	
Provisions	5.5	–		5.5	–		5.5	–	
Dividends payable	9.9	–		9.9	–		9.9	–	
Taxation	0.8	17.0	*6*	17.8	–		17.8	–	
Current liabilities	116.5	17.0		133.5	(2.6)		130.9	–	
Total Equity & Liabilities	**2 103.1**	**10.0**		**2 113.1**	**336.1**		**2 449.2**	**22.0**	
Net Asset Value per Share (cents)	368.72	1.70		370.42	100.36		470.78	4.68	
Tangible Net Asset Value per Share (cents)	314.63	1.70		316.33	100.36		416.70	4.68	

Subtotal – After the Sibaya Transaction and the SunWest and Worcester Transaction R'm	Adjustments due to GPI Slots Investment One Sale R'm	*Notes*	Subtotal R'm	Adjustments due to GPI Slots Investment Two Sale R'm	*Notes*	Subtotal R'm	Adjustments due to GPI Slots Investment Three Sale R'm	*Notes*	Adjusted results for the six months ended 31 December 2013 R'm
–	500.2	*14, 19*	500.2	(500.2)	*18*	–	–		–
–	–		–	344.5	*18, 19*	344.5	(110.5)	*18, 19*	234.0
6.2	–		6.2	–		6.2	–		6.2
–	149.5	*14, 19*	149.5	(61.3)	*19*	88.2	(62.3)	*19*	25.9
158.3	(158.3)	*14*	–	–		–	–		–
315.4	(111.9)	*14*	203.5	–		203.5	–		203.5
95.8	(85.8)	*14*	10.0	–		10.0	–		10.0
29.2	(15.5)	*14*	13.7	–		13.7	–		13.7
604.9	278.1		883.0	(217.0)		666.0	(172.8)		493.2
2.8	(1.5)	*14*	1.3	–		1.3	–		1.3
59.5	(24.6)	*14*	34.9	–		34.9	–		34.9
14.8	18.7	*14*	33.5	–		33.5	–		33.5
1 789.2	246.8	*14, 15*	2 036.0	301.9	*15*	2 337.9	290.6	*15*	2 628.5
1 866.3	239.4		2 105.7	301.9		2 407.6	290.6		2 698.2
2 471.2	517.5		2 988.7	84.9		3 073.6	117.8		3 191.4
2 238.4	545.1	*16*	2 783.5	34.2	*16*	2 817.7	64.9	*16*	2 882.6
(5.6)	–		(5.6)	–		(5.6)	–		(5.6)
2 232.8	**545.1**		**2 777.9**	**34.2**		**2 812.1**	**64.9**		**2 877.0**
21.1	(18.6)	*14*	2.5	–		2.5	–		2.5
–	21.7	*14*	21.7	–		21.7	–		21.7
83.5	(16.0)	*14*	67.5	–		67.5	–		67.5
0.8	(0.6)	*14*	0.2	–		0.2	–		0.2
2.1	(0.6)	*14*	1.5	–		1.5	–		1.5
107.5	(14.1)		93.4	–		93.4	–		93.4
86.2	(41.5)	*14*	44.7	–		44.7	–		44.7
11.5	(9.9)	*14*	1.6	–		1.6	–		1.6
5.5	(1.6)	*14*	3.9	–		3.9	–		3.9
9.9	–		9.9	–		9.9	–		9.9
17.8	39.5	*14, 17*	57.3	50.7	*17*	108.0	52.9	*17*	160.9
130.9	(13.5)		117.4	50.7		168.1	52.9		221.0
2 471.2	**517.5**		**2 988.7**	**84.9**		**3 073.6**	**117.8**		**3 191.4**
475.47	116.08		591.55	7.28		598.83	13.82		612.65
421.38	169.61		590.99	7.28		598.28	13.82		612.10

NOTES TO THE CONDENSED GROUP STATEMENT OF FINANCIAL POSITION:

1) The “Results as at 31 December 2013” column has been extracted from the published unaudited interim results of GPI for the six months ended 31 December 2013.

2) Grand Casino Investment’s investment in Dolcoast is classified as an investment in associate which had been equity accounted in the GPI Group results for the six months ended 31 December 2013. As a result of the Sibaya Transaction, the carrying value of the investment at GPI Group level of R119.3 million has been reversed.

3) The cash and cash equivalents have increased as a result of the net cash received from the Sibaya Transaction of R129.3 million, which consists of R130.0 million consideration received less transaction fees of R0.7 million.

4) Total equity was affected by the following items; retained earnings increased by R10.7 million of profit recognised on the Sibaya Transaction, this amount was reduced by R0.7 million transaction fees and R2.0 million income tax (net of deferred tax) recognised on the disposal.

5) The deferred tax liability relating to the revaluation of the investment in Dolcoast to its fair value, when control of Grand Casino Investments KZN was obtained through acquisition, of R15.0 million was reversed and recognised through the statement of comprehensive income, on disposal of the investment.

6) The capital gains tax payable on the Sibaya Transaction of R17.0 million will only be payable in June 2014. Therefore an accrual of the full amount of R17.0 million has been recognised.

7) The GPI Group disposed of its entire holding in Sunwest, as the investment had been treated as an investment in a jointly-controlled entity, the carrying value of the investment of R1 046.9 million is derecognised as a result of the sale.

8) The cash and cash equivalents increased by R1 383.0 million as a result of the disposal of SunWest. The increase is due to the proceeds of R1 527.9 million received from the disposal of SunWest less R133.2 million used to redeem the outstanding redeemable cumulative preference shares, refer to note 10 for details of the redemption, and less R9.1 million in transaction fees and less R2.6 million of accrued preference shares dividends that will be paid as part of the preference share redemption.

9) The total equity increased by R471.3 million all as a result of an increase in the retained earnings. The retained earnings increased as a result of the R481.0 million profit recognised on the disposal of SunWest, however this was reduced by R9.1 million transaction fees being recognised as well as R0.5 million in capitalised costs relating to the redeemable cumulative preference shares, that were expensed as a result of the preference shares being redeemed.

10) The GPI Group’s investment in SunWest is offered as security against the redeemable cumulative preference shares issued by Grand Casino Investments. As a result of the disposal of SunWest, Grand Casino Investments is required to redeem the outstanding preference shares which have a carrying value of R132.6 million. The difference between the cash utilised for the redemption and the balance of the preference shares is as a result of initial raising fees that were capitalised to the carrying value of the preference shares in GPI.

11) The preference share dividends are paid semi-annually in March and September each year. Therefore at 31 December 2013 R2.6 million had been accrued for preference share dividends which, as part of the preference share redemption would have been paid to the shareholders.

12) The cash and cash equivalents increased by R22.0 million as a result of the disposal of Worcester Casino. The increase is due to the proceeds of R22.1 million received from the disposal of Worcester Casino less R0.1 million in transaction fees.

13) The total equity increased by R22.0 million all as a result of an increase in the retained earnings. The retained earnings increased as a result of the R22.1 million reversals of previous impairments to the investment in Worcester Casino, however this was reduced by R0.1 million transaction fees.

14) In terms of the GPI Slots Sale Agreement with effect from the closing date of GPI Slots Investment One Sale, GPI and SUI have agreed to operate the GPI Slots Group based on a predetermined set of business and trading policies. Therefore in terms of IFRS 11 – Joint Arrangements, GPI’s investment in GPI Slots is classified as a jointly controlled entity and GPI is required, for the closing date of GPI Slots Investment One Sale, to de-consolidate the results of the GPI Slots Group.

    When de-consolidating the GPI Slots Group, 100% of the GPI Slots Group assets and liabilities have been removed from each line item and an investment in jointly controlled entity must be recognised under Non-current assets.

    The following GPI Slots Group assets and liabilities have been removed; Investment in preference shares of R21.7 million; Loans receivable of R0.6 million; Goodwill of R172.8 million; Property, plant and equipment of R111.9 million, Intangible assets of R85.8 million; Deferred tax assets of R15.5 million; Inventories of R1.5 million; Trade and other receivables of R30.3 million; Related party loans of R0.7 million; Cash and cash equivalents of R37.5 million; Non-current deferred tax liability of R18.6 million; Non-current interest bearing borrowings of R16.0 million; Non-current provisions of R0.6 million; Non-current finance lease liabilities of R0.6 million; Trade and other payables of R47.5 million; Current portion of interest bearing liabilities of R9.9 million; Provisions of R1.6 million and Income tax payable of R4.5 million and Related party loans of R19.4 million.

The investment in jointly controlled entity is recognised at the fair value of the portion of the GPI Slots Group's net assets retained by GPI. The fair value of the Slots Group's net assets at 31 December 2013 is assumed to be R868.1 million, therefore the value of the investment in a jointly-controlled entity is R650.2 million which represents 74.9% of the fair value.

In addition and as a result of the deconsolidation of the GPI Slots Group, certain related party balances that were eliminated on consolidation of the Slots Group into GPI, have been recognised as part of the de-consolidation process. These balances are:

- Goodwill related to acquisitions made by the GPI Slots Group of R14.5 million recognised as an asset under Non-current Assets and as a reduction of retained earnings under equity, the original transaction was recognised in the GPI Group results as follows: On 30 June 2010 GPI Slots acquired a controlling share in Grand Gaming KwaZulu-Natal which was treated as a business combination in the results of the GPI Slots Group. Goodwill and a non-controlling interest were recognised in the GPI Slots Group, however the non-controlling portion was held by Grand Gaming Casino KZN, which at the time was controlled by GPI. Therefore in the GPI Group results the non-controlling interest was eliminated and the Goodwill adjusted by the fair value of the non-controlling interest being R14.5 million,
- Preference share investment of R21.7m recognised as an asset under Non-Current Assets and as a liability under Cumulative redeemable preference shares, and
- Related party trade balances of R5.8 million as a trade receivable asset under current assets and a trade payable liability under current liabilities.
- Related party loans of R19.4 million which represents the loan account between Rowmoor Investments, a subsidiary of GPI and Grand Gaming Gauteng, a subsidiary of GPI Slots, recognised in loans receivable under current assets and related party loans under current liabilities. This entry eliminates the loan payable relating to Grand Gaming Gauteng under current liabilities and recognises the loan receivable relating to Rowmoor Investments under current assets.

15) The cash and cash equivalents have increased by the net cash received, which is made up of the proceeds received from the disposal of the GPI Slots Group less the related transaction fees. The net cash received in each tranche of the GPI Slots Transaction is as follows:

GPI Slots Investment One Sale, net cash of R284.3 million was received, made up of R268.2 million in proceeds from the disposal, R17.5 million in cancellation fees received net of VAT and less transaction fees of R1.4 million.

GPI Slots Investment Two Sale, net cash of R301.9 million was received made up of R303.4 million in proceeds from the disposal less transaction fees of R1.5 million.

GPI Slots Investment Three Sale, net cash of R290.6 million was received made up of R292.1 million in proceeds from the disposal less transaction fees of R1.5 million.

16) The movements in equity comprise the profit recognised on the disposal of GPI Slots, less the related Capital Gains Tax and transaction fees, described for each tranche of the GPI Slots Transaction as follows:

GPI Slots Investment One Sale, the net movement in equity is R545.1 million made up of R558.5 million profit from the disposal of GPI Slots, R17.5 million cancellation fees received net of VAT and R14.5 million Goodwill adjustment for the deconsolidation of the GPI Slots Group, less R40.3 million Capital Gains tax on the disposal of the GPI Slots Group, R3.7 million capital gains tax on the cancellation fee and R1.4 million of related transaction fees.

GPI Slots Investment Two Sale, the net movement in equity is R34.1 million made up of R86.4 million profit from the disposal of GPI Slots, less R50.7 million Capital Gains tax on the disposal of the GPI Slots Group and R1.5 million of related transaction fees.

GPI Slots Investment Three Sale, the net movement in equity is R64.9 million made up of R119.3 million profit from the disposal of GPI Slots, less R52.9 million Capital Gains tax on the disposal of the GPI Slots Group and R1.5 million of related transaction fees.

17) The capital gains tax on the disposal of the GPI Slots Group under the respective tranches of the GPI Slots Transaction, has been calculated using a tax base cost of the investment in the GPI Slots Group of R2.0 million. The taxes are recognised in the statement of comprehensive income on the date of disposal, therefore it has been assumed that the retained earnings are reduced by the value of the capital gains tax on each disposals effective date, being 31 December 2013 for the purposes of the statement of financial position. In addition the tax is assumed to be payable at the end of the financial year, being 30 June 2014, therefore a payable has been raised under the current liabilities. The capital gains tax under each tranche of the GPI Slots Transaction has been calculated as follows:

In terms of GPI Slots Investment One Sale, the capital gain on the disposal of 25.1% of the GPI Slots Group is R216.0 million, which is made up of proceeds from the disposal of equity of R217.9 million less the pro-rata share of the tax base cost of the investment in the GPI Slots Group of R0.5 million and less transaction fees of R1.4 million. The tax on the capital gain calculated at a rate of 18.6% amounts to R40.3 million. A further R3.7 million CGT accrual has been recognised under current liabilities as a result of the cancellation of the Management and ICT contract. In terms of the cancellation R20.0 million (including VAT) was received as a cancellation fee and thus the proceeds received, and with the tax base of the contract being Rnil, the full R20.0 million is subject to capital gains tax at a rate of 18.6%.

In terms of GPI Slots Investment Two Sale, the capital gain on the disposal of 25.0% of the GPI Slots Group is R271.8 million, which is made up of proceeds from the disposal of equity of R273.9 million, less the pro-rata share of the tax base cost of the investment in the GPI Slots Group of R0.5 million and less transaction fees of R1.5 million. The tax on the capital gain calculated at a rate of 18.6% amounts to R50.7 million.

In terms of GPI Slots Investment Three Sale, the capital gain on the disposal of 19.9% of the GPI Slots Group is R283.6 million, which is made up of proceeds from the disposal of equity of R283.7 million, less the pro-rata share of the tax base cost of the investment in the GPI Slots Group of R0.4 million and less transaction fees of R1.5 million. The tax on the capital gain calculated at a rate of 18.6% amounts to R52.9 million.

18) In terms of IFRS 10- Consolidated Financial Statements, GPI's control of its investment in GPI Slots changes from control to joint control after the completion of GPI Slots Investment One Sale. After GPI Slots Investment Two Sale, GPI loses control over its investment in GPI Slots and the investment is reclassified from a jointly controlled investment to an investment in associate. GPI is required to equity account its investment in GPI Slots when it is both a jointly controlled investment and an investment in associate. As a result the investments are both classified under Non-current assets.

After GPI Slots Investment Two Sale is concluded, the investment in jointly controlled entity recognised in GPI Slots Investment One of R650.2 million is derecognised and an investment in associate is correspondingly recognised at the proportionate share of the fair value of the net assets of the GPI Slots Group. Therefore an investment in associate of R433.2 million is recognised, which represents 49.9% of the R868.1 million fair value of the GPI Slots Group.

The investment in associate recognised in GPI Slots Investment Two Sale is further reduced in Investment Sale Three when a further 19.9% of GPI Slots is sold. The reduction in the investment in once again at the related portion of the fair value of the GPI Slots Group. Therefore the investment in associate is reduced by R172.8 million which represents 19.9% of the R868.1 million fair value of the GPI Slots Group.

19) In terms of the GPI Slots Sale Agreement, the consideration paid includes the face value of the Shareholder Loans. The effect of this payment is to equalise the shareholder loans and to ensure that after each sales tranche the respective shareholders hold a proportionate share of these loans.

In the GPI Slots Investment One Sale, the GPI Slots Group results are de-consolidated from the GPI Results (refer to note 14 above) and as part of the de-consolidation process a shareholder loan to GPI Slots of R200.3 million is recognised in the GPI results, which is the value extracted from the GPI Slots Forecast Financial Information in Annexure 4 of this circular. The shareholder loan is recognised by reducing the carrying value of the Investment in jointly controlled entities.

In order to ensure that the shareholder loans are in proportion to the respective shareholder loans, the shareholder loan to GPI Slots is reduced by R50.3 million which represents the 25.1% (sold under GPI Slots Investment One Sale) of the R200.3 million forecast shareholder loan balance at 30 June 2014. The shareholder loan is reduced by increasing the carrying value of the investment in jointly controlled entities.

In the GPI Slots Investment Two Sale, and in order to ensure that the shareholder loans are in proportion to the respective shareholder's investments, the shareholder loan to GPI Slots is reduced by R29.6 million which represents the 25.0% (sold under GPI Slots Investment Two Sale) of the R 118.3 million forecast shareholder loan balance at 30 June 2015 (extracted from the GPI Slots Forecast Financial Information in Annexure 4 of this circular). The shareholder loan is reduced by increasing the carrying value of the investment in associate.

In the GPI Slots Investment Three Sale, also to ensure that the shareholder loans are in proportion to the respective shareholder's investments, the shareholder loan to GPI Slots is reduced by R6.6 million which represents 19.9% (sold under GPI Slots Investment Three Sale) of the R33.0 million forecast shareholder loan balance at 30 June 2016 (extracted from the GPI Slots Forecast Financial Information in Annexure 4 of this circular). The shareholder loan is reduced by increasing the carrying value of the investment in associate.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF GPI

10 July 2014

"The Directors
Grand Parade Investments Limited
33 on Heerengracht
Foreshore
Cape Town
8001

Independent Reporting Accountant's Assurance report on the compilation of the *pro forma* financial information included in a circular

To the Directors of Grand Parade Investments Limited

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Grand Parade Investments Limited by the directors. The *pro forma* financial information, as set out in Annexure 2 on pages 41 – 54 of the circular relating to Grand Parade Investments Limited sale of GPI Slots (Pty) Ltd Group, Sunwest (Pty) Ltd, Worcester Casino (Pty) Ltd and Dolcoast Investments Limited, consists of the unaudited statement of comprehensive income and unaudited statement of financial position (collectively the "*pro forma* financial information") and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate actions or events, described in Paragraph 2 on pages 13 to 21 of the circular, on the company's financial position as at 31 December 2013, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 July 2013 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's unaudited interim financial results for the period ended 31 December 2013.

Directors' Responsibility for the *Pro Forma* Financial Information
The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 16 on page 31 of the circular.

Reporting Accountant's Responsibility
Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

1. As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 would have been as presented.

2. A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

    - The related *pro forma* adjustments give appropriate effect to those criteria; and
    - The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

3. Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate actions or events in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

4. Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

5. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 2 on pages 13 to 21.

Ernst & Young Inc.
Director – Abdul-Majid Cader
Registered Auditor
Chartered Accountant (SA)
Date: 10 July 2014

Ernst & Young
35 Lower Long Street
Cape Town

FORECAST FINANCIAL INFORMATION OF GPI SLOTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2014, 30 JUNE 2015 AND 30 JUNE 2016

The forecast financial information ("forecast") of the GPI Slots Group for the financial periods ended 30 June 2014 to 30 June 2016 ("forecasts") has been prepared by, and is the responsibility of, the Directors. The accounting policies applied in arriving at forecast income are consistent in all respects with International Financial Reporting Standards. The assumptions on which the forecast financial information is based, are considered by the directors to be reasonable, prudent and conservative. The assumptions made and applied in the preparation of the profit forecast, which are considered by the Board of Directors to be material and significant, are set out below.

The assumptions as set out below are not an exhaustive list, nor are they intended to be. General assumptions usually applicable to profit forecasts of this nature have not been expressly set out below, as such assumptions are considered implicit in the context of the forecasted financial information, or having an insignificant effect on such forecasted financial information. Due to the nature of assimilating such information, a view is taken by the Board of Directors as to the impact of market conditions and/or future events. In the opinion of the Directors, the assumptions below are significant to the forecasts as being key factors upon which the financial results of the Company will depend. However, certain assumptions may not materialise and/or certain unforeseen events may occur or circumstances may arise subsequent to the forecasts being made. Accordingly, the results achieved for the forecasted periods may differ from those forecasted.

The "GPI Slots Actual 2013" results set out below have been correctly extracted from the GPI Slots Group audited annual financial statements for the year-ended 30 June 2013.

The forecast financial information, as set out below, are consistent with the accounting policies of GPI Slots and IFRS and should be read in conjunction with the Independent Reporting Accountants' Report on the forecast financial information, which is included as Annexure 5 to this Circular.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	GPI Slots Actual 2013 R'm	GPI Slots Forecast 2014 R'm	GPI Slots Forecast 2015 R'm	GPI Slots Forecast 2016 R'm
Revenue	470.8	586.7	718.4	849.1
Cost of Sales	(272.9)	(343.4)	(419.6)	(495.7)
Gross Profit	**197.9**	**243.3**	**298.8**	**353.4**
Operating Costs	(136.1)	(120.0)	(135.2)	(149.5)
EBITDA	**61.8**	**123.3**	**163.6**	**203.9**
Depreciation and amortisation	(15.9)	(67.6)	(77.4)	(69.6)
Profit before finance costs and taxation	**45.9**	**55.7**	**86.2**	**134.3**
Finance income	2.9	2.2	2.5	2.6
Finance costs	(0.1)	(3.2)	(18.8)	(11.5)
Profit before taxation	**48.7**	**54.7**	**69.9**	**125.4**
Taxation	(6.9)	(18.2)	(27.5)	(40.3)
Profit for the period	**41.8**	**36.5**	**42.4**	**85.1**

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

ASSETS				
Non-current assets	252.1	406.5	410.4	417.1
Current assets	52.6	97.5	62.5	71.6
Total Assets	**304.7**	**504.0**	**472.9**	**488.7**
EQUITY AND LIABILITIES				
Total equity	146.0	206.9	252.8	339.2
Non-controlling interest	(3.3)	(5.1)	(8.6)	(9.6)
	142.6	**201.8**	**244.2**	**329.6**
Non-current liabilities				
Deferred tax liabilities	9.4	18.2	19.8	20.5
Interest-bearing borrowings	0.3	1.4	2.7	3.1
Provisions	0.4	0.5	0.8	0.9
Current liabilities	152.0	282.1	205.4	134.6
Total Equity & Liabilities	**304.7**	**504.0**	**472.9**	**488.7**

The profit forecast for the years 30 June 2014 to 30 June 2016 has been based, *inter alia*, on the following assumptions:

1. The forecasts incorporate the following material assumptions in respect of revenue, expenses, assets and liabilities that can be influenced by the Directors or management of the GPI Slots Group:

   a. Revenue – Gross Gaming Revenue ("GGR") is a function of the number of active machines in the LPM network, and the total bets made by punters and the total winnings paid to punters at the various sites across the LPM network. In determining the forecast GGR, an assessment has been made on the historical performance of each region in relation to the current LPM sites, future LPM sites and the industry averages. The GGR per machine per day ("GGR/machine/day") may be varied through various promotional activities and marketing campaigns undertaken at the various sites within the LPM network. Based on this assessment and future marketing initiatives the GGR/machine/day, by region, has been estimated as follows:

Company:	*2013 Average Historical GGR/ machine/day Rand*	*2014 Average Forecast GGR/ machine/day Rand*	*2015 Average Forecast GGR/ machine/day Rand*	*2016 Average Forecast GGR/ machine/day Rand*
Grand Gaming Western Cape Proprietary Limited	889.02	987.91	1,054.63	1,151.67
Grand Gaming KwaZulu-Natal Proprietary Limited	496.48	537.89	582.04	637.95
Grand Gaming Gauteng Proprietary Limited	464.99	418.08	385.21	409.72
Grand Gaming Mpumalanga Proprietary Limited	–	188.56	148.29	147.84
Grand Gaming Hot Slots Proprietary Limited	418.08	418.08	442.50	504.00

   b. All other revenue has been considered immaterial in relation to the GGR generated. Historically other revenue equated to 2% of GGR and has been included in the forecast at this respective amount.

   c. In terms of the GPI Slots Agreement, new acquisitions and specifically the KZN Slots Acquisition have been carved out. The KZN Slots transaction has not been concluded, therefore in order to align to the SPA and to only reflect existing operations, both KZN Slots and any potential new acquisitions have been excluded from the forecasts.

   d. Operating costs comprise personnel cost, other operating and communication costs, marketing costs, administration costs, occupation costs and licence costs, which have been based on the following assumptions:

      - Personnel costs which include payroll and related employee costs have been increased by an average rate of 7.6% per annum before considering increases in headcount;
      - Other operating and communication costs have been increased by 5.6% per annum;
      - Administration costs, have been forecast to be 1.2% of group GGR, per annum. This was determined with reference to the historical administration costs across all route operators;
      - Occupancy costs for the forecast period have been based on the escalation rates per the relevant rental agreements which from 8.0% to 8.8% for the current office and warehouse leases; and
      - License costs have been forecast to be 3.0% of group GGR, per annum. This was determined with reference to the historical license costs across all route operators.

   e. Depreciation has been based on the forecast CAPEX and after considering the residual values of the assets. The existing depreciation rates have been applied to each class of fixed asset. LPMs, in particular, have been written off over five years with no residual value at the end of their useful lives.

   f. No dividend declaration is anticipated during the forecast period as it has been assumed that during this period all surplus cash will be utilised to repay shareholder loans in the first instance.

   g. Property, plant and equipment consists of *inter alia* LPMs, motor vehicles, site fit out and other assets. The LPM purchases have been based on the forecast roll out of LPMs and after considering the replacement requirements of the current active LPMs that are coming to the end of their useful life or that are no longer performing at a required level of return. Pricing in respect of LPMs was based on the current available pricing, which has been increased by 10% annually during the forecast period. All capital expenditure is assumed to occur at the beginning of the financial year.

2. The forecasts incorporate the following material assumptions in respect of revenue, expenses, assets and liabilities that cannot be influenced by the Directors or management of the GPI Slots Group:

   a. Revenue – Gross Gaming Revenue ("GGR") is a function of the number of active machines in the LPM network are influenced by the following factors that are outside of the control of the GPI Slots Group; licence conditions, availability of economically feasible sites and regional gambling board approvals. The forecasted LPM roll-out has been based on the available resources of each region, the availability of economically feasible sites and licence quota limitations. These factors are managed on an ongoing basis however machines activation at prospective sites is still dependent on gambling board approvals and therefore is considered non-controllable. The table below lists the forecast LPM roll-out after considering the aforementioned factors:

Company:	Opening average active number of machines	2014 machine roll-out	2015 machine roll-out	2016 machine roll-out
Grand Gaming Western Cape Proprietary Limited	866	14	40	20
Grand Gaming KwaZulu-Natal Proprietary Limited	788	92	54	46
Grand Gaming Gauteng Proprietary Limited	232	102	128	108
Grand Gaming Mpumalanga Proprietary Limited	40	29	90	42
Grand Gaming Hot Slots Proprietary Limited	300	34	149	126

b. Cost of sales includes commissions payable to sites, provincial gaming levies, gaming VAT, monitoring service levies, gaming insurance and corporate social investment costs. These are all fixed costs and based on applicable rates relevant to each route operator and the contractually agreed revenue splits for commissions. Historically the net impact of costs of sales resulted in an average gross profit of 41.1%. In respect of the forecast periods this was adjusted to a range of 40.0% to 41.2% for the more mature route operations and the remaining route operations 33.1% to 40.2%.

c. Management fees payable were based on 5% of the fair net asset value of the GPI Slots Group and are only payable in the 2014 financial period. This is due to the proposed restructure of the management agreements in anticipation of the conclusion of the deal with SUI.

d. Interest expense has been based on the following funding structure expected during the forecast period:

- A R28.0 million term loan, which is repaid in full in June 2014, the loan attracts an interest rate of JIBAR plus 3.75%. It has been assumed that the interest is payable monthly and no accruals have been raised for unpaid interest.
- Shareholder loans that attract an interest rate of 9.0% per annum, with effect from 1 July 2014, these with no fixed terms of repayment, however it has been assumed that all surplus cash will, in the first instance, be utilised to repay these loans. It has also been assumed that the interest on the loans are payable monthly and no accruals have been raised for unpaid interest.

e. Corporate tax rate of 28% and an effective capital gains tax rate of 18.6% have been applied throughout where applicable.

f. Investment in preference shares has been forecasted based on the funding requirements in respect of Grand Gaming Gauteng Proprietary Limited. The dividend accruing in respect of these shares has been provided for at the prime interest rate plus 2%, on the outstanding balance for the relevant period. The interest was accrued evenly throughout the period.

g. Non-current assets include Goodwill related to acquisitions of business combinations and has been calculated as the difference between the fair value of the net assets and the consideration paid. Where information in respect of the fair values was unavailable the difference between the forecasted net asset value and the purchase consideration was included.

h. Current assets included trade receivables which have been forecast at a percentage of GGR, determined with reference to historical performance. In respect of the mature route operators, being Grand Gaming Western Cape and Grand Gaming KwaZulu-Natal trade receivables have been forecast at 4.0% of GGR over the forecast period, while all the other route operators have been forecast at 14.0% of GGR over the forecast period.

i. Current assets include cash and cash equivalents which represents the net cash available after trading, capital expenditure and known movements in working capital. It has been assumed that during the forecast period all surplus cash will in the first instance be utilised to repay any outstanding shareholder loans and thereafter declared as a dividend.

j. Current liabilities include trade payables which have been forecast at a percentage of Cost of Sales, determined with reference to historical performance. In respect of the mature route operators, being Grand Gaming Western Cape and Grand Gaming KwaZulu-Natal trade payables have been forecast at 17% of Cost of Sales over the forecast period, while all the remaining route operators have been forecast between 28.0% and 31.0% of Cost of Sales over the forecast period.

k. Current liabilities include Shareholder loans which have been determined by assessing future cash requirements of all the route operators. Interest on these loans has been provided at 9.0% commencing on the 1 July 2014, incurred evenly over the period. It has been assumed that the interest is payable monthly and therefore no accruals have been raised for unpaid interest.

3. The assumptions on which the forecasted figures are based are considered by the Directors to be reasonable, prudent and conservative.

4. The forecast for the years ending 30 June 2014 to 30 June 2016 have been compiled utilising the accounting policies of the GPI Slots Group which subject to any legislative amendments, are expected to remain in place for the duration of the forecasted periods.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECAST FINANCIAL INFORMATION OF GPI SLOTS

10 July 2014

The Directors
Grand Parade Investments Limited
33 on Heerengracht
Foreshore
Cape Town
8001

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECAST INFORMATION OF GPI SLOTS (PTY) LTD GROUP

We have examined the accompanying working capital forecast of GPI Slots (Pty) Ltd Group for the period 30 June 2014 to 30 June 2016 set out in the Circular to Grand Parade Investments Ltd shareholders.

Directors' responsibility
The directors are responsible for the forecast information, including the assumptions set out in Annexure 4, on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the JSE Listings Requirements of the JSE Limited, includes: determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast; whether the forecast information has been properly compiled on the basis stated; and whether the forecast information is presented on a basis consistent with the accounting policies of the group in question.

Reporting accountants' responsibility
Our responsibility is to provide a limited assurance report on the forecast information prepared for the purpose of complying with the Listings Requirements of the JSE Limited and for inclusion in the Circular to Grand Parade Investments Ltd's shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the *Examination of Prospective Financial Information ("ISAE 3400")*. This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best-estimate assumptions on which the forecast is based are not unreasonable and are consistent with the purpose of the information;
- the forecast information is properly prepared on the basis of the assumptions;
- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the forecast information is prepared and presented on a basis consistent with the accounting policies of the group in question for the period concerned.

In a limited assurance engagement, the evidence – gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion
Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

i) the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast;
ii) the forecast has not been properly compiled on the basis stated;
iii) the forecast has not been properly presented and all material assumptions are not adequately disclosed; and
iv) the forecast information, is not presented on a basis consistent with the accounting policies of the group in question.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material; accordingly no assurance is expressed regarding the achievability of the forecast.

Our report and conclusion contained herein is provided solely for the benefit of the board of directors of Grand Parade Investments Limited and existing shareholders for the purpose of their consideration of the proposed transactions. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Ernst & Young Inc.
Director – Abdul-Majid Cader
Reporting Accountant
Chartered Accountant (SA)
Date: 10 July 2014

Ernst & Young
35 Lower Long Street
Cape Town

HISTORICAL FINANCIAL INFORMATION OF GPI FOR THE FINANCIAL YEARS ENDED 30 JUNE 2013, 30 JUNE 2012 AND 30 JUNE 2011

GRAND PARADE INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

for the year ended 30 June 2013

DIRECTORS REPORT

The Directors present their report on the activities of the Group and Company for the year ended 30 June 2013. This historical information is the responsibility of the directors of GPI.

NATURE OF THE BUSINESS

The nature of the Company's business is investment holding. In addition, the Group provides management services to the gaming and leisure industry. GPI's Slots Operations are conducted through its wholly-owned subsidiary GPI Slots (Pty) Ltd (GPI Slots) (and its Group) and GPI's management services are provided through its wholly-owned subsidiary, GPI Management Service (Pty) Ltd (GPIMS).

During the current year the Group opened the first BURGER KING® store in South Africa. Burger King South Africa (Pty) Ltd (BKSA) is a 85% owned subsidiary of GPI. BURGER KING® forms part of the Group's food division.

During the financial year, GPI House Properties (Pty) Ltd (GPI House) a wholly-owned subsidiary of Grand Capital Investments (Pty) Ltd (Grand Capital) completed the redevelopment of our landmark head office at 33 on Heerengracht, Heerengracht Street, Cape Town, which was acquired at the end of the prior year. Furthermore GPI House acquired the regional office building where Grand Gaming: Slots resides during the current financial year.

EARNINGS

It is important to note that when analysing the Group's performance, adjusted headline earnings and not net profit/(loss) or total comprehensive income/(loss) is the most appropriate measure to use; since adjusted headline earnings remove distortions caused by once-off adjustments. This is particularly relevant to the prior year when the Group sold certain of its investments to Sun International Limited (Sun International).

The results of the Group and Company are set-out in the consolidated statements of comprehensive income on page 69. Adjusted headline earnings per share (HEPS) increased from 29.23 cents per share to 31.00 cents per share and basic earnings per share decreased from 53.58 cents per share to 28.55 cents per share. The decrease is mainly due to the once-off adjustments that were made as part of the restructure deal with SUI during the prior year, as well as the transaction costs incurred in respect of acquiring BURGER KING®.

DIVIDENDS

A final dividend of 15 cents per share (2012: 20 cents, consisting of a 12.5 cents ordinary dividend and a 7.5 cents special dividend), was declared by the Directors in respect of the year under review. The final dividend will be accounted for in the 2013 AFS as it was declared subsequent to year end.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENT

A summary of the operating subsidiaries, jointly-controlled entities and associated operating performance for the year is set-out below.

Casinos

SunWest

SunWest International (Pty) Ltd's (SunWest) attributable earnings consists of attributable earnings from GrandWest Casino and Entertainment World (GrandWest) and the Table Bay Hotel, GrandWest's revenue increased by 4.9% compared to the prior year, R1 866 million, whilst its profit after tax increased by 51.6% compared to the prior year to R486.6 million (2012: R320.9 million). GrandWest's earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 6.0% from R746.0 million last year to R789.1 million this year.

The Table Bay Hotels revenue increased by 18.3% from R153.2 million to R181.2 million, whilst its attributable loss decreased by 24.7% from R61.8 million to R46.5 million, despite showing a R2.2 million operating profit for the year. The Board of SunWest continues to investigate several measures to significantly influence this performance.

Golden Valley

Worcester Casino (Pty) Ltd's (Golden Valley) revenue remained flat at R128 million compared to the prior year. Its EBITDA decreased by 14.2% from R33.2 million to R28.5 million however its EBITDA percentage decreased by 3.8% from 25.2% to 21.4% as a result of the negative affect from the farm workers strikes in the region. Despite the negative effect of the EBITDA percentage, Golden Valley was able to report a profit after tax of R1.4 million, which is 255.9% higher than the prior year loss of R0.9 million.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENT *(continued)*

Western Cape Manco

Western Cape Casino Resort Manco (Pty) Ltd (Western Cape Manco) did not operate during the current year and is in the process of being de-registered.

Akhona GPI

GPI currently holds a 59% stake in Akhona Gaming Portfolio Investment Holdings (Pty) Ltd (Akhona GPI). Through our investment in Akhona GPI we hold an indirect stake of 3.3% in Afrisun KZN (Pty) Ltd (Sibaya Casino). We concluded a deal with our partners in Akhona GPI during the year, where we acquired the remaining stake in Akhona GPI. This will give us greater exposure of 5.6% to Sibaya Casino. The KwaZulu-Natal Gambling Board is yet to give their final approval of this acquisition, but we expect it imminently. Sibaya Casino's revenues increased by 6.1% from R980 million to R1 040 million. The increase translated into a 5.5% increase in its EBITDA from R343 million to R362 million.

Slots Group

GPI operated LPMs in the Western Cape via Grandslots, KwaZulu-Natal via Kingdomslots and Gauteng via Grand Gaming: Slots during the year. During the year GPI acquired a licence to operate up to 2 000 LPMs in Mpumalanga as well as a licence to operate 1 000 LPMs in Gauteng.

Grandslots

Grandslots achieved a 12.6% increase in GGR from last year to R281.1 million (2012: R249.6 million). At year end Grandslots had 854 LPMs (2012: 873 LPMs) out of the 1 618 (2012: 1 611(operating LPMs in the Western Cape.

Kingdomslots

Kingdomslots achieved a 19.7% increase in GGR from last year to R142.8 million (2012: R119.3 million). At year end Kingdomslots had 836 LPMs (2012: 708 LPMs) out of the 2 123 (2012: 1 996) operating LMS in KwaZulu-Natal.

Grand Gaming: Slots

Grand Gaming: Slots which is still in its infancy stage generated GGR of R39.4 million (2012: R26.7 million). At year end Grand Gaming: Slots had 229 LPMs (2012: 203 LPMs) out of the 1 388 (2012: 1 360) operating LPMs in Gauteng.

Property Group

As mentioned in the nature of business review section, GPI House continued to invest in property, and acquired an additional property, namely 21 Friesland Drive, Longmeadow, Johannesburg. 33 On Heerengracht, which was originally purchased for R25 million was redeveloped during the year at an approximate cost of R75 million, while 21 Friesland Drive was purchased for R20.6 million cash. 33 On Heerengracht was provided as security for a R75 million term loan which was received from Sanlam Capital Markets Limited (SCM). The loan was used to partly fund the redevelopment of 33 On Heerengracht and the acquisition of the Johannesburg building. Subsequent to year end GPI House also placed an offer of R15.4 million, which was accepted to acquire a factory described as, Portion 128 of the farm 1183, City of Cape Town, in Atlantis.

Food Group

The first BURGER KING® store in South Africa opened its doors to the public on 9 May 2013 with the first 1 000 people receiving a free WHOPPER® as part of the marketing launch campaign. This created much hype with people queuing as long as 13 hours for a chance to bite into a WHOPPER® on South African soil. Subsequent to year end, two additional stores were opened in the Western Cape at Tyger Valley Centre and Cavendish Square respectively. Food sales of R4.9 million in the first seven weeks was just short of double our expectations, however their gross margin remains subdued, due to the high cost of input product being imported. This will continue for the medium-term, until we have successfully vetted suppliers to produce the inputs locally. The food margin will increase once these local suppliers come on line during the remainder of this calendar year. Currently the approval of local suppliers is tracking ahead of the project plan with us having secured, ahead of schedule, our local supplier of buns in July 2013. BURGER KING® International's strategy is to establish partnerships with fuel retailers. To this end an agreement was entered into with Sasol and this partnership will yield a strong roll-out of stores from the beginning of 2014.

SHARE CAPITAL

No changes were made to share capital except for converting all par value shares into no par value shares in line with the Companies Act.

PREFERENCE SHARES

There were no new preference shares issued during the year. The total issued preference share capital at year end amounted to R132.4 million.

INTEREST-BEARING BORROWINGS

A R75 million mortgage backed term loan was obtained from SCM during the year. The loan is repayable in 40 equal quarterly capital instalments over 10 years and carries a floating interest rate linked to Jibar. R20.0 million of the original term loan raised at the time of acquiring the Slots Group was repaid by GPIMS to SCM during the year resulting in a balance of R32 million outstanding at year end.

SUBSIDIARIES

At year end the Group consisted of GPI and its wholly-owned subsidiaries as listed below:

	Ordinary share capital and premium			Percentage held			Profit/(loss) after tax		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 %	2012 %	2011 %	2013 R'000s	2012 R'000s	2011 R'000s
Direct subsidiary companies									
Grand Casino	1 000	1 000	1 000	100	100	100	74 279	95 280	67 642
Grand Slots*	–	–	–	100	100	100	42 082	24 797	(25 712)
GPIMS	2 000	2 000	2 000	100	100	100	1 244	7 682	(4 679)
Grand Lifestyles*	–	–	–	100	100	100	(15)	(48)	(34)
Grand Capital	1	1	–	100	100	–	(9)	(5)	–
Grand Sports	1	1	–	100	100	–	(26)	–	–
Grand Foods	–	–	–	100	–	–	–	–	–
Grand Online	–	–		100	–		–	–	
Indirect subsidiary companies									
GPI House	1	1	–	100	100	–	23	(141)	–
Grandslots	10	10	10	100	100	100	33 195	29 419	23 906
Kingdomslots	10	10	10	100	100	100	7 497	3 328	541
Grand Gaming Slots – Gauteng	1	1	1	69.4	69.4	100	(7 142)	(7 712)	122
Grand Gaming: Slots – Mpumalanga #**	–	–	–	100	100	100	(133)	(670)	(49)
Thuo Gaming Free State (Pty) Ltd #**	–	–	–	100	100	100	(23)	(32)	(1 674)
Thuo Gaming North West (Pty) Ltd	–	–	–	100	100	100	(18)	(38)	(53)
Grand Merkur*	–	–	–	100	–		–	–	
Utish*	–	–	–	100	100	100	4 146	136 210	19 945
BKSA*	38 000	–	–	85	–	–	(8 165)	–	–
BK Grand*	–	–	–	100	–	–	–	–	–
BK Centre*	–	–	–	100	–	–	–	–	–
BK 33*	–	–	–	100	–	–	(700)	–	–
BK Marketing Fund*	–	–	–	100	–	–	(3 764)	–	–
BK West Coast*	–	–	–	100	–	–	–	–	–
GPISIT**	1	1	1	100	100	100	271	1 999	3 412
Rowmoor 1003	–	–	–	30.6	30.6	–	(1 353)	(7)	–
The Gauteng Upliftment Trust	–	–	–	100	100	–	–	–	–

* *The issued share capital for these companies is less than R1 000*

\# *These companies have been registered in preparation for the possibility of securing LPM route operator licences.*

** *The Grand Parade Share Incentive Trust (GPSIT) is consolidated in terms of SIC 12- Special purpose entitles. The consolidation of this Trust is, however, reversed to calculate the adjusted headline earnings as the group does not receive the economic benefit of the Trust.*

INVESTMENTS, ASSOCIATES AND JOINT VENTURES

	Economic percentage			Voting percentage		
	2013 %	2012 %	2011 %	2013 %	2012 %	2011 %
Direct interest (held by GPI)						
SunWest	8.00	8.00	10.25	0.02	0.02	0.46
Akhona GPI	59.00	59.00	59.00	40.21	40.21	40.21
Golden Valley	25.10	25.10	45.37	25.10	25.10	45.37
Grand World Vision Events	33.33	33.33	53.32	33.30	33.33	33.30
Indirect interest (held by subsidiaries)						
SunWest	17.10	17.10	19.79	49.97	49.87	49.97
Western Cape Manco	50.00	50.00	50.00	50	50	50.00
National Manco	5.67	5.67	5.67	5.67	5.67	5.67
RAH	–	–	30.57	–	–	30.57

SUBSIDIARIES

Grand Casino (Previously BVI 575)

Grand Casino Investments (Pty) Ltd (Grand Casino), formerly Business Venture Investments No. 575 (Pty) Ltd (BVI 575) is a wholly-owned special purpose vehicle established to obtain preference share funding from the Standard Bank of South Africa Ltd (Standard Bank) and Depfin Investments (Pty) Ltd (Depfin) and holds a 17.1% stake in SunWest, and a 5.7% stake in National Casino Resort Manco (Pty) Ltd (National Manco).

GPI Slots (Pty) Ltd

GPI Slots (Pty) Ltd (GPI Slots) is wholly-owned subsidiary of GPI and holding Company of the LPM Operating companies.

Grand Gaming Western Cape (Pty) Ltd

Grand Gaming Western Cape (Pty) Ltd (GGWC) is a wholly-owned subsidiary of GPI Slots and trades as Grandslots. The company is a licenced LPM route operator in the Western Cape.

Grand Gaming KwaZulu-Natal (Pty) Ltd

Grand Gaming KwaZulu-Natal (Pty) Ltd (GGKZN) is a wholly-owned subsidiary of GPI Slots and trades as Kingdomslots. The company is a licenced LPM route operator in KwaZulu-Natal.

Grand Gaming Gauteng (Pty) Ltd

Grand Gaming Gauteng (Pty) Ltd (GGG) is a wholly-owned subsidiary of GPI Slots and trades as Grand Gaming: Slots. The Company is a licenced LPM route operator in Gauteng.

Grand Gaming Mpumalanga (Pty) Ltd

Grand Gaming Mpumalanga (Pty) Ltd (GGM) is a wholly-owned subsidiary of GPI Slots and trades as Grand Gaming: Slots. The company is a licenced LPM route operator in Mpumalanga.

Thuo Gaming North West (Pty) Ltd

Thuo Gaming North West (Pty) Ltd (TGNW) is a wholly-owned subsidiary of GPI slots and is in the process of being de-registered.

Thuo Gaming Free State (Pty) Ltd

Thuo Gaming Free State (Pty) Ltd (TGFS) is a dormant company that was established to apply for a route operator licence in the Free State. The company remains dormant pending a possible licence application in the future.

Grand Foods (Pty) Ltd

Grand Foods (Pty) Ltd (Grand Foods) is a wholly-owned subsidiary of GPI and holding Company of Utish Investments (Pty) Ltd (Utish).

Utish Investments (Pty) Ltd

Utish is a wholly-owned subsidiary of Grand Foods and Holding company of Burger King South Africa (Pty) Ltd (BKSA).

Burger King South Africa (Pty) Ltd

BKSA is the holder of the Master Franchise rights to operate BURGER KING® in Southern Africa.

BK 33 On Heerengracht (Pty) Ltd

BK 33 On Heerengracht (Pty) Ltd (BK33) is a wholly-owned subsidiary of BKSA and the first BURGER KING® store which opened on 9 May 2013 at 33 On Heerengracht.

SUBSIDIARIES *(Continued)*

BK Marketing Fund (Pty) Ltd

BK Marketing Fund (Pty) Ltd (BK Marketing Fund) is a wholly-owned subsidiary of BKSA in terms of BURGER KING® Corporation Standards. The Company managers marketing contributions by BURGER KING® franchisees.

BK Grand (Pty) Ltd and BK West Coast (Pty) Ltd

BK Grand (Pty) Ltd (BK Grand) and BK West Coast (Pty) Ltd (BK West Coast) (BK Dormants) are wholly-owned subsidiaries of BKSA and will be utilised for purposes of future BKSA franchisees.

BK Centre (Pty) Ltd

BK Centre (Pty) Ltd (BK Centre) is a wholly-owned subsidiary of BKSA and includes BURGER KING® stores operating at Tyger Valley Shopping Centre and Cavendish Square which opened on 4 and 30 July 2013, respectively.

Grand Capital Investment Holding (Pty) Ltd

Grand Capital is a wholly-owned subsidiary of GPI and is the holding Company of GPI House and Grand Merkur (Pty) Ltd (Grand Merkur).

GPI House Properties (Pty) Ltd

GPI House is a wholly-owned subsidiary of Grand Capital and owner of the Group's properties.

Grand Merkur (Pty) Ltd

Grand Merkur is a wholly-owned subsidiary of Grand Capital. The entity was earmarked for the manufacturing of gaming machines. The entity did not operate during the year.

GPI Management Services (Pty) Ltd

GPIMS is a wholly-owned subsidiary of GPI established to perform management services to the Group.

Grand Lifestyles (Pty) Ltd

Grand Lifestyles (Pty) Ltd (Grand Lifestyles) is a wholly-owned subsidiary of GPI and is to be used for future ventures. The entity did not operate during the year.

Grand Sport (Pty) Ltd

Grand Sport (Pty) Ltd (Grand Sport) is a wholly-owned subsidiary of GPI which will trade as a sports betting and wagering operator. The entity did not operate during the year.

Grand Online (Pty) Ltd

Grand Online (Pty) Ltd (Grand Online) is a wholly-owned subsidiary of GPI and has been formed for future ventures. This entity did not operate during the year.

SPECIAL PURPOSES ENTITIES

GPSIT

GPSIT was established as an incentive scheme for employees. This Trust is consolidated as required by SIC 12: Special purpose entities.

Gauteng upliftment Trust

The Gauteng upliftment Trust was established to fulfil GGG's licence obligations.

Rowmoor Investments 1003 (Pty) Ltd

Rowmoor Investments 1003 (Pty) Ltd (Rowmoor 1003) is an investment holding company. The Gauteng upliftment Trust owns 100% in Rowmoor 1003.

JOINT VENTURES, ASSOCIATES AND INVESTMENTS

GPI has investments in SunWest, Western Cape Manco and Golden Valley which it classifies as jointly-controlled investments that are equity-accounted. GPI also has investments in Akhona GPI and Grand World Vision Events (Pty) Ltd (Grand World Vision Events) and are classified as associates that are also equity-accounted.

SunWest

SunWest operates GrandWest and the Table Bay Hotel. No changes occurred during the year to the Group's economic interest of 25.1% (2012: 25.1%) and voting rights of 49.9% (2012: 49.9%).

Western Cape Manco

Western Cape Manco is a jointly-controlled entity that is equity-accounted as allowed by IAS 31: Interests in Joint Ventures. It did not operate during the current year end is in the process of being de-registered.

JOINT VENTURES, ASSOCIATES AND INVESTMENTS *(continued)*

Golden Valley

Golden Valley operates the Golden Valley Casino and the Golden Valley Lodge. No changes occurred during the year to the Group's economic interest of 25.1% (2012: 25.1%) and voting rights of 25.1% (2012: 25.1%).

Akhona GPI

We concluded a deal with our partners in Akhona GPI, through which we acquired the remaining stake in the company and in so doing, gained full control of this investment. The deal will increase our exposure to our investments in Sibaya Casino to 5.6%. The KwaZulu-Natal Gambling Board is yet to give their final approval of this acquisition. Akhona GPI holds a 24.9% interest in Dolcoast Investment (Pty) Ltd (Dolcoast), which in turn holds a 22.4% interest in Sibaya Casino via Afrisun KZN (Pty) Ltd and a 3.7% interest in National Manco.

Grand World Vision Events

GPI is a 33.3% shareholder in Grand World Vision Events. This entity did not operate during the current year end and is in the process of being de-registered.

National Manco

GPI, through its wholly-owned subsidiary Grand Casino, owns 5.7% shareholding in National Manco that was initially purchased at a cost of R57. This investment has been measured at fair value in accordance with IAS 39: Financial Instruments: Recognition and Measurement.

RAH

In 2011 GPI owned indirectly through its wholly-owned subsidiary Utish, 30.5% of RAH and directly owned 0.03% in RAH. The group's entire investment in RAF was sold to Sun International in 2012.

DIRECTORS AND COMPANY SECRETARY

Particulars of the present Directors and Company secretary are given on page 191.

DIRECTOR'S RELATED PARTY DISCLOSURE

Directors' interest in contracts

Listed below are the Directors interest in contracts which have been identified and disclosed:

H Adams

- Proman Project Management Services (Pty) Ltd (Proman)
- Nadesons Consulting Services (Pty) Ltd (Nadesons Consulting)
- Nadesons Technology (Pty) Ltd (Nadesons Tech)
- Nadesons Projects (Pty) Ltd (Nadesons Projects)
- Afriserve (Pty) Ltd (Afriserve)
- Afripark (Pty) Ltd (Afripark)

F Samaai

- Nadesons Tech
- Proman
- Nadesons Consulting
- Nadesons Projects
- Afriserve
- Afripark

A Abercrombie

- DLA Cliffe Dekker Hofmeyr

C Priem

- The Cega Trust

C W Williams

- DLA Cliffe Dekker Hofmeyr

Director's shareholding

As at 30 June, the Directors of the Company beneficially held direct and indirect ordinary shares in the issued share capital of the Company as follows:

Director	Beneficial direct 2013 000's	Beneficial indirect 2013 000's	Total shares 2013 000's	Total shares 2013 %	Beneficial direct 2012 000's	Beneficial indirect 2012 000's	Total shares 2012 000's	Total shares 2012 %	Beneficial direct 2011 000's	Beneficial indirect 2011 000's	Total shares 2011 000's	Total shares 2011 %
H Adams	3 565	50 391	53 956	11.71	3 565	50 391	53 956	11.71	3 439	28 053	31 492	6.69
A Abercrombie	5 237	300	5 537	1.2	4 606	300	4 906	1.06	3 393	2 614	6 007	1.28
A Bedford	375	3 988	4 363	0.95	375	3 988	4 363	0.95	237	2 925	3 162	0.67
A P Funkey##	–	–	–	–	–	–	–	–	1 180	927	2 107	0.45
R Freese##	–	–	–	–	168	155	323	0.07	–	–	–	–
N Mlambo	20	43	63	0.01	20	31	51	0.01	10	31	41	0.07
A Keet	600	293	893	0.19	600	–	600	0.13	–	–	–	–
R Hoption#	–	–	–	–	450	–	450	0.10	–	–	–	–
F Samaai	29	377	406	0.09	29	377	406	0.09	6	327	333	0.07
N Maharaj	–	5	5	–	–	5	5	–		4	4	
S Petersen	400	–	400	0.09	400	–	400	0.09	400	–	400	0.09
	10 266	55 397	65 623	14.24	10 213	55 247	65 460	14.21	8 665	34 881	43 546	9.26

During 2011 the GPI BBBEE Trust and the GPI SPV Trust were unbundled and the units held by the directors were converted to GPI shares in the ratio of one unit to one GPI Share.

Units Director	Beneficial direct 2013 000's	Beneficial indirect 2013 000's	Beneficial total units 2013 000's	Beneficial total units 2013 %	Beneficial direct 2012 000's	Beneficial indirect 2012 000's	Beneficial total units 2012 000's	Beneficial total units 2012 %	Beneficial direct 2011 000's	Beneficial indirect 2011 000's	Beneficial total units 2011 000's	Beneficial total units 2011 %
H Adams	–	–	–	–	–	–	–	–	126	5 392	5 518	14.25
A Abercrombie	–	–	–	–	–	–	–	–	558	100	658	1.70
A W Bedford	–	–	–	–	–	–	–	–	135	1 063	1 198	3.09
R G Freese##	–	–	–	–	–	–	–	–	–	–	–	–
F Samaai	–	–	–	–	–	–	–	–	–	49	49	0.13
N Mlambo	–	–	–	–	–	–	–	–	10	–	10	0.02
	–	–	–	–	–	–	–	–	829	6 604	7 433	19.19

- R Freese was reappointed as a director on 30 June 2011 and resigned on 29 June 2012.
- R Hoption was reappointed as a director on 22 July 2011 and resigned as Director on 30 November 2012.
- A P Funkey resigned as a director on 30 June 2011.
- H Adams disposed of 130 570, 87 821 and 31 830 GPI shares on 10 September, 11 September and 13 September 2013 respectively. A Bedford also disposed of 8 291 GPI shares on 13 September 2013. Except for the trades as indicated no other Director's shareholding changed from the date of the financial year end up to the approval of the AFS.

CAPITAL COMMITMENTS	2013 R'000s	2012 R'000s	2011 R'000s
Authorised by not contracted			
Property, plant and equipment	**8 517**	–	–

SUBSEQUENT EVENTS

Following our SENS announcement on 5 August 2013 regarding our intention to purchase the route operator licence and site operator licences of Zimele Slots (Pty) Ltd (Zimele) in Mpumalanga, we are pleased to announce the Mpumalanga Gambling Board approved our licence transfer application on 17 July 2013 and that we have now taken control of Zimele's operations. GPI Slots acquired Zimele for R6.75 million. Furthermore, the Slots Group concluded an agreement on 30 July 2013 to acquire the route operator licence and operational sites of Grand Gaming Hotslots (Pty) Ltd (previously Bohwa 1 Gaming (Pty) Ltd) (Hot Slots) in Gauteng for R62 million. This acquisition is still subject to approval from the Gauteng Gambling Board and GPI Shareholders. Lastly, our application to the Western Cape Gambling and Racing Board (WCGRB) for a bookmaker licence in the name of Grand Sport was approved on 11 July 2013.

BURGER KING® opened two additional stores subsequent to year-end in the Western Cape in Tyger Valley Centre and Cavendish Square Centre on 4 July and 30 July respectively. BURGER KING® has signed an exclusive deal with Sasol to roll-out BURGER KING® restaurants across the Sasol national network.

Subsequent to year end an offer was made to purchase and industrial property in Atlantis, Western Cape for R15.4 million, which has been accepted and is awaiting transfer.

CONTINGENT LIABILITY

On 2 April 2013 the South African Revenue Services (SARS) levied an understatement penalty and interest of R16.4 million against GPI relating to an incorrect disclosure made on the company's 2009 income tax return. The Board of Directors of the Company are of the opinion that SARS have incorrectly applied the provisions of the Tax Administration Act in raising the penalty as the incorrect disclosure did not prejudice SARS or the fiscus in that year of assessment. The Company has therefore with the assistance of external professional advice, commenced with lodging an appeal with the Tax Court against the abovementioned penalty.

The Group has not recognised a provision for this disputed penalty and interest as it considers the risk of financial outflow as 'possible' and therefore does not meet the definition of a provision under IAS 37 – Provisions, contingent liabilities and contingent assets.

Special resolutions passed by subsidiary companies during the financial year

Name of subsidiary	Special resolution passed
Grand Capital	Adoption of new MOI
GPI Slots	Adoption of new MOI
Grand Lifestyles	Adoption of new MOI
GPIMS	Adoption of new MOI
Grand Casino (formerly BVI575)	Name change
Grand Sport	Adoption of new MOI
Grand Merkur	Adoption of new MOI
Utish	Adoption of new MOI
GGWC	Adoption of new MOI
GGKZN	Adoption of new MOI
GGG	Adoption of new MOI
GGM	Adoption of new MOI and name change

GRAND PARADE INVESTMENTS LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

		Group			Company		
			Restated			Restated	
		2013	2012	2011	2013	2012	2011
	Note	R'000s	R'000s	R'000s	R'000s	R'000s	R'000s
Revenue	4	489 353	430 651	326 442	139 119	555 031	36 304
Cost of sales		(276 622)	(231 248)	(184 343)	–	–	–
Gross Profit		212 731	199 403	142 099	139 119	555 031	36 304
Operating costs		(142 039)	(107 599)	(88 529)	(8 017)	(21 507)	(8 893)
Profit from operations		70 692	91 804	53 570	131 102	533 524	27 411
Profit from equity accounted investments		114 672	131 072	119 566	–	–	–
Impairment of plant and equipment		(316)	–	–	–	–	–
Impairment of investments		–	–	(128 485)	–	–	(36 700)
Reversal of impairment of investment	10	–	336	15 000	–	336	15 000
Realisation of fair value reserve		–	35 588	–	–	–	–
Profit on disposal of investment		–	60 248	151	–	57 485	151
Depreciation	14	(33 882)	(35 987)	(34 011)	(14)	(164)	(111)
Amortisation	15	(2 248)	(2 623)	(1 999)	–	–	–
Profit before finance costs and taxation	5	148 918	280 438	23 792	131 088	591 181	5 751
Finance Income	4, 6.2	6 216	6 797	1 745	1 620	3 001	–
Finance costs	6.1	(14 603)	(24 225)	(32 916)	–	(1 849)	(4 264)
Profit before taxation		140 531	263 010	(7 379)	132 708	592 333	1 487
Taxation	7	(10 955)	(11 598)	(15 292)	(411)	(8 871)	(89)
Profit for the year		129 576	251 412	(22 671)	132 297	583 462	1 398
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Change in reserves in associate companies net of tax		–	–	13 197	–	–	–
Unrealised fair value loss on available-for-sale investments, net of tax	12	(1 887)	(5 676)	(4 491)	–	–	–
Realisation of fair value reserve		–	(35 588)	–	–	–	–
Total comprehensive income for the year		127 689	210 148	(12 965)	132 297	583 462	1 398
Profit for the year attributable to:							
– Ordinary Shareholders		131 533	251 412	(22 671)	132 297	583 462	1 398
– Non-controlling interest		(1 957)	–	–	–	–	–
		129 576	251 412	(22 671)	132 297	583 462	1 398
Total comprehensive income attributable to:							
– Ordinary Shareholders		129 646	210 148	(13 965)	132 297	583 462	1 398
– Non-controlling interest		(1 957)	–	–	–	–	–
		127 689	210 148	(13 965)	132 297	583 462	1 398

		Cents	Cents	Cents
Basic and diluted earnings per share	8	28.55	53.58	(4.89)
Headline and diluted headline earnings per share	8	28.76	34.88	19.13
Adjusted and diluted adjusted headline earnings per share	8	31.00	29.23	22.38
Ordinary dividend per share#		12.50	10.00	7.50
Special dividend per share#		7.50	60.00	–

Final ordinary and special dividend declared in respect of the previous financial year.

GRAND PARADE INVESTMENTS LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended 30 June 2013

		Group			Company		
		2013	**2012**	**2011**	**2013**	**2012**	**2011**
	Note	**R'000s**	**R'000s**	**R'000s**	**R'000s**	**R'000s**	**R'000s**
ASSETS							
Non-current assets		1 529 714	1 406 521	2 082 715	174 033	174 037	246 920
Investments in jointly-controlled entities	10	1 053 361	1 062 182	1 313 387	150 079	150 079	222 524
Investments in associates	11	39 096	34 884	30 676	20 929	20 929	21 241
Investments	12	7 680	9 900	16 055	–	–	–
Investments in subsidiaries	13	–	–	–	3 002	3 000	3 000
Goodwill	16	122 934	122 934	122 907	–	–	–
Property, plant and equipment	14	223 794	101 972	77 874	23	29	155
Intangible assets	15	57 751	55 392	54 370	–	–	–
Deferred tax assets	7	25 098	19 257	16 446	–	–	–
Non-current asset held for sale	21	–	–	451 000	–	–	–
Current assets		471 033	461 805	112 179	560 721	518 358	357 788
Inventories	17	1 534	2 067	2 363	–	–	–
Trade and other receivables	18	49 402	33 095	21 252	3 253	3 509	708
Related party loans	19	16 822	20 009	17 454	222 847	189 104	352 067
Cash and cash equivalents	20	403 218	405 147	69 248	334 621	325 745	5 013
Income tax receivable	32.3	57	1 487	1 862	–	–	–
Total assets		2 000 747	1 868 326	2 194 894	734 754	692 395	604 708
EQUITY AND LIABILITIES							
Capital and reserves							
Total equity		1 655 497	1 617 477	1 756 792	721 042	680 882	451 062
Ordinary share capital and premium	22	730 364	730 364	754 164	725 913	725 913	750 234
Treasury shares	22	(2 070)	(2 346)	(4 451)	–	–	–
Accumulated profit/(loss)		920 657	881 026	957 382	(4 871)	(45 031)	(299 172)
Available-for-sale investments' fair value reserve		6 245	8 132	49 396	–	–	–
Capital redemption reserve fund		301	301	301	–	–	–
Non-controlling interest		(1 957)	–	–	–	–	–
Total shareholder's equity		1 653 540	1 617 477	1 756 792	721 042	680 882	451 062
Non-current liabilities		228 979	150 502	306 401	–	–	40 044
Cumulative redeemable preference share capital and premium	23.3	132 424	101 670	193 157	–	–	–
Interest-bearing borrowings	24	83 436	36 000	88 000	–	–	40 000
Finance lease liabilities	25	244	1 134	1 500	–	–	–
Deferred tax liabilities	7	12 107	11 525	23 618	–	–	44
Provisions	26	768	173	126	–	–	–
Current liabilities		118 228	100 347	131 701	13 712	11 513	113 602
Trade and other payables	27	74 354	36 259	40 578	1 939	858	3 296
Provisions	26	8 272	5 311	4 347	–	–	–
Related party loans	19	–	–	–	–	6	105 020
Cumulative redeemable preference share capital and premium	23.3	–	30 754	63 804	–	–	–
Interest-bearing borrowings	24	23 195	16 000	16 000	–	–	–
Finance lease liabilities	25	634	681	937	–	–	–
Dividends payable	32.4	11 677	10 648	5 285	11 677	10 648	5 285
Taxation	32.3	96	694	750	96	1	1
Total equity and liabilities		2 000 747	1 868 326	2 194 894	734 754	692 395	604 708

	Cents	**Cents**	**Cents**
Tangible net asset value per share (before deducting treasury shares)	320	312	347
Adjusted tangible net asset value per share (after deducting treasury shares)	321	314	349
Net asset value per share (before deducting treasury shares)	359	351	373
Adjusted net asset value per share (after deducting treasury shares)	360	352	375

GRAND PARADE INVESTMENTS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2013

Group	Ordinary Share Capital R'000s	Share premium R'000s	Treasury shares R'000s	Accumu-lated profits R'000s	Available-for-sale fair value reserve R'000s	Capital redemption reserve fund R'000s	Non-controlling interest R'000s	Total equity R'000s
Balance at 30 June 2010	115	727 186	(11 669)	1 010 803	40 690	277	4 978	1 772 380
Total comprehensive income/(loss) for the year	–	–	–	(22 671)	8 706	–	–	(13 965)
Dividends declared	–	–	–	(34 238)	–	–	–	(34 238)
Treasury shares allocated to employees	–	3 726	7 218	–	–	–	–	10 944
Share capital raised	2	23 168	–	–	–	–	–	23 170
Share issue expense	–	(33)	–	–	–	–	–	(33)
Transfer to capital reserve redemption fund	–	–	–	(24)	–	24	–	–
Acquisition of non-controlling interest	–	–	–	3 512	–	–	(4 978)	(1 466)
Balance at 30 June 2011	117	754 047	(4 451)	957 382	49 396	301	–	1 756 792
Total comprehensive income/(loss) for the year	–	–	–	251 412	(41 264)	–	–	210 148
– Profit for the year	–	–	–	251 412	–	–	–	251 412
– Other comprehensive income	–	–	–	–	(41 264)	–	–	(41 264)
Dividends declared	–	–	–	(327 768)	–	–	–	(327 768)
Treasury shares allocated to employees	–	521	2 105	–	–	–	–	2 626
Shares bought back	(2)	(24 319)	–	–	–	–	–	(24 321)
Balance at 30 June 2012	115	730 249	(2 346)	881 026	8 132	301	–	1 617 477
Total comprehensive income/(loss) for the year	–	–	–	131 533	(1 887)	–	(1 957)	127 689
– Profit for the year	–	–	–	131 533	–	–	(1 957)	129 576
– Other comprehensive income	–	–	–	–	(1 887)	–	–	(1 887)
Dividends declared	–	–	–	(91 902)	–	–	–	(91 902)
Treasury shares allocated to employees	–	–	276	–	–	–	–	276
Conversion of par value shares to non-par value shares	730 249	(730 249)	–	–	–	–	–	–
Balance at 30 June 2013	730 364	–	(2 070)	920 657	6 245	301	(1 957)	1 653 540

GRAND PARADE INVESTMENTS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2013

Company	Ordinary share capital R'000s	Ordinary share premium R'000s	Accumulated profits/(loss) R'000s	Total equity R'000s
Balance at 30 June 2010	115	726 982	(265 895)	461 202
Total comprehensive income for the year	–	–	1 398	1 398
Dividends declared	–	–	(34 675)	(34 675)
Share capital raised	2	23 168	–	23 170
Share issue expense	–	(33)	–	(33)
Balance at 30 June 2011	117	750 117	(299 172)	451 062
Total comprehensive income for the year	–	–	583 462	583 462
– Profit for the year	–	–	583 462	583 462
Dividends declared	–	–	(329 321)	(329 321)
Shares bought back	(2)	(24 319)	–	(24 321)
Balance at 30 June 2012	115	725 798	(45 031)	680 882
Total comprehensive income for the year	–	–	132 297	132 297
– Profit for the year	–	–	132 297	132 297
Dividends declared	–	–	(92 137)	(92 137)
Conversion of par value shares to non-par value shares	725 798	(725 798)	–	–
Balance at 30 June 2013	725 913	–	(4 871)	721 042

GRAND PARADE INVESTMENTS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 30 June 2013

		Group			Company		
	Note	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Cash flows from operating activities							
Net cash generated/(utilised) from operations	32.1	86 352	48 344	22 169	(6 688)	(26 742)	(12 038)
Income taxes paid	32.3	(15 049)	(25 704)	(11 907)	(316)	(8 915)	(238)
Finance income		6 216	6 797	1 745	1 620	3 001	–
		77 519	29 437	12 007	(5 384)	(32 656)	(12 276)
Cash flows from investing activities							
Acquisition of plant and equipment	14	(68 327)	(35 647)	(28 299)	(8)	(38)	–
Acquisition of land and buildings	14	(88 434)	(25 002)	–	–	–	–
Acquisition of intangibles	15	(4 607)	(3 672)	(2 577)	–	–	–
Proceeds from the disposal of property, plant and equipment		9	117	127	–	–	–
Net cash paid for business combination		–	–	(5 976)	–	–	–
Inter-group loans repaid/ (advanced)	32.5	–	–	–	(36 555)	163 081	(4 322)
Investments made		–	–	(32 839)	–	–	(32 839)
Proceeds from the sale of investments		–	733 935	–	–	130 575	–
Finance income – investments		–	–	1 660	–	–	490
Dividends received		131 496	182 686	143 683	139 119	555 031	35 795
Net cash (outflow)/inflow from investing activities		(29 863)	852 417	75 779	102 556	848 649	(876)
Cash flows from financing activities							
Dividends paid	32.4	(90 873)	(322 405)	(33 666)	(91 108)	(323 958)	(34 103)
Shares bought back		–	(24 321)	–	–	(24 321)	–
Share issue expense		–	–	(33)	–	–	–
Inter-group loans advanced/ (repaid)	32.6	–	–	–	112	(105 131)	26 396
Increase/(decrease) in loans	32.2	56 882	(178 494)	(37 727)	2 700	(40 000)	–
Finance costs		(15 594)	(20 735)	(28 304)	–	(1 851)	(4 264)
Net cash outflow from financing activities		(49 585)	(545 955)	(99 730)	(88 296)	(495 261)	(11 971)
Net (decrease/increase in cash and cash equivalents		(1 929)	335 899	(11 944)	8 876	320 732	(25 123)
Cash and cash equivalents at the beginning of the year		405 147	69 248	81 192	325 745	5 013	30 136
Cash and cash equivalents at the end of the year	20	403 218	405 147	69 248	334 621	325 745	5 013

1. Accounting Policies

1.1 Basis of preparation of financial results

The consolidated and separate financial statements have been prepared on the historical costs basis, except where otherwise stated or disclosed, and as a going concern. The consolidated financial statements are presented in rands and all values are rounded to the nearest thousand (R'000s), except where otherwise indicated.

The accounting policies applied are consistent with those applied in the prior year, with the exception of the standards which are effective for the financial years beginning 1 July 2012, described in note 1.4 below.

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 obligations 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 assets or liabilities are treated as income or expense in profit and loss as appropriate.

1.2 Statement of compliance

The consolidated and separate financial statements are prepared in accordance with IFRS and Interpretations of those Standards as adopted by the International Accounting Standards Board, and in a manner required by the Companies Act of South Africa.

The consolidated financial statements comprise the financial statements of Grand Parade Investments Limited (GPI) and its subsidiaries at 30 June 2013 and the year then ended.

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 when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, income, expenses and unrealised profits and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

A change in the ownership interest of an existing subsidiary, without loss of control, is accounted for as an equity transaction. If the Group relinquishes control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interest;
- Recognises that fair value of the consideration received;
- Recognises the fair value of the investment retained
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained income as appropriate.

a) Business combinations and goodwill

Business combinations from 1 July 2009

Business combinations are accounted for by using the acquisition method. The cost of the acquisition is measured as the aggregate cost of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If a business combination is achieved in stages, the previously held equity interest is re-measured at acquisition date and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, that is a financial instrument within the scope of IAS 39 Financial Instrument Recognition and Measurement, is measured at fair value with changes in fair value, being recognised either in profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until in it is finally settled in equity.

Goodwill is initially measured at cost, being the excess of aggregate of the consideration transferred, the amount recognised for non-controlling interest and the fair value of the existing investment prior to obtaining control over the net identifiable assets and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as bargain purchase.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether the other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount if the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the ash-generating unit retained.

b) Interest in jointly-controlled entities and associates

The Group has interest in joint ventures which are classified as jointly-controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entity. The contractual arrangement implies unanimous agreement for financial and operating decisions amongst the joint ventures.

The Group also has investments in the associates. An associate is an entity in which the Group has significant influence.

The Group recognises its interest in the jointly-controlled entities and associates using the equity method. The financial statements of the jointly-controlled entities and associates are prepared for the same reporting period as the parent Company.

Under the equity method, the investments in the jointly-controlled entity and associates is carried in the statement of the financial position at cost plus post-acquisition changes in the Group's share of net assets of the jointly-controlled entity and associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Losses of jointly-controlled entities and associates in excess of the Group's interest in the jointly-controlled entity and associate (which includes any long-term interest that, in substance, forms part of the Group's net investment in jointly-controlled entity and associate) are not recognised unless the Group has a legal or constructive obligation in respect of those jointly-controlled entity and 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.

After application of the equity method, the Group assesses whether there is any objective evidence that the investment in the jointly-controlled entities and associates is impaired. If any such indication exists, the entire carrying amount of the investment in the jointly-controlled entity and associate is tested for impairment any comparing the recoverable amount with its carrying amount, to determine whether it is necessary to recognise any impairment losses.

The Group makes an assessment at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the investment in jointly-controlled entities' and associates' recoverable amount and reverses the impairment to be lower of the recoverable amount or carrying amount that would have been determined had no impairment losses been recognised in prior periods. Such reversals are recognised in profit or loss.

The statement of comprehensive income reflects the share of the results of operations of jointly-controlled entities and associates. Where there has been a change recognised directly in the other comprehensive income or equity of the jointly-controlled entity or associate, the Group recognises its share of any charges and discloses this, where applicable, in this statement of comprehensive income or in the statement of changes in equity.

Where a Group entity transacts with a jointly-controlled entity or associate, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly-controlled entity and associate is equity-accounted until the date on which the Group ceases to have joint control or significant influence over the jointly-controlled entity or associate. Upon loss of significant influence or joint control and fair value of the retained investment and proceeds from disposal is recognised in profit or loss. Upon de-recognition of an investment of a jointly-controlled entity or associate, previously recognised gains or losses in other comprehensive income will be released to profit and loss for the period.

1.3 New standards and interpretations adopted during the year

The accounting policies adopted by the Group are consistent with those of the previous financial year, with the exception of the following applicable new and amended IFRS and IFRIC interpretations issued by the international Accounting Standards Board (IASB):

IAS 1: Presentation of Financial Statements (effective 1 July 2012)

The amendments to IAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss in the future would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are recognised in OCI, nor do they impact the determination of whether the items in the OCI are reclassified through profit or loss in future periods.

IAS 12: Income Taxes: Amendment: Deferred Tax: Recovery of underlying Assets (effective 1 January 2012)

Currently IAS 12: Income Taxes, requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment provides that for investment property measured at fair value, the recovery, of the carrying amount is assumed to be through sale, with the result that deferred tax arising on the valuation is measured using the prevailing tax rate for capital gains. The amendment also incorporates into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

1.4 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 the accompanying disclosures 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 if 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.

Estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year are described below. Key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, as they involve assessments or decisions that are particularly complex or subjective, are discussed below.

Depreciation rates and residual values

The depreciation method reflects the pattern in which economic benefits attribute to the assets 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 value of an asset is a matter of judgement based on the past experience of the Group with similar assets and intention of management (Refer to note 13)

Deferred tax assets

The Group has tax losses which arose in subsidiaries of R21.6 million (2012: R18.1 million) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have been recognised in respect to these losses as based on forecasts and budgets, it has been determined that these companies will make appropriate levels of taxable profits in the foreseeable future to utilise these tax losses. The critical assumptions and estimates used in the budgets and forecasts are: revenue growth percentages which are based on management's experience in the industry (Slots Group and Foods Group) and management's assessment of future growth; inflation of income and expenses which is based on research data obtained from local financial institutions and future capital expenditure requirements which is based on management's assessment of the level of expenditure required to support the revenue growth rate issues and future cash flows requirements to roll out stores (Food Group) and gaming machines (Slots Group).

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 11).

Recoverable amount of non-financial assets
The Group assesses the recoverable amount to all equity-accounted investments, items of property, plant and equipment and intangibles with definite useful lives when there is an indication that the asset's carrying the value may be impaired. The Group assesses the recoverable amount of cash-generating units that contain goodwill and intangible assets with an indefinite useful life annually.

Fair value less costs to sell is determined with reference to an active market price or a recent agreement of sale, where applicable.

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 risks specific to the asset.

The value-in-use calculation is most sensitive to the following assumptions:

- Discount rates; and
- Growth rates used to discount cash flows beyond the budgeted period

Discount rates – discount rates represent the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rates calculation is based on specific circumstances of the Group and its operating segments as derived from its weighted average cost of capital (WACC). The WACC takes into account both equity and debt. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rates – the growth rates used to discount cash flows beyond the budgeted period are based on management's assessment of the future growth rates, taking into consideration the historical and budgeted growth rates of each investment. Management also reviews published information related to the growth rates of companies in similar industries and markets as the Group's investments to determine the appropriateness of the growth assumptions used.

Estimated impairment of goodwill and intangible assets
The Group tests goodwill for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Refer to note 15 for the estimates and assumptions used when testing goodwill for impairment.

The Group also tests intangible assets with indefinite useful lives for impairment annually at the cash-generating unit level and when circumstances indicate that the carrying value may be impaired. Refer to note 14 for the estimates and assumptions used when testing intangible assets with infinite lives for impairment.

Net gaming win
The Group regards the national VAT levied on net gaming win to be comparable with the gaming levies which are paid to provincial gaming Boards. These are seen as direct costs of the Group as they are borne entirely by the Group and have no effect on gaming activities from the customer's perspective. In the gaming industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. It therefore follows that gambling institutions experience practical difficulties reflecting output tax separately from input tax. Accordingly, SARS allows gaming operations to account for VAT by applying the tax fraction to the net betting transaction. Any change in either the VAT rate or the provincial gaming levies would be absorbed by the Group and would not be recouped from the customer. The Group thus treats VAT and other taxes levied on gaming winnings as direct costs. These amounts are included in net gaming win and are treated as part of cost of sales.

Allowance for slow moving, damaged and obsolete stock
The allowance for stock is based on stock being written down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell certain inventory items. The write-down is included in the operating profit note, whereas day to day wastage is included in cost of sales.

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, with the exception of gaming taxes which are treated as a cost of sale. Revenue is recognised on the bases set-out below:

Gross Gaming Revenue

Gross Gaming Revenue (GGR) comprises the net gaming win generated by gaming operations being the difference between total bets made and the amounts returned to players. Net gaming win is measured as the net cash received from gaming operations. Due to the short-term nature of the Group's gaming operations, all income is recognised in profit and loss immediately, at the fair value of the consideration received or receivable.

Food sales

Food sales are recognised on the date on which the sale is made at the fair value of the consideration received, net of VAT.

Dividend income

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

Interest income

Interest income is recognised in profit or loss 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.

Royalties

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

1.7 Cost of sales

Cost of sales: Slots Group

Costs of sales comprise amounts directly related to GGR and include provincial gaming levies, monitoring fees, site commissions, VAT and contributions to the National Responsible Gambling Board (NRGB) and Corporate Social Investment (CSI) contributions. As well as when inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Provincial gaming levies

The provincial gaming levies are payable to the respective gambling Boards in each province and are based on the monthly GGR generated by each entity. The levies range between 10% and 15% of the monthly GGR and are legislated in the provincial gambling acts.

Monitoring fees

Monitoring fees are payable to the national monitoring service provider elected by the National Gambling Board, Zonke Monitoring Systems (Pty) Ltd. The monitoring fee is set at 6% of the monthly GGR generated by each entity.

Site commissions

Site commissions comprise of the net amount paid to site owners based on the revenue share agreements with each site. The revenue share is based on the GGR generated by each site.

VAT

VAT and other taxes levied on gaming winnings are included in the net gaming win and are treated as direct costs as these are borne by the Group and not the customers.

Contributions to the National Responsible Gambling Board and Corporate Social Investments

Contributions to the NRGB and CSI are legislated by the respective Provincial Gambling Boards and the National Gambling Board and are determined as a percentage of GGR and/or profits.

Cost of sales: Food Group
When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1.8 Property, plant and equipment
Property, 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.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and accumulated impairment loss, if any. 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 profit or loss as incurred. Property, 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 prospectively if appropriate, at each reporting date.

Depreciation and impairment losses are included in profit or loss. An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are included in profit or loss in the year that the asset is de-recognised.

The useful lives are as follows:

Audio-visual	3 years
Computer equipment	3 years Leasehold
Improvements	4 – 10 years
Furniture and fittings	5 – 6 years
Owned plant and equipment	5 years
Gaming equipment	5 years
Site and shop fit-out	5 – 10 years
Leased plant and equipment	5 – 10 years
Office buildings	20 years
Cash registers	5 years
Kitchen equipment	5 years
Neon signs and advertising	10 years
Textbooks and library	3 years

1.9 Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets excluding capitalised development costs, are not capitalised and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash- generating unit level. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Master franchise licence Expenditure incurred by the Group in acquiring the Master Franchise licence in respect of BURGER KING® South Africa and is measured at the original cost to acquire the licence less accumulated amortisation. The intangible is amortised over its expected useful life of 20 years, which represents a period over which GPI has the right to trade under the brand name of BURGER KING®.

Bid costs and licences
Expenditure incurred by the Group in applying for new gaming licences is capitalised up to the date that the Group submits new licence applications to the relevant licensing authorities. These costs are only capitalised when it is probable that they will result in future economic benefits accruing to the Group. Bid cost and licenses are shown at historical cost and are tested for impairment annually as they have an indefinite useful life. The costs associated with unsuccessful bid applications are written-off as and when the related bids are determined to be unsuccessful.

Computer software costs
Computer software acquired separately is measured on initial recognition at cost. Following initial recognition computer software is carried at cost less any accumulated amortisation and accumulated impairment losses. Computer software is amortised over its useful economic life and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method for computer software is reviewed annually. The amortisation expense on computer software is recognised in profit and loss under the amortisation category.

The following useful life is used to amortise computer software.

Software – 3 years

1.10 Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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.

1.11 Financial instruments – initial recognition and subsequent measurement
i) Financial assets Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as loans and receivables, held to maturity investments and available-for-sale investments. The Group determines the classification on initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market-place (regular way trade) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and receivables and unquoted equity instruments (classified as available for sale).

Subsequent measurement
The subsequent measurement of financial assets depends on the classification as follows:

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. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents (including short-term deposits)
Cash and cash equivalents are measured at amortised cost and consist of cash on hand and balances at banks. Interest income on cash and cash equivalents are recognised using the effective interest rate method.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Available-for-sale investments
Available-for-sale investments consist of investments in unlisted equity instruments. After initial recognition available-for-sale investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income 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 profit and loss. 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.

De-recognition
A financial asset or portion of a financial asset is de-recognised 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 has either (i) 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.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuous involvement in the asset.

ii) Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of assets is impaired. 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 profit and loss.

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

The carrying amount of the asset is reduced by any impairment loss. The amount of the loss is recognised in profit or loss.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (a) adverse changes in the payment status of borrowers in the portfolio; and
  (b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 statement of comprehensive income, to the extent that the carrying value of the asset does not exceed what the amortised cost would have been at the reversal date if no impairment loss was recognised in the past.

Available-for-sale investments

The Group assesses at each reporting date whether there is objective evidence that an available- for-sale investment is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment losses on that investment previously recognised in profit and loss, is removed from other comprehensive income and recycled to 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.

iii) Financial liabilities Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. The Group's financial liabilities include trade and other payables, loans and preference shares.

Subsequent measurement

The subsequent measurement of financial liabilities depends on the classification as follows:

Loans and borrowings

After initial recognition, interest- bearing borrowings and loans are subsequently measured at amortised cost using an effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the amortisation process.

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 statement of comprehensive income when the trade and other payables are de-recognised 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 statement of financial position. Related party loans are payable on demand and are classified as current liabilities in the statement of financial position.

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 statement of comprehensive income as interest expense.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and recognised as a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

iv) Offsetting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set-off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously or settle on a net basis.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises consumables, spare parts, food and packaging and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and applicable variable marketing, selling and distribution expenses. When inventories are sold, the carrying amount of those inventories are recognised as a cost of sale in the period in which the related revenue is recognised. The amount of any write- down of inventories to net realisable value and all losses of inventories due to wastage is recognised in cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised in cost of sales in the period in which the reversal occurs.

1.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised. All other borrowing costs are expensed in the period they occur.

1.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases where substantially all the risks and rewards associated with ownership have transferred from the lessor to the lessee. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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. Contingent rentals are recognised as incurred.

The Group leases certain property, plant and equipment.

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 reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the profit or loss.

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 reporting 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
Secondary Tax on Companies (STC) is recognised as part of the current tax charge in profit and loss when the related dividend is declared.

Dividend withholding tax
Effective 1 April 2012, STC is no longer payable. STC has been replaced by dividends withholding tax (DWT), which is a tax on the shareholders as opposed to the Company.

The withholding tax payable is included as part of trade and other payables in the statement of financial position. The gross amount of dividends declared is accounted for in equity.

1.16 Dividends payable
Dividends payable and the related taxation or withholding tax 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 reporting date as no liability exists.

1.17 Employee benefits
Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave that are due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts that are due to be paid when the liabilities are settled.

Long-service leave provision
The liability for long-service leave is recognised in provisions and measured on a pro-rata basis of total number of weeks worked in relation to the long-service award period of 15 years. Consideration is given to the current wage, salary levels and the number of employees who may qualify for this award.

Retirement benefit obligations
The Group has a defined contribution plan which is governed by the Pension Fund Act 1956 No. 24 of 1956. The defined contribution plan receives fixed contributions from the Group and its legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments are available.

Short-term incentive plan
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation, the amount can be measured reliably and the Directors are of the opinion that it is probable that such bonuses will be paid.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or
- providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

1.18 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date.

1.19 Treasury shares
Own equity instruments which are re-acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if re-issued, is recognised as other capital reserves.

1.20 Translation of foreign currencies
A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period: foreign currency monetary items are translated using the closing rate;

- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2. Standards issued not yet effective

At the date of authorisation of these financial statements, the following applicable standards were in issue but not yet effective and have not been early adopted in these financial statements. All statements will be implemented as and when they become effective.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g. collateral agreements). The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32.

The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

IFRS 9 Financial Instruments (effective 1 January 2015)
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities.

IFRS 10 Consolidated Financial Statements and IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2013)
New standard that replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 establishes a single control model that applies to all entities including 'special purpose entities,' or 'structured entities' as they are now referred to in the new standards. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The guidance that remains in IAS 27 relates primarily to separate financial statements.

Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the financial position and performance of the Group.

IFRS 10 – Investment entities exemption (effective date 1 January 2014)
Requires investment entities to carry subsidiaries at fair value, rather than consolidate in terms of IFRS 3.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures (effective 1 January 2013)
IFRS 11 will replace IAS 31.

Interests in Joint Ventures and SIC-13: Jointly-controlled entities – Non-monetary contributions by ventures.
IAS 31 identified three forms of joint ventures (i.e., jointly-controlled operations, jointly-controlled assets and jointly-controlled entities), IFRS 11 addresses only two forms of joint arrangements (joint operations and joint ventures) where there is joint control. IFRS 11 will require that investments in joint ventures be equity accounted, while interests in joint operations are accounted for on the basis of the rights and obligations of the investor.

Based on the preliminary analyses performed, IFRS 11 is not expected to have any impact on the financial position and performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
This standard will contain applicable disclosure requirements for subsidiaries, joint ventures, joint operations, associates and unconsolidated structured entities. It will also introduce a new term 'structured entities', replacing the term 'special purpose entities'. A number of new disclosures are also required, but has no impact on the Group's financial position or performance.

IFRS 13 Fair Value Measurement (effective 1 January 2013)
IFRS 13 will be a single source of fair value measurement guidance that clarifies the definition of fair value, provides a clear framework for measuring fair value and enhances the disclosures about fair value measurements. By publishing IFRS 13 Fair Value Measurement, the IASB established a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS.

The Group is currently assessing the impact that the standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

IAS 19: Employee Benefits (Amended) (effective 1 January 2013)

Amendments to accounting for employee benefits, particularly pension and post-retirement benefit plans Amendments to IAS 19 include significant changes to the accounting for pension and post-retirement benefit plans and various other minor changes. Of these changes, the most fundamental is the removal of the corridor mechanism for recognising actuarial gains and losses, which will result in full statement of financial position recognition of plan surpluses and deficits through other comprehensive income. The revised standard must be applied retrospectively in accordance with the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. All future actuarial gains and losses will be recognised directly in other comprehensive income in the year they arise. Other changes as a result of the revised standard include:

- Past service cost will be expensed when the plan amendments occur regardless of whether or not they are vest.
- The distinction between short-term and other long-term employee benefits is now based on expected timing of settlement rather than employee entitlement. Changes in the carrying amount of liabilities for other long-term employment benefits will continue to be recognised in profit or loss.

The Group does not have any defined benefit plans and is currently assessing the impact that this standard will have on the financial position and performance.

IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2013)

Consequential amendments resulting from the issue of IFRS 10, 11 and 12.

IAS 28 Investments in Associates (effective 1 January 2013)

Consequential amendments resulting from the issue of IFRS 10, 11 and 12.

IAS 32 Financial Instruments: Presentation (effective 1 January 2014)

The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amounts" (IAS 32.42(a)). This means that the right of set-off:

– must not be contingent on a future event; and
– must be legally enforceable in all of the following circumstances:
– the normal course of business;
– the event of default; and
– the event of insolvency or bankruptcy of the entity and all of the counterparties.

The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which an impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

The Group is currently assessing the impact that this standard will have on the financial position and performance.

Annual improvement project

IAS 1 Clarification of requirements for comparative information (effective 1 January 2013)

Clarifications of requirements around comparatives, especially in the instances of restatements.

IAS 16 Classification of servicing equipment as inventory or PP&E (effective 1 January 2013)

To clarify that servicing equipment is PP&E when used during more than one period; it should otherwise be classified as inventory.

To delete the requirement that spare parts and servicing equipment used only in connection with an item of PP&E should be classified as PP&E.

IAS 32 Income tax consequences of distributions to holders of an equity instrument, and of transaction costs of an equity transaction (effective 1 January 2013)
To clarify that income tax related to distributions to equity holders and income tax related transaction costs of an equity transaction would be accounted for in accordance with IAS 12 Income Taxes (this includes determining whether the income tax is recognised in profit and loss or immediately in equity).

The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

IAS 34 Segment reporting disclosures in interim financial statements (effective 1 January 2013)
To align the disclosure requirements in IAS 34 with those of IFRS 8.

To clarify that total assets for a particular reportable segment need only be disclosed when both:

- The amounts are regularly provided to the chief operating decision maker, and
- There has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements.

3. Comparative re-classification of finance income

Finance income of R5.016 million in respect of the prior year has been reallocated from revenue to finance income during the year on the face of the statement of comprehensive income. As a result of this reallocation, the comparative figures have been restated. Management believes that as finance income is not one of its main sources of revenue, it should not form part of revenue and has therefore disclosed it as finance income. This reclassification has no effect on net earnings.

4. Revenue

	Group			Company		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Gross gaming revenue	463 349	395 606	316 193	–	–	–
Food sales	4 965	–	–	–	–	–
Dividends received	12 215	26 971	2 009	139 119	555 031	35 795
Subsidiaries	–	–	–	90 000	514 920	–
Jointly-controlled entities	–	–	–	37 985	30 776	33 313
Associates	–	–	–	–	–	2 482
Non-current asset held-for-sale	–	13 277	–	–	13	–
Investment	1 953	5 544	2 009	872	1 172	–
Other	10 262	8 150	–	10 262	8 150	–
Other gaming revenue	8 458	8 074	6 580	–	–	19
Rental Income	366	–	–	–	–	–
Revenue	489 353	430 651	324 782	139 119	555 031	35 814
Finance income	6 216	6 797		1 620	3 001	–
Total revenue	495 569	437 448	326 442	140 739	558 032	36 304

Included in revenue is an amount of R56.9 million (2012: R48.6 million and 2011: R47.5 million) which represents the net tax fraction of VAT on gaming revenues collected. This related amount is included in cost of sales as it is considered comparable to gaming levies as noted in the accounting policies. The required legislated pay-out to players was maintained for the current year.

5. Profit before finance costs and taxation

	Group			Company		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Profit before finance cost and taxation is stated after:						
Income						
Profit on disposal of investments	–	(60 248)	(151)	–	(57 485)	(151)
Reversal of impairment of investment	–	(336)	(15 000)	–	(336)	(15 000)
Realisation of fair value reserve	–	(35 588)	–	–	–	–
Expenses						
Depreciation (note 14)	33 882	35 987	34 011	14	164	111
Amortisation (note 15)	2 248	2 623	1 999	–	–	–
Operating lease rentals – premises	4 740	5 971	6 469	–	150	611
Loss on disposal of plant and equipment	733	447	759	–	–	–
Impairment of plant and equipment	316	–	–	–	–	–
Impairment of Investment	–	–	128 485	–	–	36 700
Impairment of investment in associate	–	–	95 646	–	–	–
Impairment of investment in jointly-controlled entity	–	–	32 839	–	–	36 700
Auditor's remuneration						
Audit fees	1 892	2 181	2 259	582	900	877
– current year	1 883	1 782	1 488	582	900	228
– prior year under provision	9	399	376	–	–	362
– Other Services	–	–	395	–	–	287
Staff costs	66 695	41 713	36 160	918	1 001	1 140
– Salaries and wages	40 012	27 808	26 731	–	–	–
– Directors' remuneration (note 33)	17 683	13 905	9 429	918	1 001	1 140
Number of employees	278	135	122	–	–	–

During the current year there was no allowance made in respect of slow moving or damaged stock.

		Group			Company		
		2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
6.1	**Finance costs**						
	Bank loans and overdraft	4 617	7 297	11 470	–	1 849	4 264
	Preference shares – interest	9 883	16 750	20 608	–	–	–
	Interest on finance lease liabilities	103	178	121	–	–	–
	Interest on loan to minorities	–	–	717	–	–	–
		14 603	24 225	32 916	–	1 849	4 264
6.2	**Finance income**						
	Interest Income – Bank deposits	–	–	1 745	–	–	–
	Preference shares – interest	–	–	1 745	–	–	–

	Group			Company		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
	R'000s	**R'000s**	**R'000s**	**R'000s**	**R'000s**	**R'000s**
7. Taxation						
South African normal tax						
– current year	15 352	25 946	10 705	389	8 927	110
– prior year under/(over) provision	529	77	(27)	22	(12)	(25)
Deferred tax	(4 926)	(14 425)	4 614	–	(44)	4
	10 955	11 598	15 292	411	8 871	89
	%	%	%	%	%	%
Standard rate	28.00	28.00	(28.00)	28.00	28.00	(28.00)
Exempt income	(25.64)	(23.28)	430.06	(29.35)	(26.24)	674.40
Non-deductible expenses	5.02	6.84	(98.72)	1.64	1.09	(657.10)
Prior year under provision	0.38	0.03	(56.55)	0.02	–	3.29
Difference in tax rate of a trust	(0.01)	(0.18)	6.80	–	–	–
Difference in capital gains tax rate	–	(3.06)	(10.43)	–	(1.35)	1.42
Change in intended recovery of investment	–	(4.03)	148.64	–	–	–
Assessed loss not recognised	0.05	0.09	(194.33)	–	–	–
Effective tax rate	7.80	4.41	207.24	0.31	1.5	(5.99)
Deferred taxation						
Deferred tax assets	25 098	19 257	16 446	–	–	–
Deferred tax liabilities	(12 107)	(11 525)	(23 618)	–	–	(44)
	12 991	7 732	(7 172)	–	–	(44)
The deferred tax balance is made up as follows:						
Operating lease	80	50	202	–	–	(16)
Assessed losses	21 609	18 056	16 085	–	–	–
Provisions and accruals	3 944	1 868	2 008	–	–	–
Prepayments	(1 439)	(1 397)	(1 488)	–	–	–
Property, plant and equipment	(8 706)	(8 013)	(10 813)	–	–	(28)
Change in intended recovery of investment	–	–	(10 918)	–	–	–
Available-for-sale investments	(2 497)	(2 832)	(2 248)	–	–	–
	12 991	7 732	7 172	–	–	(44)
Reconciliation of net deferred tax asset						
Opening balance	7 732	(7 172)	(3 290)	–	(44)	(40)
Tax expense for the period recognised in profit and loss	4 926	14 425	(4 614)	–	44	(4)
– Change in intended recovery of investment	–	10 918	(10 918)	–	–	–
– Property, plant and equipment	(693)	2 800	(10 797)	–	28	–
– Assessed losses	3 553	1 971	16 085	–	–	–
– Prepayments, provision and accruals	2 036	(49)	747	–	–	(4)
– Operating leases	30	(152)	–	–	16	–
– Available-for-sale investments	–	(1 063)	269	–	–	–
Tax expense for the period recognised in other comprehensive income	333	479	732	–	–	–
– Revaluation of available-for-sale investments	333	479	732	–	–	–
Closing balance	12 991	7 732	7 172	–	–	(44)

Unused STC credits available to the Group amount to R157.7 million (2012: R252 million and 2011: R447 million) and must be utilised on or before 31 March 2015. STC credits of R69.1 million were applied against the dividend declared subsequent to year end and as a result no DWT was levied against the dividend declared. STC credits to the value of R92.1 million were utilised in respect of the dividend declared subsequent to the prior year end. This has not been accounted for in the current year's tax amount.

Total deferred tax assets of R1.96 million (2012: R1.90 million), relating to assessed losses in the non-operating slot subsidiary companies of the Group, have not been recognised as it is not probable that the related entities will generate future taxable income against which the losses can be utilised.

8. Basic and diluted earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing net profit/(loss) 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 EPS are therefore the same.

	2013		2012		2011	
	Gross R'000s	Net R'000s	Gross R'000s	Net R'000s	Gross R'000s	Net R'000s
Basic and diluted earnings per share reconciliation						
Profit for the year		129 576		251 412		(22 671)
Non-controlling interest		1 957		–		–
Profit for the year attributable to ordinary shareholders		131 533		251 412		(22 671)
Headline earnings reconciliation						
Profit for the year attributable to ordinary shareholders	–	131 533	–	251 412		(22 671)
Profit on disposal of investments	–	–	(60 248)	(52 172)	(151)	(109)
Loss on disposal of plant and equipment	733	528	447	321	759	547
Impairment of investments	–	–	–	–	–	–
Reversal of impairment of investments	–	–	(336)	(336)	15 000	15 000
Realisation of fair value reserve	–	–	(35 588)	(35 588)		
Impairment of plant and equipment	316	316	–	–	128 485	128 485
Adjustments by associate	–	–	–	–	(2 855)	(2 855)
– Profit on sale of investment	–	–	–	–	(868)	(868)
– Realised investment profits	–	–	–	–	(1 987)	(1 987)
Adjustments by jointly-controlled entities	167	120	–	–	412	297
– Loss on disposal of plant and equipment	167	120	–	–	412	297
Headline and diluted headline earnings	–	132 497	–	163 637	–	88 694
Reversal of employee share trust consolidated*	(8)	73	(95)	75	751	751
Reversal of transaction costs	9 904	9 904	13 907	13 907	2 133	2 133
Change in intended recovery of investments	–	–	–	(10 918)	10 918	10 918
Preference share redemption fee	–	–	2 100	2 100	–	–
Reversal of cancellation fees received	–	–	(32 271)	(32 271)	–	–
Adjusted and diluted adjusted headline earnings		142 474		136 530		102 496
		'000s		**'000s**		**'000s**
Number of shares for basic EPS calculation						
– Weighted average number of shares in issue		460 680		469 195		463 757
Number of shares for headline EPS calculation						
– Weighted average number of shares in issue		460 680		469 195		463 757
– Adjusted weighted average number of shares in issue**		459 623		467 166		457 937
		Cents		**Cents**		**Cents**
Basic and diluted earnings per share		28.55		53.58		(4.89)
Headline and diluted headline earnings per share		28.76		34.88		19.13
Adjusted and diluted adjusted headline earnings per share		31.00		29.23		22.38

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

** *The weighted average number of shares in issue have been reduced by 1 032 396 treasury shares held by the GPSIT.*

9. Business combination and acquisition of non-controlling interest

Acquisitions in 2011

On 29 April 2011, the group acquired the net assets of Playmeter Leisure Services (Pty) Ltd (Playmeter) in order to obtain a LPM route operator licence in Gauteng.

The acquisition became unconditional on 29 April 2011 at which time Grand Gaming Slots formally took control of Playmeter.

Of the total transaction cost of R2.1 million which were expensed in the prior year, R0.7 million related to the acquisition of LPM route operator licence in Gauteng.

The goodwill of R12.3 million comprises the value of expected synergies arising from the application of the group's existing procedures and intellectual capital to the LPM operations acquired. The procedures and intellectual capital of the acquired business is not separable and therefore does not meet the criteria for recognition as an intangible asset under IAS 38 – Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Between the acquisition date and the prior year-end the acquired business contributed R3.0 million to the group's revenue and R1.4 million to the group's loss before taxation. The group was unable to obtain sufficient information on the acquired company to determine what impact the acquired business would have had on the prior year results had it been incorporated from the beginning of the prior financial year.

At the time of acquiring Playmeter their accounting records were incomplete, therefore at 30 June 2011, the fair value of the net assets acquired and the related goodwill were calculated based on the information available to the group. During the current year the accounting records of Playmeter were satisfactorily complete resulting in the fair value of the trade and other receivables a well as the trade and other payables at 30 June 2011 being adjusted as follows:

	Adjusted fair value recognised 2012 R'000s	Fair value recognised on acquisition 2011 R'000s	Movement R'000s
Assets			
Property, plant and equipment (note 14)	573	573	–
Intangible asset (note 15)	15 847	15 847	–
Trade and other receivables	1 654	563	1 091
Cash and cash equivalents	3	3	–
	18 077	16 996	1 091
Liabilities			
Trade and other payables (note 27)	(1 216)	(98)	(1 118)
	(1 216)	(98)	(1 118)
Total identifiable net assets at fair value	16 861	16 888	(27)
Goodwill on acquisition (note 16)	12 288	12 261	27
Purchase consideration	29 149	29 149	–
Purchase consideration made up as follows:			
Cash paid	5 979	5 979	–
Shares issues	23 170	23 170	–
	29 149	29 149	–
Cash flow on acquisition			
Net cash acquired	3	3	–
Cash paid	(5 979)	(5 979)	–
Net cash outflow	(5 976)	(5 976)	–

10. Investments in jointly-controlled entities

Group

Sunwest

The Group's economic interests of 25.1% (2012: 25.1% and 2011: 30.0%) remained the same during the financial year as well as the voting rights of 49.9% (2012: 49.9% and 2011: 50.0%). On 2 December 2011 the Group sold 4.9% of its investment in SunWest to Sun International reducing its economic interest to 25.1% and voting interest to 49.9%.

Western Cape Manco

GPI indirectly through its wholly-owned subsidiary Grand Casino owns 50% (2012: 50% and 2011: 50%) economic interest and voting rights in Western Cape Manco. Western Cape Manco did not operate during the current year end and is in the process of being de-registered.

Golden Valley casino

The Group's economic interest and voting rights of 25.1% (2012: 25.1% and 2011: 45.5%) remained the same during the current year. On 2 December 2011 the Group sold 20.3% of its investment in Golden Valley to Sun International, which reduced its economic interest and voting rights in Golden Valley to 25.1%.

3 January 2012 Golden Valley bought back 400 000 of its own shares from the Breede River Community Trust, which increased the group's effective holding in Golden Valley to 25.6%. On the same day the group sold a further 100 400 shares in Golden Valley to Sun International to reduce its effective holding back to 25.1%. In terms of IAS 36 – Impairment of Assets, this sale allowed the group to reverse R0.3 million of previously recognised impairments to recognise the portion that was sold at its recoverable amount being the fair value less cost to sell of R0.3 million.

The Group's share of assets, liabilities, income and expenditure for the year ended 30 June in respect of its jointly-controlled entities are equity-accounted in the consolidated financial statements and listed as follows:

10. Investments in jointly-controlled entities (continued)

	SunWest			Western Cape Manco			Golden Valley			Total		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Carrying amount of the investment – beginning of the year	1 062 125	1 295 110	1 315 683	57	3 277	3 407	–	15 000	–	1 062 182	1 313 387	1 319 090
Cost of investment	–	–	–	–	–	–	–	–	32 839	–	–	32 839
Profit from associates	110 460	66 428	77 048	–	60 432	11 595	–	–	–	110 460	126 860	88 643
Dividend Received	(119 226)	(92 062)	(97 621)	(55)	(63 652)	(11 725)	–	–	–	(119 281)	(155 714)	(109 346)
Impairment of investments	–	–	–	–	–	–	–	–	(32 839)	–	–	(32 839)
Reversal of impairment of investment	–	–	–	–	–	–	–	336	15 000	–	336	15 000
Disposal of investments	–	(207 351)	–	–	–	–	–	(15 336)	–	–	(222 687)	–
Carrying amount of the investment – end of the year	1 053 359	1 062 125	1 295 110	2	57	3 277	–	–	15 000	1 053 361	1 062 182	1 313 387
Share of jointly controlled assets and liabilities												
Non-current assets	293 259	301 411	389 385	–	–	–	43 077	45 668	87 806	336 336	347 079	477 191
Current assets	25 843	21 629	20 303	–	850	3 780	2 086	1 937	3 679	27 929	24 416	27 762
Non-current liabilities	(97 057)	(101 241)	131 990	–	–	–	(5 188)	(10 478)	(28 159)	(102 245)	(111 719)	(160 149)
Current liabilities	(146 724)	(137 712)	160 138	–	(794)	(503)	(32 762)	(30 268)	(50 517)	(179 486)	(168 774)	(211 158)
Net assets	75 321	84 087	117 560	–	56	3 277	7 213	6 859	12 809	82 534	91 002	133 646
Revenue	513 972	527 272	544 183	–	75 500	19 332	32 242	45 514	52 797	546 214	648 286	616 312
Profits	110 460	66 428	77 048	–	60 432	11 595	–	–	–	110 460	126 860	88 643

	SunWest			Golden Valley			Total		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Carrying amount of investment – beginning of the year	150 079	207 524	207 524	–	15 000	–	150 079	222 524	207 524
Reversal of impairment	–	–	–	–	336	15 000	–	336	15 000
Disposal of investment	–	(57 445)	–	–	(15 336)	–	–	(72 781)	–
Cost of investment	–	–	–	–	–	36 700	–	–	36 700
Impairment of investment	–	–	–	–	–	(36 700)	–	–	(36 700)
Carrying amount of the investment – end of the year	150 079	150 079	207 524	–	–	15 000	150 079	150 079	222 524

The Group's proportional share of profits incurred by Golden Valley Casino during the year amounts to R0.3 million (2012: R0.9 million loss and 2011: R1.2 million loss). The Group has not recognised their proportional share of profits in terms of IAS 28 as cumulatively the Group has not recognised R8.4 million of losses in Golden Valley (2012: R15.8 million and 2011: R14.9 million). The proportionate share of cumulative losses has been decrease by the proportionate share of the investment sold as part of the Sun International deal. Profits from this investment will be recognised once all previous losses have been utilised.

11. Investments in associates
Group

RAH
In 2011 and in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, assets that meet the specific criteria are required to be measured at the lower of the carrying amount and the fair value less cost to sell. The inclusion of RAH in the 13 May 2011 heads of agreement to restructure certain common interests with Sun International has resulted in RAH having to be classified as a non-current asset held for sale, and impaired by R95.7 million to its fair value less cost to sell.

Akhona GPI
GPI holds a 59.0% (2012: 59.0% and 2011: 59.0%) economic interest and 40.2% (2012: 40.2% and 2011: 40.2%) voting stake in Akhona GPI. The Group holds an indirect stake of 3.3% (2012: 3.3% and 2011: 7.5%) in Sibaya Casino.

Grand World Vision Events
GPI is a 33.3% (2012: 33.3% and 2011: 33.3%) shareholder in Grand World Vision Events, which was dormant for the full year. The Company did not trade during the current year and is in the process of being de-registered.

Group
The Group's share of assets, liabilities, income and expenditure for the year ended 30 June of these associates which is equity-accounted in the consolidated financial statements are listed as follows.

	RAH			Akhona			Total		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Carrying amount of the investment – beginning of the year	–	–	537 549	34 884	30 676	31 896	34 884	30 676	569 445
Sale of investment	–	–	–	–	–	(3 916)	–	–	(3 916)
Profit from associates	–	–	25 773	4 212	4 212	5 150	4 212	4 212	30 923
Change in reserve of associate companies	–	–	13 197	–	–	–	–	–	13 197
Dividends received	–	–	(29 873)	–	–	(2 454)	–	–	(32 327)
Impairment of investment	–	–	(95 646)	–	(4)	–	–	(4)	(95 646)
Reclassification to non-current asset held for sale (note 21)	–	–	(451 000)	–	–	–	–	–	(451 000)
Carrying amount of the investment – end of the year	–	–	–	39 096	34 884	30 676	39 096	34 884	30 676
Share of associates' assets and liabilities									
Non-current assets	–	–	280 637	26 773	26 773	22 936	26 773	26 773	303 573
Current assets	–	–	10 481	5 786	5 786	2 249	5 786	5 786	12 730
Non-current liabilities	–	–	–	(3 186)	(3 186)	(1 593)	(3 186)	(3 186)	(1 593)
Current liabilities	–	–	(3 638)	(98)	(98)	(149)	(98)	(98)	(3 787)
Net assets	–	–	287 480	29 275	29 275	23 443	29 275	29 275	310 923
Share of associates' revenue and profits									
Revenue	–	–	19 684	–	176	196	–	176	19 880
Profits	–	–	25 773	4 212	4 212	5 150	4 212	4 212	30 923

At the time of preparing the GPI Group AFS, Akhona GPI had not yet finalised its 2013 AFS. Management have as a result disclosed summarised financial information based on unaudited Akhona GPI information. Earnings from associate in the current year are based on the prior year equity-accounted earnings of R4.2 million. GPI's management believes this amount is the best estimate for the current year given the management accounts that they have received. While this is Management's best estimate, the actual amount may differ as a result of changes in assumptions and this may affect the reported equity-accounted earnings in the current year.

	Company		
Company	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Akhona GPI	20 929	20 929	20 933
Opening balance	20 929	20 933	24 849
– Sale of investment	–	–	(3 916)
– Impairment of investment	–	(4)	
RAH			
Opening balance	–	308	308
– Sale of investment	–	(308)	308
Carrying amount of the investment – end of the year	20 929	20 929	21 241

12. Investments

	Group		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**
Available-for-sale investments: National Manco			
Opening balance	9 900	16 055	21 278
Unrealised fair value losses on available-for-sale investments	(2 220)	(6 155)	(5 223)
	7 680	9 900	16 055
Available-for-sale fair value reserve			
Unrealised fair value losses on available-for-sale investments	(2 220)	(6 155)	(5 223)
Deferred tax	333	479	732
	(1 887)	(5 676)	(4 491)

A discounted cash flow model has been used in order to determine the fair values of unlisted investments. The valuation requires management to make certain assumptions about the model inputs. These included assuming expected future cash flows which were determined by applying growth rates to the underlying investments in which GPI has a stake. The discount rate is based on the Company's WACC adjusted for a risk premium. For information relating to the sensitivity analysis, refer to note 29, other price risk section.

13. Investments in Subsidiaries

	Company		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**
GPI Slots *	–	–	
Grand Foods*	–	–	
Grand Online*	–	–	
Utish *	–	–	
Grand Lifestyles *	–	–	
Grand Capital	1	–	
Grand Sport	1	–	
GPIMS	2 000	2 000	2 000
BVI 575	1 000	1 000	1 000
	3 002	3 000	3 000

* *The investment in these entities are less than R1 000.*

GPI registered and incorporated wholly-owned subsidiaries; namely Grand Lottery (Pty) Ltd (Grand Lottery) and several BKSA subsidiary companies subsequent to year end.

Special purpose entity
The GPSIT is consolidated in terms of SIC: 12 in the Group accounts.

Subsidiaries in the process of de-registration
During the year Business Venture Investments No. 967 (Pty) Ltd was de-registered. TGNW is in the process of being de-registered.

14. Property, Plant and Equipment

Group	Computer Equipment R'000s	Furniture & Fittings R'000s	Leasehold improve-ments R'000s	Motor vehicles R'000s	Plant & equipment – machines R'000s	Gaming equipment R'000s	Premises soft furnishings R'000s	Projects under develop-ment R'000s	Land & buildings R'000s	Plant and equipment: Food R'000s	Total R'000s
2013											
Beginning of year											
Cost	1 405	1 393	2 622	6 864	87 036	19 235	23 542	1 250	25 002	–	168 349
Accumulated depreciation	(426)	(847)	(1 904)	(1 820)	(43 291)	(8 332)	(9 757)	–	–	–	(66 377)
Net book value	979	546	718	5 044	43 745	10 903	13 785	1 250	25 002	–	101 972
Additions	850	3 583	203	497	34 311	4 214	11 518	9 321	88 434	3 830	156 761
Disposal cost	(381)	(77)	(1 551)	(404)	(671)	(3 835)	(2 570)	–	–	–	(9 489)
Disposal accumulated depreciation	370	77	1 549	124	671	3 785	2 172	–	–	–	8 748
Depreciation	(596)	(656)	(720)	(1 433)	(18 921)	(4 573)	(6 252)	–	(656)	(75)	(33 882)
Impairment of plant and equipment	–	–	–	–	(316)	–	–	–	–	–	(316)
Transfers accumulated depreciation	–	6	–	3	(6)	–	3	–	–	(6)	–
Transfers cost	–	(6)	–	(14)	73	–	1 191	(1 250)	–	6	–
Balance at end of year	1 222	3 473	199	3 817	58 886	10 494	19 847	9 321	112 780	3 755	223 794
Made up as follows:											
Cost	1 874	4 893	1 274	6 943	120 749	19 614	33 681	9 321	113 436	3 836	315 621
Accumulated depreciation	(652)	(1 420)	(1 075)	(3 126)	(61 863)	(9 120)	(13 834)	–	(656)	(81)	(91 827)
Net book value	1 222	3 473	199	3 817	58 886	10 494	19 847	9 321	112 780	3 755	223 794

Land and buildings includes land, buildings, generators, air conditioners, lifts and security systems.

Plant and equipment: Food division includes acquisitions in respect of BURGER KING® such as cash registers, display equipment, neon signs, advertising boards and textbooks.

Group	Computer Equipment R'000s	Furniture & Fittings R'000s	Leasehold improve-ments R'000s	Motor vehicles R'000s	Plant & equipment – machines R'000s	Gaming equipment R'000s	Premises soft furnishings R'000s	Projects under develop-ment R'000s	Land & buildings R'000s	Total R'000s
2012										
Beginning of year										
Cost	850	1 372	3 149	5 875	62 230	16 042	20 302	–	–	109 920
Accumulated deprecation	(87)	(46)	(772)	(549)	(21 742)	(4 096)	(4 754)	–	–	(32 046)
Net book value	763	1 326	2 377	5 326	40 588	11 946	15 548	–	–	77 874
Additions	735	23	111	1 181	24 779	3 450	4 118	1 250	25 002	60 649
Disposals cost	(180)	(2)	(638)	(235)	(2)	(257)	(906)	–	–	(2 220)
Disposals accumulated deprecation	159	1	626	75	1	238	556	–	–	1 656
Deprecation	(498)	(802)	(1 758)	(1 346)	(21 550)	(4 474)	(5 559)	–	–	(35 987)
Transfer cost	–	–	–	43	(71)	–	28	–	–	–
Balance at end of year	979	546	718	5 044	43 745	10 903	13 785	1 250	25 002	101 972
Made up as follows:										
Cost	1 405	1 393	2 622	6 864	87 036	19 235	23 542	1 250	25 002	168 349
Accumulated depreciation	(426)	(847)	(1 904)	(1 820)	(43 291)	(8 332)	(9 757)	–	–	(66 377)
Net book value	979	546	718	5 044	43 745	10 903	13 785	1 250	25 002	101 972

Plant and equipment – machines have been given as security for the SCM term loan (note 24) in GPIMS.

A register providing the information regarding land and buildings as available for inspection at the registered office of the Group.

14. Property, Plant and Equipment (continued)

Group	Computer Equipment R'000s	Software R'000s	Audiovisual R'000s	Furniture & Fittings R'000s	Leasehold improve-ments R'000s	Motor vehicles R'000s	Plant and equipment – machines R'000s	Plant and equipment – other R'000s	Gaming equipment R'000s	Premises soft furnishings R'000s	Total R'000s
2011											
Beginning of year											
Cost	918	292	1	2 598	3 449	70	46 724	1 238	11 675	18 292	85 257
Accumulated depreciation	(229)	(177)	(1)	(239)	(289)	(10)	–	–	–	–	(945)
Net book value	689	115	–	2 359	3 160	60	46 724	1 238	11 675	18 292	84 312
Additions	485	–	–	54	162	5 737	14 928	–	4 138	2 795	28 299
Additions through business combination (note 8)	20	–	–	3	–	76	17	–	401	56	573
Disposal cost	(30)	–	(1)	(264)	(39)	–	(280)	–	(183)	(830)	(1 627)
Disposal accumulated deprecation	24	–	1	151	32	–	35	–	79	418	740
Deprecation	(441)	–	–	(970)	(937)	(539)	(21 777)	–	(4 175)	(5 172)	(34 011)
Transfer to intangible cost	(543)	(292)	–	(1 019)	(423)	(8)	941	(1 238)	11	(11)	(2 582)
Transfer to intangible accumulated depreciation	559	177	–	1 012	422	–	–	–	–	–	2 170
Balance at the end of the year	763	–	–	1 326	2 377	5 326	40 588	–	11 946	15 548	77 874
Made up as follows:											
Cost	850	–	–	1 372	3 149	5 875	62 330	–	16 042	20 302	109 920
Accumulated depreciation	(87)	–	–	(46)	(772)	(549)	(21 742)	–	(4 096)	(4 754)	(32 046)
Net book value	763	–	–	1 326	2 377	5 326	40 588	–	11 946	15 548	77 874

Plant and equipment – machines have been given as security for the SCM term loan (note 24) to GPIMS.

A register providing information regarding land and buildings is available for inspection at the registered office of the group.

14. Property, plant and equipment (continued)

Company	Computer Equipment R'000s	Leasehold improve-ments R'000s	Total R'000s
2013			
Beginning of year			
– Cost	38	–	38
– Accumulated depreciation	(9)	–	(9)
Net book value	29	–	29
– Additions	8	–	8
– Depreciation	(14)	–	(14)
Balance at end of year	23	–	23
Made up as follows:			
– Cost	46	–	46
– Accumulated depreciation	(23)	–	(23)
Net book value	23	–	23
2012			
Beginning of year			
– Cost	–	555	555
– Accumulated depreciation	–	(400)	(400)
Net book value	–	155	155
– Additions	38	–	38
– Disposal Cost	–	(555)	(555)
– Disposal accumulated depreciation	–	555	555
– Depreciation	(9)	(155)	(164)
Balance at end of year	29	–	29
Made up as follows			
– Cost	38	–	38
– Accumulated depreciation	(9)	–	(9)
Net book value	29	–	29

2011	Computer equipment R'000s	Software R'000s	Audio Visual R'000s	Furniture and fittings R'000s	Leaseholder improve-ments R'000s	Total R'000s
Beginning of year						
– Cost	429	291	1	481	555	1 757
– Accumulated depreciation	(229)	(177)	(1)	(239)	(289)	(935)
Net book value	200	114	–	242	266	822
– Disposal Cost	(429)	(291)	(1)	(481)	–	(1 202)
– Disposal accumulated depreciation	229	177	1	239	–	646
– Depreciation	–	–	–	–	(111)	(111)
Balance at end of year	–	–	–	–	155	155
Made up as follows:						
– Cost	–	–	–	–	555	555
– Accumulated depreciation	–	–	–	–	(400)	(400)
Net book value	–	–	–	–	155	155

15. Intangible Assets

2013	Trademarks R'000s	Exclusivity agreements R'000s	Master franchise licence R'000s	Licence acquisition costs R'000s	Computer software R'000s	Total R'000s
Beginning of the year						
– Cost	3 467	7 322	–	40 252	8 340	59 381
– Accumulated amortisation	–	–	–	–	(3 989)	(3 989)
Net book value at beginning of the year	3 467	7 322	–	40 252	4 351	55 392
– Additions	–	–	2 572	–	2 035	4 607
– Amortisation	–	–	(32)	–	(2 216)	(2 248)
– Disposals cost	–	–	–	–	(22)	(22)
– Disposals accumulated amortisation	–	–	–	–	22	22
Net book value at end of the year	3 467	7 322	2 540	40 252	4 170	57 751
Balance made up as follows:						
– Cost	3 467	7 322	2 572	40 252	10 353	63 966
– Accumulated Amortisation	–	–	(32)	–	(6 183)	(6 215)
Net book value at end of the year	3 467	7 322	2 540	40 252	4 170	57 751
2012						
Beginning of the year						
– Cost	3 467	7 322	–	40 903	4 677	56 369
– Accumulated amortisation	–	–	–	–	(1 999)	(1 999)
Net book value at beginning of the year	3 467	7 322	–	40 903	2 678	54 370
– Additions	–	–	–	(18)	3 663	3 645
– Amortisation	–	–	–	(633)	(1 990)	(2 623)
– Disposals cost	–	–	–	(633)	–	(633)
– Disposals accumulated amortisation	–	–	–	633	–	633
Net book value at end of the year	3 467	7 322	–	40 252	4 351	55 392
Balance made up as follows:						
– Cost	3 467	7 322	–	40 252	8 340	59 381
– Accumulated amortisation	–	–	–	–	(3 989)	(3 989)
Net book value at end of the year	3 467	7 322	–	40 252	4 351	55 392

The Group has not recognised any internally-generated intangibles. All classes of intangibles, with the exception of computer software licence costs and master franchise licences, have indefinite useful lives and are tested for impairment annually in terms of IAS 36 – Impairment of Assets. Computer software has a useful life of three years and is amortised using the straight-line method.

Licence acquisition costs comprise of LPM route operator licences that have no specified termination date and therefore have indefinite useful lives. The licence acquisition costs relates to Grandslots (R12.5 million), Kingdomslots (R12.5 million), Grand Gaming: Slots (R12.5 million) and other (R2.8 million).

Exclusivity agreements comprise of agreements signed with LPM site operators which are expected to be renewed and therefore have indefinite useful lives. The exclusivity agreements relates to Grandslots (R5.4 million), Kingdomslots (R1.0 million) and Grand Gaming Slots (R0.9 million).

Trademarks and other intangible assets relate to the Slots Operating business, which are expected to continue in perpetuity and therefore have indefinite useful lives.

The master licence fee of R2.5 million paid to BURGER KING® Europe was for the rights to the Master Franchise for Southern Africa, which will be amortised over a period of 20 years from 1 April 2013.

16. Goodwill

2013	Grand Slots R'000s	Kingdom Slots R'000s	Grand Gaming R'000s	Total R'000s
Net book value at beginning of the year	84 334	26 312	12 288	122 934
– Additions	–	–	–	–
Net book value at end of the year	84 334	26 312	12 288	122 934
Balance made up as follows:				
– Cost	84 334	26 312	12 288	122 934
Net book value at end of the year	84 334	26 312	12 288	122 934
2012				
Net book value at beginning of the year	84 334	26 312	12 261	122 907
– Additions	–	–	27	27
Net book value at end of the year	84 334	26 312	12 288	122 934
Balance made up as follows:				
– Cost	84 334	26 312	12 288	122 934
Net book value at end of the year	84 334	26 312	12 288	122 934

Impairment testing of goodwill and intangibles

Goodwill, trademarks, exclusivity agreements, licence costs and other intangible assets acquired in 2010 have been allocated to the Grandslots or Kingdomslots operation cash-generating unit. The goodwill and intangible assets that were recognised in 2011 year relate to the acquisition of Playmeter through a business combination and were allocated to the Grand Gaming: Slots operating cash-generating unit.

The recoverable amount of the cash-generating units has been determined based on a value-in- use calculation using cash flow projections from financial forecasts covering a five year period. Based on the discounted cash flows no impairment is necessary for these cash-generating units.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating units is most sensitive to the following assumptions:

– revenue growth rates	between 5.0% and 18.0%
– discount rates	between 15.3% and 21.6%
– terminal growth rates	between 5.0% and 5.5%

Revenue growth rates – The revenue growth rates used in the cash flow projections have been based on the growth rates of the preceding two years. The growth rates have also been adjusted to take into account the impact of annual inflation.

Discount rates – Discount rates represent the current market assessment of the risks specific to the operating units, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow projections. The discount rate calculation is based on specific circumstances of the Group and its operating units and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's shareholders. The cost of debt is based on the interest-bearing borrowing the Group is obliged to service. Unit-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rates – The terminal growth rates have been based on the growth rates of revenues and expenses for the preceding two years. These rates have been adjusted to take into account the impact of inflation.

Sensitivity to changes in assumptions

The Group believes that any reasonable change in any of the above assumptions would not cause the carrying value of the cash-generating units to materially exceed its recoverable amount.

17. Inventory

	Group			Company		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Spare parts	1 215	2 043	2 327	–	–	–
Consumables	19	24	36	–	–	–
Stock of food and packaging	300	–		–	–	–
	1 534	2 067	2 363	–	–	–

18. Trade and other receivables

	Group			Company		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Trade receivables	17 971	7 906	8 028	14	645	–
Less: provision for doubtful debts	(1 432)	(1 377)	(1 014)	–	–	–
	16 539	6 629	7 014	14	645	–
Other receivables	23 932	19 252	8 367	3 106	2 606	504
Prepayments	8 931	7 314	5 871	133	258	204
	49 402	33 095	21 252	3 253	3 509	708

The fair value of trade and other receivables approximates their book value. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers dispersed across the Western Cape, KZN and Gauteng.

Group revenue debtors are considered overdue 3 days from the invoice date and Group premises debtors 12 to 36 months from the invoice date. No interest is charged on overdue accounts.

Trade and other receivables which are less than 3 months past due are not considered impaired.

Group	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
18.1 Income Tax receivable			
Tax receivable	57	1 487	1 862
18.2 Age analysis of accounts receivables			
The age analysis of the financial assets within the accounts receivables is listed in the table below:			
18.2.1 Fully performing accounts receivable			
Group revenue debtors and premises debtors are reviewed on a site-by-site basis for impairment			
Revenue			
Fully performing	10 708	793	3 491
Past due not impaired	272	222	209
Past due and impaired	134	118	157
	11 114	1 133	3 857
Premises			
Fully performing	5 347	5 324	3 245
Past due not impaired	217	214	81
Past due and impaired	1 293	1 235	857
	6 857	6 773	4 183
Sundry			
Fully performing	32 564	26 542	14 225
Past due not impaired	294	–	–
Past due and impaired	5	24	–
	32 863	26 566	14 225
Total fully performing accounts receivables	50 834	34 472	22 265
18.2.2 Past due but not impaired accounts receivable			
The age analysis of these debtors are as follows:			
0 to 30 days	254	100	146
30 to 60 days	54	27	2
60 to 120 days	205	61	30
over 120 days	270	248	112
	783	436	290

18. Trade & Other receivables (continued)

Group	2013 R'000s	2012 R'000s	2011 R'000s
18.2.3 Past due and impaired accounts receivable			
The individually impaired receivables mainly relate to sites that have invoices in excess of 30 days overdue or are no longer operational			
The age analysis of these revenue and premises debtors is as follows:			
0 to 30 days	182	769	269
30 to 60 days	2	21	34
60 to 120 days	31	29	1
over 120 days	1 217	558	710
	1 432	1 377	1 014
Opening balance	1 377	1 014	865
Charge to profit and loss	94	572	214
Impairment utilised	(39)	(209)	(65)
Closing Balance	1 432	1 377	1 014

19. Related Party Loans

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

	Group			Company		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Employee loans	14 514	14 634	14 754	–	–	–
– Non-Directors	752	822	2 023	–	–	–
– Directors	13 762	13 812	12 731	–	–	–
Interest free loans						
– GPSIT	–	–	–	10 500	15 400	15 400
– Akhona GPI	–	2 700	2 700	–	2 700	2 700
– Grand Capital	–	–	–	57 563	28 500	–
– BVI 575	–	–	–	–	112	–
– GPIMS	–	–	–	13 111	–	897
– Utish	–	–	–	41 223	–	185 709
– Grand Lifestyles	–	–	–	98	65	34
– GPI Slots	–	–	–	100 327	142 327	147 327
– Grand Sport	–	–	–	25	–	–
– Nadeson Tech	1 450	–	–	–	–	–
Interest-bearing loans						
Loans – A Funkey	–	1 643	–	–	–	–
Other Loans						
Loans – Royal Park Hotel	858	1 032	–	–	–	–
Current assets	16 822	20 009	17 454	222 847	189 104	352 067
Interest free loans						
– BVI 575	–	–	–	–	–	(105 020)
– GPIMS	–	–	–	–	(6)	–
Current liabilities	–	–	–	–	(6)	(105 020)

Employee loans are secured by GPI shares purchased by employees from GPSIT under the rules of the employee Share Scheme. No loans were issued or exercised to executives during the year and 0.1 million of existing loans were repaid by employees during the current year. On 25 April 2012, 0.6 million shares were issued to the CEO, Alan Keet at R2.50 per share and on 18 May 2012, 0.45 million shares were issued to the Executive Director, Alex Abercrombie at R2.50 per share. The market value of the shares held as security at 30 June 2013 amounted to R18.9 million (2012: R13.4 million and 2011: R16.4 million).

Interest free loans are unsecured, interest free, payable on demand and are recorded at cost.

Interest bearing loans are unsecured and interest accrues at the prime interest rate. This loan was settled during the current year and there are no interest-bearing loans at year end.

Other loans comprise a loan to Royal Park Hotel, a LPM site in Gauteng. The loan is interest free, unsecured and was initially recognised at its fair value of R1.3 million (the present value of future cash flows, discounted at a market related rate of 9%). It is subsequently measured at its amortised cost of R0.86 million (2012: R1.0 million and 2011: Rnil).

20. Cash and cash equivalents

Cash at bank and deposit bank accounts includes Money Market call accounts with floating interest rates that fluctuated between 4.50% and 5.05% during the year. (2012: between 5.08% and 5.05% and 2011: between 5.08% and 5.05%)

	Group			Company		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Cash and cash equivalents	403 218	405 147	69 248	334 621	325 745	5 013
	403 218	405 147	69248	334 621	325 745	5 013

At year end the Group had unused overdraft facilities of R15 million (2012: R15 million and 2011: R15 million).

21. Non-current asset held for sale

At 30 June 2011, GPI's 30.6% holding in RAH met the criteria in terms of IFRS 5 to be classified as a non-current asset held for sale. On 2 December 2011 GPI sold its full 30.6% holding in RAH to Sun International

	Group		
	2013 R'000s	2012 R'000s	2011 R'000s
Opening balance	–	451 000	–
Sale of non-current asset held for sale	–	(451 000)	451 000
Closing balance	–	–	451 000

No fair value adjustments were recognised during the current year (2012: Rnil and 2011: R13.2 million). In the prior year, the Group realised cumulative fair value adjustments of R35.6 million in the statement of comprehensive income when the investment in RAH was sold to Sun International.

22. Share capital and premium

	Group			Company		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Opening balance – 1 July	730 364	754 164	727 301	725 913	750 234	727 097
Ordinary shares bought back	–	(24 321)	–	–	(24 321)	–
Share issue	–	–	23 170	–	–	23 170
Share issue expense	–	–	(33)	–	–	(33)
Premium on treasury shares allocated to employees	–	521	3 726	–	–	–
Closing balance (issued and fully paid) – 30 June	730 364	730 364	754 164	725 913	725 913	750 234
Treasury shares						
Opening balance – 1 July	(2 346)	(4 451)	(11 669)			
Treasury shares allocated to employees	276	2 105	7 218			
Closing balance – 30 June	(2 070)	(2 346)	(4 451)			

No GPI shares were bought back during the year. In the prior year GPI bought back 9.8 million of its own shares for R24.2 million. The shares were acquired at an average price of 249 cents per share and the number bought back represented 2.1% of the issued share capital at 1 July 2011.

	Group			Company		
	2013 000s	2012 000s	2011 000s	2013 000s	2012 000s	2011 000s
Authorised share capital						
2 000 000 000 ordinary shares of 0,00025 cent each	500	500	500	500	500	500
Reconciliation of number of shares in issue						
Opening balance – 1 July	460 680	470 459	462 331	460 680	470 459	462 331
Shares bought back	–	(9 779)	–	–	(9 779)	–
Issued during the year	–	–	8 128	–	–	8 128
Closing balance – 30 June	460 680	460 680	470 459	460 680	460 680	470 459

No shares were bought back during the year.

	Group		
Reconciliation of number of treasury shares	2013 000's	2012 000's	2011 000's
Opening balance – 1 July	(1 170)	(2 220)	5 820
Shares allocated to employees	138	1 050	3 600
Closing balance – 30 June	(1 032)	(1 170)	2 220

23. Cumulative redeemable preference share capital and premium redeemable at the option of the holder – debt

23.1 Preference shares – Standard Bank/Depfin

Authorised

203 356 authorised preference shares of R1 per share (2012: 203 356 and 2011: 203 356)

Issued

133 193 redeemable preference shares of R1 per share (2012: 133 193 and 2011: 155 398)

	Group 2013 R'000s	2012 R'000s	2011 R'000s
Balance at beginning of year – 1 July	132 424	131 235	155 398
Preference shares redeemed	–	–	(24 163)
Realisation of expenses previously recognised against share premium	–	1 189	–
Closing balance – 30 June	132 424	132 424	131 325

On 1 April 2012 as a result of the abolishment of STC and the introduction of DWT, the interest rate on unredeemed preference shares increased from 75% of the prime rate to 82.5% of the prime rate. Interest is paid semi-annually on 31 March and 30 September. On 28 March 2013 the preference share agreement was amended to defer the redemption of R31 million due on 31 March 2013. As a consequence of the amendment, the interest rate on redeemable preference shares was increased from 82.5% of the prime interest rate to 90% of the prime interest rate. The preference shares are redeemable between 1 April 2016 and 31 March 2018. The security on the facility is currently 17.1% (2012: 17.1% and 2011: 26.4%) of SunWest shares held by the Group during the year. The proportionate carrying amount at year end is of R264.4 million (2012: R266.6 million and 2011: R347.6 million).

23.2 Preference shares SCM

Authorised	Group 2013 R'000s	2012 R'000s	2011 R'000s
200 redeemable preference shares of R0.01 per share (2012: 200 and 2011: 200)			
Issued			
Nil redeemable preference shares of R0.01 per share (2012: 200 and 2011: 200)			
Balance at beginning of year – 1 July	–	125 726	125 726
Preference shares redeemed	–	(125 726)	–
Closing balance – 30 June	–	–	125 726
Interest was calculated at 83% of the prime rate and was paid semi-annually on 31 March and 30 September. All the issued preference shares were redeemed during the prior year			
Total closing balance – 30 June	132 424	132 424	256 961
Balance made up as follows:			
Short-term portion	–	30 754	63 804
Long-term portion	132 424	101 670	193 157
	132 424	132 424	256 961

Interest was calculated at 83% of the prime rate and was paid semi-annually on 31 March and 30 September. All the issued preference shares were redeemed during the prior year.

24. Interest-bearing borrowings (continued)

	Group			Company		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Grindrod Bank	–	–	40 000	–	–	40 000
SCM – GPIMS	32 000	52 000	64 000	–	–	–
SCM – GPI House	74 631	–	–	–	–	–
	106 631	52 000	104 000	–	–	40 000
Balance made up as follows:						
Short-term portion	23 195	16 000	16 000	–	–	40 000
Long-term portion	83 436	36 000	88 000	–	–	–
	106 631	52 000	104 000	–	–	40 000

The Grindrod Bank loan bore interest at prime plus 1%. Interest is capitalised monthly and paid quarterly. The loan was repaid in full during 2012.

The SCM loan in respect of acquiring the Slots Group in 2010, bears interest at the JIBAR rate plus 3.75%. Interest is capitalised monthly and paid quarterly. The loan is repayable in 20 quarterly capital instalments of R4 million each with the final instalment being due in June 2015. R20 million of the SCM loan was repaid during the year.

The SCM loan in respect of GPI House bears interest at the JIBAR rate plus 3.15%. Interest is capitalised monthly and paid quarterly. The loan is repayable in 40 quarterly capital instalments of R1.87 million each with the final instalment being due in June 2023. 33 On Heerengracht has been pledged as security in respect of the R75 million term loan received from SCM by GPI House.

GPI House has also provided the following cessions/securities in respect of the R75 million term loan received from SCM.

- cession in security of any lease agreements entered into by GPI House in respect of the property;
- cession of all material cash flows payable by any tenant to GPI House under any lease agreements relating to the property;
- a mortgage bond to the value of R100 million registered over the property;
- cession of all rights GPI House has under the insurance policy over the property; and
- cession of the bank account.

GPIMS has ceded all its rights, title and interest in and to (1) the lease agreements including without limitation GPIMS' right to receive payment of all and any amounts due under and terms of the lease agreement and (2) the required insurances, whether actual, prospective or contingent, direct or indirect, whether a claim of the payment of money or the performance of any other obligation, and whether or not the said rights were within the contemplation of the parties at the signature date.

The following cessions/securities have also been given by the Group. All intra-group cessions/securities have not been disclosed as part of the Group cession/securities as it forms part of the Company accounts disclosures.

- cession of the insurance policy in respect of slot machines;
- a notarial bond over the moveable assets with a carrying value of R80 million have been registered; and
- cession of Grandslots bank deposits.

The R80 million loan secured with SCM was raised as part of the funding for the Slots Group in 2010 and was paid to GPI Slots in order to settle the purchase price of the machines and other assets acquired by GPIMS.

25. Finance lease liability

	Group 2013 R'000s	Group 2012 R'000s	Group 2011 R'000s
Non-current liabilities			
Finance lease – gross payables	273	1 239	1 097
Unrecognised future finance expenses	(29)	(105)	(160)
	244	1 134	937
Current liabilities			
Finance lease – gross payables	670	704	1 595
Unrecognised future finance expenses	(36)	(23)	(95)
	634	681	1 500
	878	1 815	2 437
Gross liabilities from finance leases:			
Not later than 1 year	670	704	1 595
Later than 1 year and not later than 5 years	273	1 239	1 097
	943	1 943	2 692
Unrecognised future finance expense on finance lease	(65)	(128)	(255)
	878	1 815	2 437
The net liability from finance lease made up as follows:			
Not later than 1 year	634	681	937
Later than 1 year by not later than 5 years	244	1 134	1 500
	878	1 815	2 437

The finance leases relate to instalment sales agreements with Standard Bank for the acquisition of motor vehicles by Kingdomslots. The lease liability is secured by the underlying leased motor vehicles.

26. Provision

Group	Long service leave R'000s	Employee bonuses R'000s	Total R'000s
2013			
At beginning of the year	173	5 311	5 484
Provision raised during the year	704	8 741	9 445
Amounts reversed during the year	(4)	–	(4)
Amounts utilised during the year	(105)	(5 780)	(5 885)
At end of year	768	8 272	9 040
2012			
At beginning of the year	126	4 347	4 473
Provision raised during the year	47	5 253	5 300
Amounts utilised during the year	–	(4 289)	(4 289)
At end of year	173	5 311	5 484
2011			
At beginning of the year	94	1 652	1 746
Provision raised during the year	32	5 242	5 274
Amounts utilised during the year	–	(2 547)	(2 547)
At end of year	126	4 347	4 473

Balance made up as follows:	**2013**	**2012**	**2011**
Non-current provisions	768	173	126
Current provisions	8 272	5 311	4 347
	9 040	5 484	4 473

27. Trade and other payables

	Group			Company		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Trade payables	18 601	6 467	10 045	406	96	786
Preference dividends accrual	2 499	3 491	4 612	–	–	–
Other payables and accruals	53 254	26 301	25 921	1 533	762	2 510
Annual leave accrual	2 862	1 689	1 074	–	–	–
Audit fee accrual	1 883	1 654	1 488	582	542	114
Payroll accruals	1 483	1 218	1 063	51	48	79
Sundry accruals – Property, plant, equipment	11 235	–	–	–	–	–
Sundry accruals	21 403	14 607	14 610	110	60	2 313
Other payables	14 388	7 133	7 686	790	112	4
	74 354	36 259	40 578	1 939	858	3 296

Trade payables are repaid on average of 30 days from the invoice date.

28. Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group			Company		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Rentals due within one year	5 251	7 113	8 126	–	–	124
Due within one to five years	11 045	7 958	3 709	–	–	–
Due after 5 years	3 871	–	–	–	–	–
	20 167	15 071	11 835	–	–	124

29. Segmental Analysis

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from 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 other segments operating in other economic environments.

IFRS 8: Operating segments requires a "management approach" whereby segment information is presented on the same basis as that used for internal reporting purposes to the chief operating decision maker/s who have been identified as the Board of Directors. These Directors review the Group's internal reporting by industry. SunWest, Akhona GPI and Golden Valley, Winelands Manco and National Manco are classified as Casinos. The GPI Slots Group is classified as Slots. GPIMS is classified as Management Services. GPI House Properties is classified as Property. Property is now effectively a service centre to other Group Companies at this time and BURGER KING® is classified as Food division. The overheads and finance costs of GPI, Grand Casino, Utish, Grand Lifestyles, Grand Capital and GPSIT are classified as other. The Directors do not review the Group's performance by geographical sector and therefore no such disclosure has been made.

29. Segmental Analysis (continued)

	External Revenue			Inter-segment revenue		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Casinos	1 953	18 821	2 009	–	–	–
Slots	470 760	403 583	322 222	–	–	–
Management services	1 047	96	532	69 574	63 095	–
Property	366	–	–	2 987	–	–
Food	4 965	–	–	–	–	–
Other	10 262	8 151	1 679	–	–	–
	489 353	430 651	326 442	72 561	63 095	–

	Finance Income			Finance Costs		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Casinos	–	–	–	–	–	–
Slots	1 623	1 500	1 443	(119)	(195)	(844)
Management services	165	281	302	(3 755)	(5 429)	(7 198)
Property	85	–	–	(687)	–	–
Food	91	–	–	(159)	–	–
Other	4 252	5 016	–	(9 883)	(18 601)	(24 874)
	6 216	6 797	1 745	(14 603)	(24 225)	(32 916)

	Depreciation and amortisation			Profit from equity accounted investments		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Casinos	–	–	–	114 672	131 072	119 560
Slots	(15 888)	(15 661)	(13 295)	–	–	–
Management services	(19 269)	(22 785)	(22 604)	–	–	–
Property	(672)	–	–	–	–	–
Food	(87)	–	–	–	–	–
Other	(14)	(164)	(111)	–	–	–
	(36 130)	(38 610)	(36 010)	114 672	131 072	119 560

	Taxation			Profit After Tax		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Casinos	–	–	–	114 672	231 639	4 514
Slots	(13 970)	(9 826)	(6 259)	33 479	24 026	18 479
Management services	(835)	(3 015)	2 948	3 376	7 741	(4 620)
Property	(9)	55	–	23	(141)	–
Food	5 074	–	–	(17 193)	–	–
Other	(1 215)	1 188	(11 981)	(4 781)	(11 853)	(41 044)
	(10 955)	(11 598)	(15 292)	129 576	251 412	(22 671)

	Total Assets			Total Liabilities		
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Casinos	1 092 469	1 109 667	1 811 118	–	(1 769)	(13 697)
Slots	283 240	273 278	254 448	(41 590)	(38 982)	(39 266)
Management services	94 407	72 270	77 914	(73 035)	(70 570)	(82 862)
Property	133 164	28 574	–	(75 727)	(216)	–
Food	83 512	–	–	(20 883)	–	–
Other	313 955	384 537	51 414	(135 972)	(139 312)	(302 277)
	2 000 747	1 868 326	2 194 894	(347 207)	(250 849)	(438 102)

The effects of inter-Company transactions have been eliminated from the segmental analysis. The profit on sale of investments of Rnil million (2012: R60.2 million and 2011: Rnil) has been included under the Casinos segment. The realisation of fair value reserves of Rnil (2012: R35.6 million and 2011: Rnil) has also been included under the Casinos segment.

30. Financial instruments

The Group's and Company's principal financial liabilities comprise cumulative redeemable preference shares, interest-bearing borrowings, trade and other payables and related party loans payable. The main purpose of these instruments is to raise finance for the Group's operations and investments. The Group has financial assets such as available-for-sale investments, trade and other receivables and cash which arise directly from its operations. The main risks arising from financial instruments are market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The fair values of each class of financial instrument approximate the carrying amounts.

	Loans and receivables R'000s	Available-for-sale R'000s	Non-financial assets R'000s	Total R'000s
Group				
Financial assets				
2013				
Cash and cash equivalents	403 218	–	–	403 218
Related party loans	16 822	–	–	16 822
Trade and other receivables	36 349	–	13 053	49 402
Investments	–	7 680	–	7 680
Total	456 389	7 680	13 053	477 122
2012				
Cash and cash equivalents	405 147	–	–	405 147
Related party loans	20 009	–	–	20 009
Trade and other receivables	22 281	–	10 814	33 095
Investments	–	9 900	–	9 900
Total	447 437	9 900	10 814	468 151
2011				
Cash and cash equivalents	69 248	–	–	69 248
Related party loans	17 454	–	–	17 454
Trade and other receivables	13 702	–	7 550	21 252
Tax receivable	1 862	–	–	1 862
Investments	–	16 055	–	16 055
Total	102 266	16 055	7 550	125 871

Group	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities			
2013			
Trade and other payables	68 516	5 838	74 354
Dividends payable	11 677	–	11 677
Preference shares	132 424	–	132 424
Interest-bearing borrowings	106 631	–	106 631
Finance lease liabilities	878	–	878
Total	320 126	5 838	325 964
2012			
Trade and other payables	30 863	5 396	36 259
Dividends payable	10 648	–	10 648
Preference shares	132 424	–	132 424
Interest-bearing borrowings	52 000	–	52 000
Financial lease liabilities	1 815	–	1 815
Total	227 750	5 396	233 146
2011			
Trade and other payables	35 536	5 042	40 578
Dividends payable	5 285	–	5 285
Preference shares	256 961	–	256 961
Interest-bearing borrowings	104 000	–	104 000
Financial lease liabilities	2 437	–	2 437
Total	404 219	5 042	409 261

30. Financial instruments (continued)

Company	Loans and receivables R'000s	Non-Financial assets R'000s	Total R'000s
Financial assets			
2013			
Cash and cash equivalents	334 621	–	334 621
Related party loans	222 847	–	222 847
Trade and other receivables	3 120	133	3 253
Total	560 588	133	560 721

Company	Loans and receivables R'000s	Non-Financial assets R'000s	Total R'000s
2012			
Cash and cash equivalents	325 745	–	325 745
Related party loans	189 104	–	189 104
Trade and other receivables	3 250	259	3 509
Total	518 099	259	518 358
2011			
Cash and cash equivalents	5 013	–	5 013
Related party loans	352 067	–	352 067
Trade and other receivables	504	204	708
Total	357 584	204	357 788

	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities			
2013			
Trade and other payables	1 888	51	1 939
Dividends payable	11 677	–	11 677
Total	13 565	51	13 616
2012			
Trade and other payables	857	1	858
Related party loans	6	–	6
Dividends payable	10 648	–	10 648
Total	11 511	1	11 512
2011			
Trade and other payables	3 296	–	3 296
Related party loans	105 020	–	105 020
Dividends payable	40 000	–	40 000
Total	153 601	–	153 601

30. Financial instruments (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2013, the Group held the following financial instruments measured at fair value:

2013	**Level 1 R'000s**	**Level 2 R'000s**	**Level 3 R'000s**	**Total R'000s**
Available-for-sale investments (note 12)	–	–	7 680	7 680
Total	–	–	7 680	7 680
2012				
Available-for-sale investments (note 12)	–	–	9 900	9 900
Total	–	–	9 900	9 900
2011				
Available-for-sale investments (note 12)	–	–	16 055	16 055
Total	–	–	16 055	16 055

During the reporting period ended 30 June 2013 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Market risk

Market risk is the risk that the fair value or 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.

Market 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 to the Group's obligation in terms of the preference shares, interest-bearing borrowings, finance leases 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 R'000s**	**Effect on pre-tax profit R'000s**	**Decrease in basis points R'000s**	**Effect on pre-tax profit R'000s**
2013	100	(150)	(100)	150
2012	100	(1 448)	(100)	1 448
2011	100	(2 100)	(100)	2 100
Company				
2013	100	1 546	(100)	(1 546)
2012	100	257	(100)	(257)
2011	100	(350)	(100)	350

Market risk: 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 and market prices for similar types of instruments. 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 discount rate of the investment by 1% assuming that all other variables remain constant.

30. Financial instruments (continued)

Group	Increase in discount rate %	Effect on equity after tax R'000s	Decrease in discount rate %	Effect on equity after tax R'000s
2013	1	(521)	(1)	627
2012	1	(244)	(1)	325
2011	1	(1 495)	(1)	1 969

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 contractual obligations. There is no independent rating procedure for customers as the credit quality for customers is assessed by taking into account their financial position, past experience and other factors are used in evaluating the acceptability of clients.

No individual credit limits are set as GGR generated from gaming operations is required to be paid over by the site operators on a weekly basis to the Group. On a weekly basis management rigorously monitors site operators' compliance with this policy.

The Group and Company 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 and all assets that have been identified as impaired, after taking the Groups credit policy into account, have been appropriately provided for. The cash and cash equivalents are deposited with two financial institutions.

The Group's and Company'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. The following table presents the contractual maturity analysis of financial liabilities.

Group	On Demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	> 2 years R'000s	Total R'000s
2013						
Trade and other payables	–	68 516	–	–	–	68 516
Preference shares	–	–	–	–	132 424	132 424
Interest-bearing borrowings	–	5 859	17 576	30 931	52 265	106 631
Finance lease liabilities	–	193	441	151	93	878
Interest on preference shares	–	5 162	5 191	10 324	20 741	41 418
Interest on interest-bearing borrowings	–	2 256	2 720	5 232	5 868	16 076
Interest on finance lease liabilities	–	11	25	22	7	65
Dividends payable	11 677	–	–	–	–	11 677
Total	11 677	81 997	25 953	46 660	211 398	377 685
2012						
Trade and other payables	–	30 863	–	–	–	30 863
Preference shares	–	–	30 754	101 670	–	132 424
Interest-bearing borrowings	–	4 000	12 000	16 000	20 000	52 000
Finance lease liabilities	–	183	952	623	57	1 815
Interest on preference shares	–	2 286	2 273	3 516	–	8 075
Interest on interest-bearing borrowings	–	1 210	3 083	2 792	1 396	8 481
Interest on finance lease liabilities	–	24	81	22	2	129
Dividends payable	10 648	–	–	–	–	10 648
Total	10 648	38 566	49 143	124 623	21 455	244 435

30. Financial instruments (continued)

Group	On Demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	> 2 years R'000s	Total R'000s
2011						
Trade and other payables		35 536				35 536
Preference shares			63 804	68 472	124 685	256 961
Interest-bearing borrowings			16 000	56 000	32 000	104 000
Finance lease liabilities		228	709	1500		2437
Interest on preference shares			16 878	12040	5988	34906
Interest on interest-bearing borrowings			9 503	3894	3345	16742
Interest on finance lease liabilities		47	113	95		255
Dividends payable	5 285					5285
Total	5 285	35 811	101 107	142001	166018	456122
Company						
2013						
Trade and other payables	1 888	–	–	–	–	1 888
Dividends payable	11 677	–	–	–	–	11 677
Total	13 565	–	–	–	–	13 565
2012						
Trade and other payables	–	858	–	–	–	858
Related party loan	6	–	–	–	–	6
Dividends payable	10 648	–	–	–	–	10 648
	10 654	858	–	–	–	11 512
2011						
Trade and other payables	–	3 296	–	–	–	3 296
Related party loan	105 020	–	–	–	–	105 020
Interest-bearing borrowings	–	–	40 000	–	–	40 000
Interest on Interest-bearing borrowings	–	–	4 079	–	–	4 079
Dividends payable	5 285	–	–	–	–	5 285
Total	110 305	3 296	44 079	–	–	157 680

30. Financial instruments (continued)

Gains and losses on financial instruments

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

Fair value movement	Fair value movement R'000s	Finance income R'000s	Finance expense R'000s	Total R'000s
Group				
2013				
Loans and receivables	–	6 216	–	6 216
Available-for-sale investments	(1 887)	–	–	(1 887)
Financial liabilities at amortised cost	–	–	(14 603)	(14 603)
Total	(1 887)	6 216	(14 603)	(10 274)
2012				
Loans and receivables	–	6 797	–	6 797
Available-for-sale investments	(5 676)	–	–	(5 676)
Financial liabilities at amortised cost	–	–	(24 225)	(24 225)
Total	(5 676)	6 797	(24 225)	(23 104)
2011				
Loans and receivables	–	3 405	–	3 405
Available-for-sale investments	8 705			8 705
Financial liabilities at amortised cost			(32 916)	(32 916)
Total	8 705	3 405	(32 916)	(20 806)
Company				
2013				
Loans and receivables	–	1 620	–	1 620
Total	–	1 620	–	1 620
2012				
Financial liabilities at amortised costs	–	–	(1 849)	(1 849)
Loans and receivables	–	3 001	–	3 001
Total	–	3 001	(1 849)	1 152
2011				
Financial liabilities at amortised costs	–	–	(4 264)	(4 264)
Loans and receivables	–	490	–	490
Total	–	490	(4 264)	(3 774)

32. Dividends declared and paid

		Group			Company	
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Final dividend declared and paid in respect of 2012 financial year of 20 cents (2011: 70 cents per share and 2010: 7.50 cents per share)	91 902	327 768	34 238	92 137	329 321	34 675

The final dividend in respect of the 2013 financial year of 15 cents per share was declared on 30 August 2013.

32.1 Cash generated from operations

		Group			Company	
	2013 R'000s	2012 R'000s	2011 R'000s	2013 R'000s	2012 R'000s	2011 R'000s
Profit before taxation	140 531	263 010	(7 379)	132 708	592 333	1 487
Adjustments for:						
Depreciation	33 882	35 987	34 011	14	164	111
Amortisation	2 248	2 623	1 999	–	–	–
Finance income	(6 216)	(6 797)	(3 405)	(1 620)	(3 001)	(490)
Finance costs	14 603	24 225	32 916	–	1 849	4 264
Dividends received	(12 215)	(26 971)	(2 009)	(139 119)	(555 031)	(35 795)
Loss on disposal of property, plant and equipment	733	447	759	–	–	–
Profit on disposal of investments	–	(60 248)	(151)	–	(57 485)	(151)
Realisation of expenses previously recognised against share premium	–	1 189	–	–	–	–
Realisation of fair value reserve	–	(35 588)	–	–	–	–
Impairment of plant and equipment	316	–	–	–	–	–
Impairment of investments	–	–	128 485	–	–	36 700
Reversal of impairment of investment	–	(336)	(15 0000	–	(336)	(15 000)
Impairment of loans	–	217	–	–	–	–
Treasury shares allocated to employees	276	–	–	–	–	–
Profit from equity-accounted investments	(114 672)	(131 072)	(119 566)	–	–	–
Operating cash flows before working capital changes	59 486	66 686	50 660	(8 017)	(21 507)	(8 874)
Decrease/(increase) in inventory	533	296	(1 034)	–	–	–
(Increase)/decrease in trade and other receivables	(16 307)	(11 843)	(1 248)	256	(2 801)	2 374
Increase/(decrease) in trade and other payables	42 640	(6 795)	(26 209)	1 073	(2 434)	(5 538)
Net cash generated/(utilised) from operations	86 352	48 344	22 169	(6 688)	(26 742)	(12 038)

32. Dividends declared and paid (continued)

32.2 Increase/(decrease) in loans

	Group			Company		
	2013 R'000s	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
Redeemable preference shares	–	(125 726)	(24 163)	–	–	–
Loans receivable recovered	4 518	–	–	2 700	–	–
Loans receivable advanced	(1 450)	(1 250)	–	–	–	–
Employee loans receivable advanced	–	(7)	–	–	–	–
Employee loans receivable recovered	120	1 110	–	–	–	–
Finance leases advanced	178	424	2 915	–	–	–
Finance leases repaid	(1 116)	(1 045)	(479)	–	–	–
Term loans received	75 000	–	–	–	–	–
Term loan repaid	(20 368)	(52 000)	(16 000)	–	(40 000)	–
	56 882	(178 494)	(37 727)	2 700	(40 000)	–
32.3 Taxation paid						
Taxation – beginning of the year	(793)	(1 112)	117	1	1	154
Amount per statement of comprehensive income (note 7)						
– current year	15 352	25 946	10 705	389	8 927	110
– prior year under/ (over) provision	529	77	(27)	22	(12)	(25)
Taxation – closing balance	(39)	793	1 112	(96)	(1)	(1)
	15 049	25 704	11 907	316	8 915	238
The closing tax balances comprises of the following:						
– Income tax refunds	57	1 487	1 862	–	–	
– Income tax liabilities	(96)	(694)	(750)	(96)	(1)	(1)
	(39)	793	1 112	(96)	(1)	(1)
32.4 Dividends paid						
Opening balance	10 648	5 285	4713	10 648	5 285	4713
Dividends declared	91 902	327 768	34 238	92 137	329 321	34 675
Closing balance	(11 677)	(10 648)	(5 285)	(11 677)	(10 648)	(5 285)
	90 873	322 405	33 666	91 108	323 958	34 103
32.5 Inter-group loans repaid/(advanced)						
– GPI Slots	–	–	–	42 000	5 000	(10 680)
– Grand Lifestyles	–	–	–	(33)	(31)	(34)
– Utish	–	–	–	(41 223)	185 709	6 933
– GPIMS	–	–	–	(13 111)	903	(541)
– Grand Capital	–	–	–	(29 063)	(28 500)	–
– GPSIT	–	–	–	4 900	–	–
– Grand Sport	–	–	–	(25)	–	–
Cash flows from investing activities	–	–	–	(36 555)	163 081	(4 322)
32.6 Inter-group loans repaid/(advanced)						
– BVI	–	–	–	112	(105 131)	26 396
Cash flows from financing activities	–	–	–	112	(105 131)	26 396

GRAND PARADE INVESTMENTS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

33. Directors' emoluments

Remuneration paid to Directors, prescribed officers and three highest paid employees.

2013

2013	Salary R'000s	Short-term benefits* R'000s	Long-term benefits R'000s	Bonuses R'000s	Directors' fees R'000s	Audit and risk committee R'000s	Remu-neration and nomination committee R'000s	Investment Committee R'000s	Total Remu-neration R'000s	Interest free loan awarded during the year R'000s
Executive Directors										
H Adams	1 802	585	270	6 470	–	–	–	–	9 127	–
A Abercrombie	1 227	182	184	975	–	–	–	–	2 568	–
R Hoption#	275	28	41	150	–	–	–	–	494	–
A Keet	1 576	124	236	1 000	–	–	–	–	2 936	–
S Petersen	678	87	113	740	–	–	–	–	1 618	–
Sub-total	5 558	1 006	844	9 335	–	–	–	–	16 743	–
Non-executive Directors										
A Bedford	–	–	–	–	145	–	40	–	185	–
M Maharaj	–	–	–	–	161	33	–	–	194	–
N Mlambo	–	–	–	–	171	–	20	–	191	–
F Samaai	–	–	–	–	139	18	20	–	177	–
C Priem**	–	–	–	–	127	59	–	7	193	–
Sub-total	–	–	–	–	743	110	80	7	940	–
Total	5 558	1 006	844	9 335	743	110	80	7	17 683	–
Top three senior employees	2 812	140	402	1 548	–	–	–	–	4 902	–
Prescribed officers##										
A Sadler-Almeida	903	45	128	730	–	–	–	–	1 806	–
D Pienaar	715	14	99	377	–	–	–	–	1 205	–
R Hoption#	385	38	58	375	–	–	–	–	856	–
F Mthembu	1 015	63	141	197	–	–	–	–	1 416	–
L Parton	685	–	103	476	–	–	–	–	1 264	–
D Pollock	893	32	134	621	–	–	–	–	1 680	–
S Sadan	454	–	69	75	–	–	–	–	598	–
J Sinclair	1 000	–	–	1 000	–	–	–	–	2 000	–
	6 050	192	732	3 851	–	–	–	–	10 825	–

Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.

Colin Priem was appointed as Director on 20 August 2012.

R Hoption resigned as Director on 30 November 2012.

All staff members making up the executive committee have been identified as prescribed officers in terms of the Companies Act.

33. Directors' emoluments (continued)

Remuneration paid to Directors, prescribed officers and three highest paid employees.

2012

2012	Salary R'000s	Short-term benefits* R'000s	Long-term benefits R'000s	Bonuses R'000s	Directors' fees R'000s	Audit and risk committee R'000s	Remu-neration and nomination committee R'000s	Investment Committee R'000s	Total Remu-neration R'000s	Interest free loan awarded during the year R'000s
Executive Directors										
H Adams	1 768	617	271	6 650	–	–	–	–	9 306	–
A Abercrombie**	271	13	41	–	–	–	–	–	325	1 128
R Hoption	614	70	92	378	–	–	–	–	1 154	–
A Keet***	347	23	52	–	–	–	–	–	422	1 504
S Petersen	706	89	106	378	–	–	–	–	1 279	–
Sub-total	3 706	812	562	7 406	–	–	–	–	12 486	2 632
Non-executive Directors										
A Abercrombie*	–	–	–	–	523	28	12	6	569	–
A Bedford	–	–	–	–	132	–	24	–	156	–
R Freese	–	–	–	–	133	60	–	6	199	–
M Maharaj	–	–	–	–	142	36	–	–	178	–
N Mlambo	–	–	–	–	138	–	12	–	150	–
D Naidoo	–	–	–	–	6	3	–	–	9	–
F Samaai	–	–	–	–	138	–	12	–	150	–
C Williams	–	–	–	–	6	2	–	–	8	–
Sub-total	–	–	–	–	1 218	129	60	12	1 419	–
Total	3 706	812	562	7 406	1 218	129	60	12	13 905	2 632
Top three senior employees@	2 532	154	378	570	–	–	–	–	3 634	–
Prescribed officer										
A Sadler-Almeida##	950	74	143	300	–	–	–	–	1 467	–

@ All three of the top earning senior employees form part of the Slots Operations, none of whom are Directors of GPI. This amount includes A Sadler-Almeida's remuneration which has also been separately disclosed under the section prescribed officers. The remaining employees have not been identified as prescribed officers in terms of the Companies Act.

** Appointed as executive director on 11 June 2012

*** Appointed as executive director on 10 April 2012

* Director's fee is paid in respect of additional duties on the Slots Operations.

A Sadler-Almeida has been identified as a prescribed officer in terms of the Companies Act.

Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.

33. Directors' emoluments (continued)

Remuneration paid to Directors, prescribed officers and three highest paid employees.

2011	Salary R'000s	Short-term benefits R'000s	Long-term benefits R'000s	Bonuses R'000s	Lumpsum payment R'000s	Directors' fees R'000s	Audit and risk committee R'000s	Remu-neration and nomination committee R'000s	Total remu-neration 2011 R'000s	Interest-free loan awarded during the year R'000s
Executive directors										
H Adams	1 205	15	144	–	–	–	–	–	1 364	9 143
A P Funkey	1 687	195	700	150	3 043	–	–	–	5 775	–
R J Hoption	612	51	90	70	–	–	–	–	823	–
S Petersen	252	15	38	–	–	–	–	–	305	762
Sub-total	3 756	276	972	220	3 043	–	–	–	8 267	9 905
Non-executive directors										
A Abercrombie	–	–	–	–	–	301	–	34	335	–
A W Bedford	–	–	–	–	–	113	–	68	181	–
R G Freese	–	–	–	–	–	56	34	–	90	–
N Mlambo	–	–	–	–	–	113	–	34	147	–
M V Maharaj	–	–	–	–	–	113	34	–	147	–
D Naidoo	–	–	–	–	–	44	27	–	71	–
F Samaai	–	–	–	–	–	44	–	–	44	–
C W Williams	–	–	–	–	–	113	34	–	147	–
Sub-total	–	–	–	–	–	897	129	136	1 162	–
Total	3 756	276	972	220	3 043	897	129	136	9 429	9 905
Top three senior employees	2 419	454	80	362	–	–	–	–	3 315	–
Prescribed officer										
A L Sadler-Almeida	896	7	134	159	–	–	–	–	1 196	1 067

34. Related party transactions

	Shares held as security against loans			Balance (owing)/receivable			Receipts/ (payments)		
Group	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**	**2013 R'000s**	**2012 R'000s**	**2011 R'000s**
DLA Cliffe Dekker Hofmeyr	–	–		–	(14)	4	(344)	(132)	(65)
Proman	–	–		(57)	–		(2 371)	(247)	(534)
GPSIT loans to Directors	5 250	5 250		14 514	14 634	12 732	120	(2 387)	
– H Adams	3 000	3 000	3 000	9 143	9 143	9 143	–	–	–
– A Keet	600	600	–	1 504	1 504	–	–	(1 504)	–
– A Abercrombie	450	450	–	1 128	1 128	–	–	(1 128)	–
– A P Funkey	–	–	1 180	–	–	2 508	–	–	–
– R J Hoption	450	450	450	956	956	–	–	–	–
– S Petersen	400	400	400	1 031	1 081	1 081	50	–	–
– A L Sadler-Almeida	350	350	350	752	822	–	70	245	–
Nadesons Consulting				–	(6)	61	(4 601)	(171)	(8)
Asch				–	–	—	–	–	(102)
SunWest				–	–	–	–	(285)	–
Afriserve				(6)	(184)	–	–		–
Afripark				–	–	–	(468)	–	–
The Cega Trust				–	–	–	(30)	–	–
Nadeson Projects				–	–	–	(70)	–	–
Nadeson Tech				1 450	–	–	(1 450)	–	–
Key management personnel costs									
– Short-term employee benefits	–	–	1 419	(26 932)	(14 667)	(6 476)			
– Long-term employee benefits	–	–	–	(1 576)	(705)	(1 106)			
– Lumpsum payment	–	–	–	–	–	(3 043)			

No loans were advanced to Directors to purchase GPI shares. The terms of the loans are disclosed under note 18.

Company									
Nadeson Consulting				–	–	–	(421)	–	–
DLA Cliffe Dekker Hofmeyr				–	(5)	(4)	(2)	(74)	(4)
Proman				–	–	–	–	(247)	(534)
Asch				–	–	–	–	–	(94)
SunWest				–	–	–	–	(285)	–
The Cega Trust				–	–	–	(30)	–	–
Short-term employee benefits	–	–	–	–	–	–	–	–	(1 140)

The Group in the ordinary course of business entered into various transactions with related parties. Any intra-group related party transactions and balances are eliminated in the preparation of the AFS of the Group as presented.

Listed above are the related party transactions identified and disclosed.

Third parties

DLA Cliffe Dekker Hofmeyr is a firm of attorneys that provides legal services to the Group. A Abercrombie was a Director of DLA Cliffe Dekker Hofmeyr until he joined GPI in a full time capacity of Executive Director: Gaming.

GPI rented office space from Proman in the prior year. H Adams and Faldi Samaai are both Directors of the Company and Proman. During the current year Proman provided project management services in respect of the redevelopment of our head office building.

Nadeson Consulting provided project management services to GPI House. Both H Adams and F Samaai are Directors of the Company and are also Directors of Nadeson Consulting.

Afriserve provided cleaning and security services to GPIMS and GPI House. Both H Adams and F Samaai are Directors of the Company and Afriserve.

34. Related party transactions (continued)

Afripark provided cleaning and security services to GPIMS and GPI House. Both H Adams and F Samaai are Directors of the Company and Directors of Afripark.

Nadeson Tech provided information technology solutions to the Group. Both H Adams and F Samaai are Directors of the Company and Nadeson Tech. The Group advanced loans to Nadeson Tech during the year as part of the Group's enterprise development spent.

Nadeson Projects are engineering and building consultants and provided project management services to GPI House and BURGER KING®. Both H Adams and F Samaai are Directors of the Company and Nadeson Projects.

The Cega Trust provided BEE consulting services to the Group. C Priem is a Trustee of the Cega Trust. Certain of the Directors received Director fees due to them being Board members on the Board committees of the underlying investment companies. These fees are paid directly to these Directors.

	2013 R'000s	2012 R'000s	2011 R'000s
SunWest			
H Adams	86	81	75
A Abercrombie	57	54	50
R G Freese	–	45	20
A P Funkey	–	–	50
N Mlambo	57	54	50
	200	234	245
Western Cape Manco			
N Mlambo	–	24	23
Nadesons Projects	–	281	262
Mantis Projects	–	–	73
	–	305	285
Golden Valley			
H Adams	26	7	–
A Abercrombie	32	8	–
	58	15	–

Western Cape Manco paid Nadeson Projects consulting fees. H Adams is a director of Nadeson Projects.

35. 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 carefully manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the Group investment strategy. 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 ordinary share capital and preference share capital. Acquisitions may be geared to those levels which investments may support and the funders will allow.

36. Capital commitments

Authorised but not contracted

	2013 R'000s	2012 R'000s	2011 R'000s
Property, plant and equipment	8 517	–	–

37. Litigation

Save as follows, there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have had a material effect on the financial position of the Group in the last 12 months. GGWC, a wholly-owned subsidiary of GPI, has noted an appeal against the judgement and order granted in the Western Cape High Court, under case no 11360/11. The appeal relates to review proceedings brought by GGWC against the regulator in the Western Cape in terms of the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) which sought the review and setting aside of certain licence conditions imposed on that subsidiary by the regulator, with a view to maximising roll-out of its gaming machine network.

38. Subsequent events

Following our SENS announcement on 5 August regarding our intention to purchase the route operator licence and site operator licences of Zimele in Mpumalanga, we are pleased to announce that the Mpumalanga Gambling Board approved our licence transfer application on 17 July 2013, and that we have now taken control of Zimele's operations. GPI Slots acquired Zimele for R6.75 million. Furthermore, the Slots Group concluded an agreement on 30 July 2013 to acquire the route operator licence and operational sites of Hot Slots in Gauteng for R62 million. This acquisition is still subject to approval from the Gauteng Gambling Board and GPI shareholders. Lastly, our application to the WCGRB for a bookmaker licence in the name of Grand Sport was approved on 11 July 2013.

BURGER KING® opened two additional stores subsequent to year end in the Western Cape in Tyger Valley Centre and Cavendish Square Centre on 4 July and 30 July respectively. BURGER KING® has signed an exclusive deal with Sasol to roll-out BURGER KING® restaurants across the Sasol national network.

Subsequent to year end an offer was made to purchase an industrial property in Atlantis, Western Cape for R15.4 million which was accepted and is awaiting transfer.

39. Contingent Liability

On 2 April 2013 SARS levied an understatement penalty and interest of R16.4 million against GPI relating to an incorrect disclosure made on the Company's 2009 income tax return. The Board of Directors of the Company are of the opinion that SARS have incorrectly applied the provisions of the Tax Administration Act in raising the penalty as the incorrect disclosure did not prejudice SARS or the fiscus in that year of assessment. The Company has therefore with the assistance of external professional advice, commenced with lodging an appeal with the Tax Court against the abovementioned penalty.

The Group has not recognised a provision for this disputed penalty as it considers the risk of financial outflow as 'possible' and therefore does not meet the definition of a provision under IAS 37 – Provisions, contingent liabilities and contingent assets.

INTERIM FINANCIAL INFORMATION OF GPI FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

GRAND PARADE INVESTMENTS LIMITED

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2013

	Note	Unaudited 31 December 2013 6 months R'000s	Unaudited 31 December 2012 6 months R'000s	Unaudited 31 December 2013 12 months R'000s
Revenue	1	328 187	240 937	489 353
Cost of sales	2	(191 329)	(136 642)	(276 622)
Gross profit		136 858	104 295	212 731
Operating costs		(108 054)	(68 210)	(142 039)
Profit from operations		28 804	36 085	70 692
Profit from equity-accounted investments	3	61 172	54 830	114 672
Impairment of plant and equipment	4	–	–	(316)
Remeasurement of investment	5	32 842	–	–
Gain on acquisition of investment	6	23 843	–	–
Depreciation and amortisation		(22 922)	(17 499)	(36 130)
Profit before finance costs and taxation		123 739	73 416	148 918
Finance income		7 122	3 070	6 216
Finance costs	7	(10 375)	(6 907)	(14 603)
Profit before taxation		120 486	69 579	140 531
Taxation	8	(3 171)	(6 796)	(10 955)
Profit for the period		117 315	62 783	129 576
Other comprehensive income				
Unrealised fair value loss on available-for-sale investments, net of tax		(1 174)	(79)	(1 887)
Total comprehensive income for the period		116 141	62 704	127 689
Profit for the period attributable to:				
– Ordinary shareholders		120 911	62 783	131 533
– Non-controlling interest		(3 596)	–	(1 957)
		117 315	62 783	129 576
Total comprehensive income attributable to:				
– Ordinary shareholders		119 737	62 704	129 646
– Non-controlling interest		(3 596)	–	(1 957)
		116 141	62 704	127 689
		Cents	**Cents**	**Cents**
Basic and diluted earnings per share	9	26.21	13.63	28.55
Headline and diluted headline earnings per share	9	13.95	13.68	28.76
Adjusted and diluted adjusted headline earnings per share	9	14.94	15.86	31.00
Ordinary dividend per share		15.00	12.50	12.50
Special dividend per share		–	7.50	7.50

GRAND PARADE INVESTMENTS LIMITED

CONDENSED INTERIM GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	Unaudited 31 December 2013 R'000s	Unaudited 31 December 2012 R'000s	Audited 30 June 2013 R'000s
ASSETS				
Non-current assets	10	1 771 062	1 443 279	1 529 714
Current assets	11	332 029	399 292	471 033
Total Assets		2 103 091	1 842 571	2 000 747
EQUITY AND LIABILITIES				
Total equity	12	1 737 067	1 588 554	1 655 497
Non-controlling interest		(5 620)	–	(1 957)
		1 731 447	1 588 554	1 653 540
Non-current liabilities				
– Deferred tax liabilities		36 083	11 525	12 107
– Cumulative redeemable preference shares	13	132 624	101 670	132 424
– Interest-bearing borrowings	13	83 462	24 000	83 436
– Provisions		801	620	768
– Finance lease liabilities		2 111	165	244
Current liabilities	14	116 563	116 037	118 228
Total Equity & liabilities		2 103 091	1 842 571	2 000 747

	Cents	Cents	Cents
Tangible net asset value per share	315	306	320
Adjusted tangible net asset value per share	317	306	321
Net asset value per share	369	345	359
Adjusted net asset value per share	371	345	360

GRAND PARADE INVESTMENTS LIMITED

CONDENSED INTERIM GROUP STATEMENT OF CASH FLOWS

for the six months ended 31 December 2013

	Note	Unaudited 31 December 2013 6 months R'000s	Unaudited 31 December 2012 6 months R'000s	Audited 30 June 2013 12 months R'000s
Cash flows from operating activities				
Net cash generated from operations	15	13 261	48 684	86 352
Income tax paid		(6 343)	(7 722)	(15 049)
Finance income		7 122	3 070	6 216
Net cash inflow from operating activities		14 040	44 032	77 519
Cash flows from investing activities				
Acquisition of plant and equipment		(55 293)	(20 713)	(68 327)
Acquisition of land and buildings		(41 798)	(35 675)	(88 434)
Acquisition of intangibles		(6 814)	(2 939)	(4 607)
Consideration from disposal of property, plant and equipment		273	6	9
Cash acquired through business combinations	17	8 191	–	–
Investments made		(45 798)	–	–
Dividends received		79 591	66 203	131 496
Net cash (outflow)/inflow from investing activities		(61 648)	6 882	(29 863)
Cash flows from financing activities				
Dividends paid		(70 758)	(90 382)	(90 873)
Acquisition of treasury shares		(10 769)	–	–
(Decrease)/increase in loans	16	(9 028)	(8 053)	56 882
Finance costs		(10 119)	(6 907)	(15 594)
Net cash outflow from financing activities		(100 674)	(105 342)	(49 585)
Net decrease in cash and cash equivalents		(148 282)	(54 428)	(1 929)
Cash and cash equivalents at the beginning of period		403 218	405 147	405 147
Cash and cash equivalents at the end of period		254 936	350 719	403 218

GRAND PARADE INVESTMENTS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2013

	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	Accumulated Profits R'000s	Share based payment R'000s	Non-controlling Interest R'000s	Total R'000s
Balance at 30 June 2012	301	115	730 249	(2 346)	8 132	881 026	–	–	1 617 477
Total comprehensive income/(loss) for the period	–	–	–	–	(79)	62 783	–	–	62 704
– Profit for the period	–	–	–	–	–	62 783	–	–	62 783
– Other comprehensive income	–	–	–	–	(79)	–	–	–	(79)
Conversion of par value shares to non-par value shares	–	730 249	(730 249)	–	–	–	–	–	–
Treasury shares allocated to employees	–	–	–	276	–	–	–	–	276
Dividends declared	–	–	–	—	–	(91 902)	–	–	(91 902)
Balance at 31 December 2012	301	730 364	–	(2 070)	8 053	851 907	–	–	1 588 554
Total comprehensive income/(loss) for the period	–	–	–	–	(1 808)	68 750	–	(1 957)	64 985
– Profit for the period	–	–	–	–	–	68 750	–	(1 957)	66 793
– Other comprehensive income	–	–	–	–	(1 808)	–	–	–	(1 808)
Balance at 30 June 2013	301	730 364	–	(2 070)	6 245	920 657	–	(1 957)	1 653 540
Total comprehensive income/(loss) for the period	–	–	–	–	(1 174)	120 911	–	(3 596)	116 141
– Profit for the period	–	–	–	–	–	120 911	–	(3 596)	117 315
– Other comprehensive income	–	–	–	–	(1 174)	–	–	–	(1 174)
Non-controlling interest acquired	–	–	–	–	–	–	–	(67)	(67)
Dividends declared	–	–	–	–	–	(68 964)	–	–	(68 964)
Shares issued	–	40 000	–	–	–	–	–	–	40 000
Share-based payment reserve	–	–	–	–	–	–	1 437	–	1 437
Treasury shares acquired	–	–	–	(10 868)	–	–	–	–	(10 868)
Treasury shares allocated to employees	–	–	–	228	–	–	–	–	228
Balance at 31 December 2013	301	770 364	–	(12 710)	5 071	972 604	1 437	(5 620)	1 731 447

GRAND PARADE INVESTMENTS LIMITED

SEGMENTAL ANALYSIS

for the six months ended 31 December 2013

IFRS 8: Operating Segments requires a "management approach" whereby segment information is presented on the same basis as that used for internal reporting purposes to the Executive Directors. These directors review the group's internal reporting by industry. SunWest, Akhona GPI and Golden Valley Casino, Winelands Manco, Grand Casino and National Manco are classified as Casinos. The GPI Slots group is classified as Slots. GPI House Properties is classified as Property. Grand Tech is classified as IT and BURGER KING® group is classified as Food Division. The overheads and finance costs of GPI, Grand Lifestyles, Grand Capital and GPIST are classified as Other.

On 1 July 2013, GPI restructured its operations to effectively split the central services costs, classified under the Services segment in the prior periods, between its investment/corporate function and the operating divisions. The restructure has impacted how the executive management review the business and as a result the following items have been reclassified in the current segment report. The results of the Services segment have been reallocated between the Slots, Casino and Other segments. In the comparative periods, the Group's funding structure was disclosed under the Other segment, however in the current period the funding liabilities and related finance costs were reallocated to the Casino and Slots segments.

The directors do not review the group's performance by geographical sector and therefore no such disclosure has been made. Listed below is a detailed segment analysis:

	Unaudited 31 December 2013 6 Months R'000s	Unaudited 31 December 2012 6 Months R'000s	Audited 30 June 2013 12 Months R'000s
		Revenue	
Casinos	2 547	1 218	1 953
Slots	279 853	233 666	470 760
Services	–	108	1 047
Property	133	–	366
Food	37 968	–	4 965
IT	715	–	–
Other	6 971	5 945	10 262
	328 187	240 937	489 353
		Inter Segment Revenue	
Casinos	–	–	–
Slots	–	–	–
Services	–	34 375	69 574
Property	5 442	–	–
Food	–	–	–
IT	1 939	–	–
Other	11 966	–	–
	19 347	34 375	72 561
		Operating Costs	
Casinos	(72)	(1 119)	–
Slots	(44 622)	(32 016)	(65 755)
Services	–	(21 636)	(46 509)
Property	(2 354)	(314)	(2 047)
Food	(38 834)	(9 105)	(21 545)
IT	(2 787)	–	–
Other	(19 385)	(4 020)	(6 183)
	(108 054)	(68 210)	(142 039)
		EBITDA	
Casinos	118 975	54 928	114 672
Slots	70 976	65 008	132 124
Services	–	(21 527)	(43 824)
Property	(2 222)	(314)	(1 681)
Food	(27 675)	(9 105)	(20 321)
IT	(2 509)	–	–
Other	(10 884)	1 925	4 079
	146 661	90 915	185 049
		Finance Income	
Casinos	2 750	–	–
Slots	507	883	1 623
Services	–	111	165
Property	421	–	85
Food	291	10	91
IT	–	–	–
Other	3 153	2 066	4 252
	7 122	3 070	6 216

GRAND PARADE INVESTMENTS LIMITED

SEGMENTAL ANALYSIS *(continued)*

for the six months ended 31 December 2013

	Unaudited 31 December 2013 6 Months R'000s	Unaudited 31 December 2012 6 Months R'000s	Audited 30 June 2013 12 Months R'000s
		Finance Expense	
Casinos	(5 934)	–	–
Slots	(1 375)	(74)	(119)
Services	–	(2 071)	(3 755)
Property	(3 058)	–	(687)
Food	–	(1)	(159)
IT	–	–	–
Other	(8)	(4 761)	(9 883)
	(10 375)	(6 907)	(14 603)
		Depreciation & Amortisation	
Casinos	–	–	–
Slots	(17 915)	(7 962)	(15 888)
Services	–	(9 531)	(19 269)
Property	(3 062)	–	(672)
Food	(1 660)	–	(287)
IT	(277)	–	–
Other	(8)	(6)	(14)
	(22 922)	(17 499)	(36 130)
		Equity-accounted earnings	
Casinos	61 172	54 830	114 672
Slots	–	–	–
Services	–	–	–
Property	–	–	–
Food	–	–	–
IT	–	–	–
Other	–	–	–
	61 172	54 830	114 672
Taxation		**Taxation**	
Casinos	722	–	–
Slots	(12 787)	(7 597)	(13 970)
Services	–	1 405	(835)
Property	747	(83)	(9)
Food	8 689	(2)	5 074
IT	–	–	–
Other	(542)	(519)	(1 215)
	(3 171)	(6 796)	(10 955)
		Profit/(Loss) after tax	
Casinos	116 513	54 928	114 672
Slots	39 404	15 883	33 479
Services	–	2 652	3 376
Property	(7 173)	(398)	23
Food	(20 354)	(9 098)	(17 193)
IT	(2 785)	–	–
Other	(8 290)	(1 184)	(4 781)
	117 315	62 783	129 576
		Total Assets	
Casinos	1 175 966	1 102 756	1 092 469
Slots	430 414	266 059	283 240
Services	–	76 842	94 407
Property	152 332	63 865	133 164
Food	93 716	13 554	83 512
IT	4 671	–	–
Other	245 992	319 495	313 955
	2 103 091	**1 842 571**	**2 000 747**
		Total Liabilities	
Casinos	(150 919)	(1 848)	–
Slots	(114 369)	(40 992)	(41 590)
Services	–	(65 787)	(73 035)
Property	(67 472)	169	(75 727)
Food	(28 554)	(42)	(20 883)
IT	(2 592)	–	–
Other	(7 738)	(145 517)	(135 972)
	(371 644)	**(254 017)**	**(347 207)**

GRAND PARADE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2013

Accounting policies and basis of preparation

The accounting policies applied in the interim financial statements are in accordance with International Financial Reporting Standards ("IFRS"). Whilst the disclosures contained within comply with IAS 34: Interim Financial Reporting, the Financial Reporting Guides as issued by the Accounting Practice Committee of SAICA or its successors, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa No 71 of 2008, as amended. The interim report has not been audited or reviewed, therefore no review opinion has been obtained from the company's auditors. The accounting policies and methods of computation are consistent with those applied in the financial results for the year ended 30 June 2013.

1. Revenue

Revenue comprises Gross Gaming Revenue ("GGR") from GPI's Limited Payout Machines ("LPM") business, food sales from Burger King®, dividends received from National Casino Resort Manco (Pty) Ltd ("National Manco"), and Grindrod Bank Limited ("Grindrod") and rental income.

GGR is the term used for the net revenue generated by an a LPM from the amount of cash played through the LPM less payouts to players. Overall GGR increased by 19.2% from the prior period.

Food Sales to the amount of R38 million are included in the current period's revenue. Rental income of R0.1 million and IT service fees of R0.7 million relates to 3rd party services rendered by the group. These business units did not form part of the group during the previous period.

The dividend income for the current period consists off R1.7 million (R5.9 million) from the Grindrod preference shares, R0.3 million (R0.4 million) from the National Manco and R2.2 million from Akhona Gaming Portfolio Investments (Pty) Ltd ("Akhona GPI") as the Akhona GPI consolidated group accounts was not available at the time of these results. The amount relates to the dividend received from Dolcoast Investments (Pty) Ltd ("Dolcoast") and which has not been eliminated on consolidation of Akhona GPI. The prior period dividends received included R0.9 million from Winelands Manco.

2. Cost of Sales

Cost of sales relates to sales from the LPM and Food divisions. LPM cost of sales is directly related to GGR, and comprises direct costs such as commissions to site owners, gambling levies and monitoring fees. LPM cost of sales has increased by 20% in line with the increase in GGR. Food costs were not part of the group figures during the prior period. Food costs remain under pressure due to the temporary practice of importing goods.

3. Profit from equity-accounted investments

Profit from equity-accounted investments is made up of profits from jointly-controlled entities, SunWest International (Pty) Ltd and profits from associate Akhona GPI. Akhona GPI has been accounted for as an associate until 20 November 2013. From this date we obtained 100% control of this investment and accounted for it as a subsidiary

Overall profit from equity-accounted investments increased by 11.6% compared to the prior period. This is mainly due to the increase in SUnWest's net profit after tax. At the time of completing these results, Akhona GPI did not have consolidated group results. We therefore included the company results for the period.

4. Impairment

In terms of IAS 36: Impairment of Assets, an entity must determine whether there is any indication of impairment at each reporting date. IAS 36 requires assets to be impaired to the higher of fair value less cost to sell or value-in-use based on discounted cash flow valuations. No assets were impaired during the period.

The impairment in the June 2013 results related to certain LPMs that were no longer being used and regarded as obsolete.

5. Remeasurement of investment

IFRS 3R: Business Combinations requires that where an acquirer purchases its interest in an acquire in stages and this results in a change in control of the acquire, then the acquirer remeasures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R32.8 million relates to the remeasurement of GPI's previously held 59% interest in Akhona GPI and arose due to acquiring 100% of this investment. Refer to note 18.1

6. Gain on acquisition of investment

In terms of IFRS 3R: Business Combinations, whenever there is a change in a business combination, the fair value of the affected investment must be brought to account. A detailed fair value assessment of Akhona GPI was conducted at the time of this transaction. A R23.8 million gain on the acquisition of the investment adjustment has therefore been accounted for. Refer to note 18.1

7. Finance costs

Finance costs increased by 50.2% due to the additional term loan of R75 million obtained during the 2013 financial year used to finance the head office building purchased and development by the group.

8. Taxation

The tax charge in the statement of comprehensive income ins relatively low compared to the profit before tax, due to exempt income earned, permanent differences and assessed losses raised.

9. Headline earnings, headline earnings per share and adjusted headline earning per share

Headline earnings per share ("HEPS") for the six-month period ended December 2013 increased by 2%, while adjusted HEPS decreased by 5.8%. The main reason for the decrease when compared to the prior period, is the additional establishment costs incurred in Burger King®, which is consistent with the growth phase of a business.

	Unaudited 31 December 2013 6 Months R'000s	Unaudited 31 December 2012 6 Months R'000s	Audited 30 June 2013 12 Months R'000s
Headline earnings reconciliation			
Profit for the period attributable to ordinary shareholders	117 315	62 783	129 576
Non-controlling interest	3 596	–	1 957
Profit for the period attributable to ordinary shareholders	120 911	62 783	131 533
Remeasurement of investment	(32 842)	–	–
Gain on acquisition of investment	(23 843)	–	–
Impairment of plant and equipment	–	–	316
Loss on sale of property, plant and equipment	215	351	733
Adjustments by jointly controlled entities			
– Loss on disposal of plant and equipment	–	–	167
Tax effect on above	(60)	(98)	(252)
Headline and diluted headline earnings	64 381	63 036	132 497
Reversal of employee share trust	(108)	(75)	73
Reversal of transaction costs	4 292	9 904	9 904
Adjusted headline and diluted adjusted headline earnings	68 565	72 865	142 474
Reconciliation of the number of shares	**000's**	**000's**	**000's**
Shares in issue (before deducting treasury shares)	469 588	460 680	460 680
Shares in issue (after deducting treasury shares)	466 170	459 648	459 648
Weighted average number of shares in issue (before deducting treasury shares)	461 358	460 680	460 680
Adjusted weighted average number of shares in issue (after deducting treasury shares)	458 934	459 541	459 623
	Cents	**Cents**	**Cents**
Basic and diluted earnings per share	26.21	13.63	28.55
Headline and diluted headline earnings per share	13.95	13.68	28.76
Adjusted headline and diluted adjusted headline earnings per shares	14.94	15.86	31.00
Ordinary dividend per share#	15.00	12.50	12.50
Special dividend per share #	–	7.50	7.50

Final dividend declared and paid in respect of the previous financial year

10. Non-current assets

Increases in non-current assets are mainly due to the investment in land and buildings whereby the group acquired three additional buildings during the period, acquiring new generation LPMs and the establishment of Burger King ® stores. Furthermore the group's non-current assets increased by R169.1 million as a result of the business combination transaction concluded during the period. Refer to note 18.

11. Current assets

Current assets have decreased mainly as a result of a decrease in cash and cash equivalents. The group paid ordinary dividends of R69 million at the end of September 2013. Current assets for the period consist mainly of cash and cash equivalents of R254.9 million, trade and other receivables of R43 million, tax receivable of R16.4 million loans of R14.8 million and inventories of R2.8 million.

12. Increase in shares

During December 2013 8.9 million Ordinary GPI Shares to the value of R40 million were issued, which related to the purchase price for the Hot Slots transaction. In addition 2.5 million treasury shares were acquired at an average price of 431 cents per share in anticipation of the exercising of the options awarded to executives during October 2013.

13. Non-current liabilities

Non-current liabilities increased mainly due to the R75 million term loan from Sanlam Capital Markets ("SCM") during the 2013 financial year. Since year-end R11.7 million has been repaid in respect of term loans. No Capital amounts have been repaid on the cumulative redeemable preference shares due to the renegotiations, which were concluded during the prior year.

14. Current liabilities

Current liabilities mainly comprise trade and other payables of R94.3 million, the current portion of the term loans with SCM of R11.4 million, dividends payable of R9.9 million, and the current portion of finance leases of R0.3 million.

15. Cash generated from operations

The reconciliation of net profit for the period to cash generated by operations is as follows:

	Unaudited 31 December 2013 6 Months R'000s	Unaudited 31 December 2012 6 Months R'000s	Audited 30 June 2013 12 Months R'000s
Profit before tax	120 486	69 579	140 531
Depreciation and amortisation	22 922	17 499	36 130
Finance income	(7 122)	(3 070)	(6 216)
Finance Costs	10 375	6 907	14 603
Shares issued to employees	228	276	276
Loss on sale of plant and equipment	215	351	733
Profit on sale of investment	(98)	–	–
Share-based payment reserve	1 437	–	–
Dividends received	(4 243)	(7 164)	(12 215)
Profit from equity-accounted investments	(61 172)	(54 830)	(114 672)
Impairment of plant and equipment	–	–	–
Remeasurement of investment	(32 842)	–	–
Gain on acquisition of investment	(23 843)	–	–
Net cash generated from operations before working capital movements	26 343	29 548	59 486
(Increase)/decrease in inventories	(1 287)	136	533
(Increase)/decrease in trade and other receivable	(18 674)	5 237	(16 307)
Increase in trade and other payables	6 879	13 763	42 640
Net cash generated from operations	13 261	48 684	86 352

16. (Decrease)/increase in loans

Loans receivable recovered	120	2 805	4 518
Loans receivable advanced	–	–	(1 450)
Employee loans receivable recovered	1 039	1 692	120
Finance lease advanced	2 058	–	178
Finance lease repaid	(520)	(550)	(1 116)
Term loans received	–	–	75 000
Term loans repaid	(11 725)	(12 000)	(20 368)
	(9 028)	(8 053)	56 882

17. Cash acquired through business combinations

	Unaudited 31 December 2013 6 Months R'000s	Unaudited 31 December 2012 6 Months R'000s	Audited 30 June 2013 12 Months R'000s
Akhona GPI (refer to note 18.1)	4 672	–	–
Hot Slots (refer to note 18.3)	2 261	–	–
Grand Tech (refer to note 18.4)	1 258	–	–
	8 191	–	–

18. IFRS 3R – Business Combinations

18.1 Akhona GPI

During 2012 GPI made an offer to acquire the remaining 41% interest in Akhona GPI which GPI did not already own for R20.7 million. This offer was accepted on 25 May 2012.

On 20 November 2013 all conditions precedent were met and the deal was concluded.

18. IFRS 3R – Business Combinations *(continued)*

18.1 Akhona GPI *(continued)*

Akhona GPI owns a 24.9% stake in Dolcoast, which in turn owns 22.4% of Afrisun KZN (Pty) Ltd ("Sibaya Casino"). This investment will provide GPI with an effective 5.6% indirectly in Sibaya Casino.

GPI previously owned 59% economic interest in Akhona GPI this only translated into a 40% voting interest. GPI therefore accounted for this investment as an associate. As GPI now owns 100% of Akhona GPI, GPI will now consolidate this investment from the effective date of the acquisition.

IFRS 3R – Business Combinations requires that where an acquirer purchases its interest in an acquire in stages and this results in a change in control of the acquire, then the acquirer measures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R32.8 million relates to the remeasurement of its previously held 59% economic (40% voting stake) interest in Akhona GPI.

Akhona GPI's interest in Dolcoast has historically been recorded using the equity method, however in determining the fair value as required by IFRS 3R the sum of the parts valuation method was used. Discounted cash flows were used in order to obtain the fair value of Dolcoast. A discount rate of 15.8% and a growth rate of between 3% and 4% was used.

	R'000s
Investment in associate	119 302
Cash and cash equivalents	4 672
Deferred tax liability	(15 013)
Accounts and other payables	(120)
Total identifiable net assets at fair value	108 841
Fair value of existing equity interest	(64 216)
Gain on acquisition of investment	(23 843)
Purchase consideration	20 782
Purchase consideration made up as follows	
Cash paid in respect of acquisition	20 782
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	4 672
Cash paid in respect of acquisition	(20 782)
Net cash outflow	16 110

18.2 Zimele Slots

On 2 August 2013 GPI announced that the Mpumalanga Gambling Board ("MGB") had approved the transfer of the LPM Route Operator Licence held by Zimele Slots Mpumalanga (Pty) Ltd ("Zimele") to Grand Gaming Mpumalanga (Pty) Ltd ("GGM"), a wholly-owned subsidiary of GPI Slots. The licence is one of two issued in the province where a maximum of 2 000 LPMs may be rolled out. The acquisition became unconditional on 17 July 2013 when the MGB approved the acquisition and transfer of the route operator licence resulting in GGM formally gaining control of the business on 18 July 2013. The purchase price for Zimele was R6.75 million.

Included in revenue and profit for the period is R1.9 million and a loss after tax of R0.8 million respectively since Zimele became a subsidiary.

As per IFRS 3R the acquirer, GGM is required to identify all the assets purchased and liabilities assumed and to recognise these items, separately from goodwill, at the fair value at the acquisition date. The only tangible assets acquired were the assets as defined per the agreement, which mostly consisted of property, plant and equipment. As for intangible assets the route operator licence and site operator licences were identified as intangible assets. No other intangible assets have been identified.

Intangible assets	**R'000s**
– Route Operator licence	4 422
– Site Operator licences	414
Property, plant and equipment	554
Deferred tax liability	(1 509)
Total identifiable net assets at fair value	3 881
Goodwill	2 869
Purchase consideration	6 750
Purchase consideration made up as follows	
Cash paid in respect of acquisition	6 750
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	–
Cash paid in respect of acquisition	(6 750)
Net cash outflow	(6 750)

18. IFRS 3R – Business Combinations *(continued)*

18.3 Hot Slots

On 2 August 2013 GPI announced that, through its 100% held subsidiary GPI Slots, it has entered into an agreement to acquire 100% of the issued share capital and loan accounts in Grand Gaming Hotslots (Pty) Ltd (previously Bohwa 1 Gaming (Pty) Ltd) ("Hot Slots").

Hot Slots is licensed as a route operator in Gauteng to operate 1 000 LPMs. The agreement was subject to the fulfilment of certain conditions precedent, including the approval of the transaction by the Gauteng Gambling Board ("GGB") and GPI Shareholder approval. GGB approval was obtained on 3 December 2013 and GPI Shareholder approval was obtained on 11 December 2013. In terms of the agreement the effective date of the deal was 17 December 2013. GPI Slots acquired Hot Slots for R65 million. A portion of the purchase price was settled by way of issuing GPI shares to the value of R40 million.

Included in revenue and profit for the period is R2.4 million and R0.6 million respectively since Hot Slots became a subsidiary.

As per IFRS 3R the acquirer, GPI Slots is required to identify all the assets purchased and liabilities assumed and to recognise these items, separately from goodwill, at the fair value at the acquisition date. As for intangible assets the route operator licence, site operator licence, brand and trademarks were identified as intangible assets. No other intangible assets have been identified.

Intangibles	**R'000s**
– Route Operator Licence	16 163
– Site operator licences	542
– Branding and trademarks	10 977
– Site establishments	320
Property, plant and equipment	14 080
Trade and other receivables	2 704
Cash and cash equivalents	2 261
	47 047
Deferred tax liabilities	(7 751)
Loan to holding company	(92 042)
Trade and other payables	(6 381)
	106 174
Total identifiable net assets at fair value	(59 127)
Goodwill	32 085
Loans acquired	92 042
Purchase consideration	65 000
Purchase consideration made up as follows	
Cash paid in respect of acquisition	25 000
Shares issued	40 000
	65 000
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	2 261
Cash paid in respect of acquisition	(25 000)
Net cash outflow	(22 739)

18. IFRS 3R – Business Combinations *(continued)*

18.4 Grand Technology

On 1 July 2013 Grand Capital Investment Holding (Pty) Ltd ("GCI") acquired an 85% interest in Grand Technology (Pty) Ltd ("Grand Tech"). This acquisition is part of the group's stated objective of investing in its own Information Technology infrastructure.

	R'000s
Property, plant and equipment	2 281
Trade and other receivables	1 386
Cash and cash equivalents	1 258
	4 925
Loans	(1 450)
Trade and other payables	(3 918)
	(5 368)
Total identifiable net assets at fair value	(443)
Positive goodwill	376
Non-controlling interest	67
Purchase consideration	–
Purchase consideration made up as follows	
Cash paid in respect of acquisition	–
Analysis of cash flows on acquisition	
Net cash acquired on acquisition	1 258
Cash paid in respect of acquisition	–
Net cash out flows	1 258

19. Options granted to executives

In order to align key employee remuneration goals with that of the creation of shareholder wealth, 20.2 million options were awarded to key personnel, which included the executive directors on 9 October 2013. These options will vest in 4 annual tranches starting from 30 August 2015. Participants have a 180 day period from the respective strike dates during which options can be exercised. A total of R1.4 million has been expensed in the statement of comprehensive income in profit or loss in this regard.

REVIEW OF OPERATIONS
For the six months ended 31 December 2013

Casino group
SunWest
SunWest consists of GrandWest Casino and the Table Bay Hotel

GrandWest's revenue increased by 7.6% when compared to the prior period and its EBITDA increased by 4.8% to R408 million (R389.4 million). Even though the absolute EBITDA value increased, the EBITDA % decreased by 0.9% to 40.8%. This was exclusively due to an increase of 2% in the gaming taxes. These increases translated into a 4.9% increase in profit after tax to R248.7 million (R237 million). As our anchor investment we are very pleased with the results for the period and acknowledge the effort that GrandWest's management team have put in to achieve these results.

The Table Bay Hotel incurred a R14.3 million loss after tax for the period (R26.9 million loss after tax). The loss for the period is 46.8% lower than the loss reflected in the prior period. The current period EBITDA of R21.9 million is 267% higher than that of the prior period and most encouragingly the revenue of R107.9 million (R77.4 million) has increased by 39.3% compared to the prior period.

Golden Valley Casino
Golden Valley Casino's revenue increased by 5% to R69.6 million (R66.3 million). Its EBITDA however decreased by 35.5% to R9.4 million (R14.5 million) and its EBITDA percentage decreased by 8.5% to 13.4% (21.9%). These decreases resulted in a loss after tax of R2.5 million (R0.2 million loss after tax).

Akhona GPI
GPI Acquired the remaining 41% of Akhona GPI on 20 November 2013 and in so doing became the 100% owners of this entity. At the time of writing these results, we have not received any group consolidated accounts from Akhona GPI. Akhona GPI did not equity account its investment in Dolcoast due to the information not being available at the time. We therefore included the company results for the period.

Slots Group
The group now owns and operates a total of 5 LPM gaming licences in South Africa since the acquisition of Hot Slots. Together with our other four licences namely; Grandslots, Kingdomslots, Grand Gaming Mpumalanga and Grand Gaming Gauteng, the group now has access to a possible 5 000 LPMs.

GRAND PARADE INVESTMENTS LIMITED

REVIEW OF OPERATIONS *(continued)*

for the six months ended 31 December 2013

We continue to explore LPM expansion opportunities in South Africa and abroad, with new and existing bingo licences being pursued in the rest of the country.

	Revenue Unaudited 31 December 2013 6 Months R'000s	Revenue Unaudited 31 December 2012 6 Months R'000s	Revenue Audited 30 June 2013 12 Months R'000s
Gaming revenue			
– Grandslots	160 413	139 830	281 107
– Kingdomslots	84 823	71 306	142 817
– Grand Gaming: Gauteng	24 839	19 092	39 425
– Grand Gaming Mpumalanga	1 983	–	–
– Grand Gaming Hot Slots	2 452	–	–
Gross Gaming Revenue	274 510	230 228	463 349
– Other gaming revenue	5 343	3 545	8 458
	279 853	233 773	471 807

CONTINGENT LIABILITIES

On 2 April 2013 SARS levied an additional assessment of R16.4 million against GPI. An objection has been lodged. SARS has advised the matter to an Alternative Dispute Resolution ("ADR") hearing which is scheduled for 24 March 2014.

The group has not recognised a provision for this disputed penalty as it considers the risk of financial outflow as 'possible' and therefore does not meet the definition of a provision under IAS 37 – Provisions, contingent liabilities and contingent assets.

RELATED PARTY TRANSACTIONS

The group, in the ordinary course of business, entered into various transactions with related parties. Any intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the group as presented.

DIVIDENDS

A final ordinary dividend of 15 cents per share (2012: 12.5 cents per share) was paid in September 2013.

SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date.

DIRECTORATE

Walter Geach was appointed to the board of directors as a non-executive director on 18 September 2013.

PROSPECTS

GPI has had a very successful and exciting 6 months. The group continue to attract a lot of interest from all spheres of the investment market and we have to take heed of this new-found level of excitement around GPI. Opportunities abound and we have to consider how we focus our thinking so that we extract the best possible outcome for all stakeholders. GPI is in a unique space where we have demonstrated our ability to operate certain assets, exert significant influence on others and to venture into completely new territory with confidence gained from these experiences and the energy that permeates our management team. Our investment philosophy demonstrates this and we have quite a few new developments pending which we will pursue to take us on this path.

For and on behalf of the board

H Adams
Executive Chairman
21 February 2014

A Keet
Chief Executive Officer
21 February 2014

Prepared by: Financial Director, S Petersen, CA(SA)
25 February 2014

HISTORICAL FINANCIAL INFORMATION OF SUNWEST FOR THE FINANCIAL YEARS ENDED 30 JUNE 2013, 30 JUNE 2012 AND 30 JUNE 2011 AS EXTRACTED FROM THE FINANCIAL INFORMATION OF SUI

GPI is a minority Shareholder (25.1%) of SunWest and SUI is the controlling shareholder. SUI has taken the view that the information contained in this Circular should be presented materially on the same basis as presented to SUI shareholders in SUI's annual financial statements for the years ended 30 June 2011, 2012 and 2013 and the interim financial statements for the six months ended 31 December 2013. Therefore the historical financial information of SunWest has been correctly extracted from the published unaudited interim financial results of SUI for the six month period ended 31 December 2013 and the integrated annual report of SUI for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013. This extracted historical information is the responsibility of the directors of GPI.

SUNWEST – GrandWest & Table Bay

GrandWest

R'm	For 6 months ending 31 December 2013	For 12 months ending 30 June 2013	For 12 months ending 30 June 2012	For 12 months ending 30 June 2011
Revenue	999	1 866	1 779	1 648
EBITDA	408	789	746	625
Operating profit	356	691	607	493
Assets	–[1]	1 164	1 184	1 249
Borrowings	–[2]	380	303	382
Liabilities	–[1]	177	171	148
Depreciation and amortisation	–[1]	94	134	121
Capital expenditure	–[1]	68	54	57

Note:

1. No information disclosed by Sun International; and
2. Total borrowings of R855 million for GrandWest and Table Bay combined have been disclosed in unaudited financial results of SUI for the 6 month period ended 31 December 2013.

Operational Review extracted from unaudited financial results of SUI for the 6 month period ended 31 December 2013

GrandWest revenue was 8% ahead of last year at R999 million with the local economy benefitting from the increased tourism spend in Cape Town. EBITDA at R408 million was 5% up with the EBITDA margin declining 0.9% to 40.8% due to a 2% increase in gaming levies effective from 1 September 2013, which resulted in an additional cost of R12 million.

SUI continues to engage with the authorities and assist them with any information that they require to make an informed decision regarding GrandWest's exclusivity. There is still no clarity as to the process that they will follow. SUI remains of the view, which is based on our extensive database of guests derived from 12 years of operating in the region, that there is no significant untapped gaming revenue in the Cape metropole. The untapped gaming revenue that exists is found in geographically fragmented areas which cannot be accessed or serviced by a single new casino – and is certainly nothing that could justify the establishment of another large casino in the catchment area of the City, which is already being well serviced by GrandWest.

Operational Review extracted from integrated annual report of SUI for the year ended 30 June 2013

GrandWest revenue was 5% ahead of last year at R1 866 million. As a result of good cost control the EBITDA margin improved to 42.3% and EBITDA increased 6% to R789 million. The proposed 2% increase in gaming tax, as announced by the Western Cape legislature in the budget speech earlier this year, was introduced with effect from 1 September 2013.

GrandWest is the only casino in the Cape Metropole and as such has been right-sized to service this market. It has been highly successful and today this property is the single largest contributor to Group revenue and profit. GrandWest's 10-year Cape Metropole casino licence exclusivity expired in December 2010 and since then, Sun International has been engaging with the Western Cape Provincial Government on securing a further exclusivity agreement. There is currently some debate as to whether a second licence should be permitted to relocate from elsewhere in the Western Cape into the Metropole. The other licences in the province are held by a competitor (three properties) and ourselves (Golden Valley). Based on our extensive database of guests, derived from 12 years of operating in the region, as well as the recent low revenue growth experienced at GrandWest, Sun International believes that there is no potential for significant additional gaming revenue in the region to justify establishing another large casino in the catchment area of the city. There have been no further developments in the amendment of regional licence allocation policy and legislation to make an additional licence available in the Cape Metropole region (which in itself will require a public consultation process).

Table Bay

R'm	For 6 months ending 31 December 2013	For 12 months ending 30 June 2013	For 12 months ending 30 June 2012	For 12 months ending 30 June 2011
Revenue	108	181	153	160
EBITDA	22	22	7	27
Operating profit	10	2	(14)	2
Assets	–[1]	102	103	115
Borrowings	–[2]	344	420	333
Liabilities	–[1]	31	16	14
Depreciation and amortisation	–[1]	11	16	17
Capital expenditure	–[1]	12	8	6

Note:

1. No information disclosed by SUI; and
2. Total borrowings of R855 million for GrandWest and Table Bay have been disclosed in unaudited financial results of Sun International for the 6 month period ended 31 December 2013.

Operational Review extracted from unaudited financial results of SUI for the 6 month period ended 31 December 2013

Table Bay Hotel had an exceptional six months with revenue 40% ahead of last year at R108 million and EBITDA 267% up at R22 million. The occupancy and ADR increased 17.2% and 4.5% respectively. International room nights sold (75% of total room nights sold) increased by 43% and local room nights sold increased by 31%. The weakening Rand continues to benefit the property in relation to the international tourism sector.

Operational Review extracted from integrated annual report of SUI for the year ended 30 June 2013

The Table Bay achieved good revenue growth on last year although occupancies still remain low due to the oversupply of inventory in the Cape Town market. ADR increased as a result of higher room nights sold in the free independent traveller (FIT) and sports and promotion markets. Revenue of R181 million was 18% ahead of last year resulting in EBITDA of R22 million (2012: R7 million).

HISTORICAL FINANCIAL INFORMATION OF WORCESTER FOR THE FINANCIAL YEARS ENDED 30 JUNE 2013, 30 JUNE 2012 AND 30 JUNE 2011 AS EXTRACTED FROM THE FINANCIAL INFORMATION OF SUI

GPI is a minority Shareholder (25.1%) of Worcester and SUI is the controlling shareholder. SUI has taken the view that the information contained in this Circular should be presented materially on the same basis as presented to SUI shareholders in SUI's annual financial statements for the years ended 30 June 2011, 2012 and 2013 and the interim financial statements for the six months ended 31 December 2013. Therefore the historical financial information of Worcester has been correctly extracted from the published unaudited interim financial results of SUI for the six month period ended 31 December 2013 and the integrated annual report of SUI for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013. This extracted historical information is the responsibility of the directors of GPI.

WORCESTER – Golden Valley

R'm	For 6 months ending 31 December 2013	For 12 months ending 30 June 2013	For 12 months ending 30 June 2012	For 12 months ending 30 June 2011
Revenue	70	128	128	119
EBITDA	9	28	33	31
Operating profit	2	14	16	11
Assets	–[1]	179	185	195
Borrowings	134	135	142	143
Liabilities	–[1]	17	19	29
Depreciation and amortisation	–[1]	14	17	18
Capital expenditure	–[1]	8	8	10

Note:

1. No information disclosed by SUI.

No operational review information on Worcester has historically been disclosed by Sun International.

HISTORICAL FINANCIAL INFORMATION OF DOLCOAST FOR THE FINANCIAL YEARS ENDED 30 JUNE 2013, 30 JUNE 2012, 30 JUNE 2011 AS EXTRACTED FROM THE FINANCIAL INFORMATION OF GPI

GPI is a minority Shareholder (24.9%) of Dolcoast and CBF Leisure Investments Limited is the controlling shareholder. The remaining shareholders of Dolcoast are considering following their pre-emptive rights triggered by the offer made to GPI by SUI and therefore do not want the historical information of Dolcoast published in this Circular. Therefore the historical financial information of Dolcoast has been correctly extracted from the published unaudited interim financial results of GPI for the six month period ended 31 December 2013 and the integrated annual report of GPI for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013. This extracted historical information is the responsibility of the directors of GPI.

Company description extracted from integrated annual report of GPI for the year ended 30 June 2013

GPI holds a 59% economic interest in Akhona Gaming Portfolio Investments (Pty) Ltd (Akhona GPI). Akhona GPI owns 24.9% interest in Dolcoast Investments (Pty) Ltd (Dolcoast) which in turn owns 22.4% stake in Sibaya Casino.

Financial Director's Statements extracted from integrated annual report of GPI for the year ended 30 June 2013

At the time of writing these results we have not received any Group consolidated accounts from Akhona GPI. Akhona GPI did not equity account its investment in Dolcoast Investments (Pty) Ltd (Dolcoast) due to the information not being available at this time. Akhona GPI recognised R4.2 million as its share of equity accounted profit from Dolcoast during the prior year,which is the same amount we included in the current year.

Notes to the financial statements extracted from the unaudited interim report of GPI for the six months ended 31 December 2013

1. Revenue

The dividend income for the current period consists off R1.7 million (R5.9 million) from the Grindrod preference shares, R0.3 million (R0.4 million) from the National Manco and R2.2 million from Akhona Gaming Portfolio Investments (Pty) Ltd ("Akhona GPI") as the Akhona GPI consolidated group accounts was not available at the time of these results. The amount relates to the dividend received from Dolcoast Investments (Pty) Ltd ("Dolcoast") and which has not been eliminated on consolidation of Akhona GPI. The prior period dividends received included R0.9 million from Winelands Manco.

18. IFRS 3R – Business Combinations

18.1 Akhona GPI

During 2012 GPI made an offer to acquire the remaining 41% interest in Akhona GPI which GPI did not already own for R20.7 million. This offer was accepted on 25 May 2012.

On 20 November 2013 all conditions precedent were met and the deal was concluded.

Akhona GPI owns a 24.9% stake in Dolcoast, which in turn owns 22.4% of Afrisun KZN (Pty) Ltd ("Sibaya Casino"). This investment will provide GPI with an effective 5.6% indirectly in Sibaya Casino.

GPI previously owned 59% economic interest in Akhona GPI this only translated into a 40% voting interest. GPI therefore accounted for this investment as an associate. As GPI now owns 100% of Akhona GPI, GPI will now consolidate this investment from the effective date of the acquisition.

IFRS 3R – Business Combinations requires that where an acquirer purchases its interest in an acquire in stages and this results in a change in control of the acquire, then the acquirer measures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R32.8 million relates to the remeasurement of its previously held 59% economic (40% voting stake) interest in Akhona GPI.

Akhona GPI's interest in Dolcoast has historically been recorded using the equity method, however in determining the fair value as required by IFRS 3R the sum of the parts valuation method was used. Discounted cash flows were used in order to obtain the fair value of Dolcoast. A discount rate of 15.8% and a growth rate of between 3% and 4% was used.

Review of operations extracted from the unaudited interim report of GPI for the six months ended 31 December 2013

Akhona GPI

GPI Acquired the remaining 41% of Akhona GPI on 20 November 2013 and in so doing became the 100% owners of this entity. At the time of writing these results, we have not received any group consolidated accounts from Akhona GPI . Akhona GPI did not equity account its investment in Dolcoast due to the information not being available at the time. We therefore included the company results for the period.

Due to the fact that Dolcoast is an investment held by an associate company of GPI, the primary focus of the disclosure in the Integrated Annual Reports has been around Akhona GPI/Grand Casino Investments.

HISTORICAL FINANCIAL INFORMATION OF GPI SLOTS GROUP FOR THE FINANCIAL YEARS ENDED 30 JUNE 2013, 30 JUNE 2012, 30 JUNE 2011

GPI SLOTS (PTY) LTD
DIRECTORS' REPORT
for the year ended 30 June 2013

DIRECTORS' RESPONSIBILITY

This historical information is the responsibility of the directors of GPI Slots and has been correctly extracted from the annual financial statements for the years ended 30 June 2011, 30 June 2012 and 30 June 2013. The annual financial statements for the years ended 30 June 2011, 30 June 2012 and 30 June 2013 are available for inspection at the registered office of the Company.

EARNINGS

The results of the group and company are set out in the consolidated statements of comprehensive income.

DIVIDENDS

No dividend was declared for the current year (2012: RNil and 2011: RNil).

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENT

A summary of the operating subsidiaries' performance for the year is set out below.

Grand Gaming Western Cape Proprietary Limited ("Grandslots")

Grandslots achieved a 12.6% increase in revenue from last year to R281.1 million (2012: R249.6 million and 2011: R213.6 million). At year-end Grandslots had 854 LPMs (2012: 873 LPMs and 2011:891 LPMs) out of the 1 618 (2012: 1 611 and 2011: 1 676) operating LPMs in the Western Cape.

Grand Gaming KwaZulu-Natal Proprietary Limited ("Kingdomslots")

Kingdomslots achieved a 19.7% increase in revenue from last year to R142.8 million (2012: R119.3 million and 2011: R99.6 million). At year-end Kingdomslots had 836 LPMs (2012: 708 LPMs and 2011: 695 LPMs) out of the 2 123 (2012: 1 996 and 2011: 1 908) operating LPMs in KwaZulu-Natal.

Grand Gaming Gauteng Proprietary Limited ("Grand Gaming Slots")

Grand Gaming Slots which is still in its infancy stage generated revenue of R39.4 million (2012: R26.7 million and 2011: R3 million). At year-end Grand Gaming: Slots had 229 LPMs (2012:203 LPMs and 2011: 141 LPMs) out of the 1 388 operating LPMs in Gauteng.

SUBSIDIARIES

At year-end the group consisted of GPI and its wholly-owned subsidiaries as listed below:

	Ordinary share capital and premium			**Percentage held**			**Profit/(loss) after tax**		
Direct subsidiary companies	**2013 R'000s**	2012 R'000s	2011 R'000s	**2013 %**	2012 %	2011 %	**2013 R'000s**	2012 R'000s	2011 R'000s
Grandslots	**10**	10	10	**100**	100	100	**33 195**	29 419	23 906
Kingdomslots	**10**	10	10	**100**	100	100	**7 497**	3 328	541
Grand Gaming Slots	**1**	1	1	**69**	69	100	**(32)**	(15 060)	121
Thuo Gaming Mpumalanga Proprietary Limited#	*****	*	*	**100**	100	100	**(134)**	(670)	(49)
Thuo Gaming Free State Proprietary Limited#	*****	*	*	**100**	100	100	**(23)**	(32)	(1 674)
Thuo Gaming North West Proprietary Limited#	*****	*	*	**100**	100	100	**(19)**	(38)	(53)

* The issued share capital for these companies is less than R1 000.

These companies have been registered in preparation for the possibility of securing LPM route operator licences.

Grandslots

The company is engaged in the operation of an electronic gaming machine route operation network in the Western Cape and related activities insofar as the relevant laws permit.

Kingdomslots

The company is engaged in the operation of an electronic gaming machine route operation network in KwaZulu-Natal and related activities insofar as the relevant laws permit.

Grand Gaming Slots

The company is engaged in the operation of an electronic gaming machine route operation network in Gauteng and related activities insofar as the relevant laws permit.

SUBSEQUENT EVENTS

On 1 July 2013 GPI Slots acquired the full share capital of GPI Management Services Proprietary Limited from GPI Limited via a share for share transaction. GPI Slots issued 1 (one) additional share to GPI Limited for R 2 000 100 in return for the full share capital of GPI Management Services. Prior to the acquisition, GPI Management Services owned all the LPMs in the GPI Limited Group and rented these LPMs to the operating subsidiaries of GPI Slots via operating leases. On 1 July 2013, subsequent to the GPI Slots acquisition, GPI Management Services sold the LPMs, to the operating subsidiaries of GPI Slots and cancelled the related operating leases. GPI Management Services was also renamed Slots Shared Services.

On the 17 July 2013 all the conditions precedent in respect of the purchase of the route operator licence and site operator licences of Zimele Slots Proprietary Limited (Zimele) in Mpumalanga, were fulfilled. Grand Gaming Mpumalanga Proprietary Limited acquired the net assets of Zimele for R6.75 million.

On the 17 December 2013 all the conditions precedent in respect of the purchase of Grand Gaming Hotslots Proprietary Limited (previously Bohwa 1 Gaming Proprietary Limited), trading as Hot Slots was fulfilled. GPI Slots Proprietary Limited acquired the full share capital of Grand Gaming Hotslots Proprietary Limited, trading as Hot Slots for R62 million.

On 4th March 2014 GPI Slots concluded an agreement with Mion Gaming and Leisure Proprietary Limited and Gold Circle and Mion Community Trust to acquire the full share capital of Gold Circle KwaZulu-Natal Slots Proprietary Limited, trading as KZN Slots, for R 79 million. The fulfilment of the sale is subject to certain conditions precedent which includes the approval of the transaction by the KZN Gambling Board. The board of directors expect the transaction will become unconditional during July 2014.

Subsequent to the financial year end, the board has approved the acquisition of GPI Management Services Proprietary Limited which will become a subsidiary of GPI Slots Proprietary Limited. The directors has considered the impact of this transaction on the results and considered it to be a non-adjusting event. There no other matters which may be material to the financial affairs of the company that has occurred between the statement of financial position date and the date of approval of the financial statements.

GPI SLOTS (PTY) LTD

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

		GROUP			COMPANY		
		2013	2012	2011	**2013**	2012	2011
	Note	**R'000s**	R'000s	R'000s	**R'000s**	R'000s	R'000s
Revenue	3	470 760	403 583	322 222	40 000	26 000	89 792
Cost of Sales		(272 881)	(231 248)	(184 343)	–	–	–
Gross Profit		197 879	172 335	137 879	40 000	26 000	89 792
Operating costs		(136 100)	(124 120)	(100 155)	464	(1 419)	(7 744)
Profit from operations		61 779	48 215	37 724	40 464	24 581	82 048
Impairment of investments		–	–	–	–	–	(108 487)
Depreciation	10	(14 060)	(13 478)	(11 961)	–	–	–
Amortisation	11	(1 828)	(2 184)	(1 334)	–	–	–
Profit/(loss) before finance costs and taxation	4	45 891	32 553	24 429	40 464	24 581	(26 439)
Finance income	5	2 956	1 500	1 443	1 698	295	23
Finance costs	5	(119)	(195)	(844)	–	–	(717)
Profit/(loss) before taxation		48 728	33 858	25 028	42 162	24 876	(27 133)
Taxation	6	(6 872)	(16 924)	(6 259)	(80)	(80)	1 421
Profit/(loss) for the year		41 856	16 934	18 769	42 082	24 796	(25 712)
Other comprehensive income							
Realisation of fair value reserve		–	–	–	–	–	–
Total comprehensive income/ (loss) for the year		41 856	16 934	18 769	42 082	24 796	(25 712)
Profit/(loss) for the year attributable to:							
Ordinary shareholders		44 038	18 027	18 399	42 802	24 796	(25 712)
Non-controlling interest		(2 182)	(1 093)	370	–	–	–
		41 856	16 934	18 769	42 082	24 796	(25 712)
Total comprehensive income/ (loss) attributable to:							
Ordinary shareholders		44 038	18 027	18 399	42 082	24 796	(25 712)
Non-controlling interest		(2 182)	(1 093)	370	–	–	–
		41 856	16 934	18 769	42 082	24 796	(25 712)
Headline Earnings Reconciliation							
Profit/(loss) for the year		41 856	16 934	18 769	42 802	24 769	(25 712)
Add back: Non-controlling interest		2 182	1 093	(370)	–	–	–
Basic Earnings attributable to ordinary shareholders		44 038	18 027	18 399	42 802	24 769	(25 712)
Impairment/(reversal of impairment) of loan		–	217	–	(697)	217	–
Impairment of investment		–	–	–	–	–	108 487
Loss on sale of property, plant and equipment		733	450	290	–	–	–
Tax effect on above		(205)	(126)	(81)	–	–	–
Headline earnings		44 566	18 568	18 608	42 105	24 986	82 775

	Number of Shares	Number of Shares	Number of Shares	**Number of Shares**	Number of Shares	Number of Shares
Shares in issue	100	100	100	100	100	100
Weighted number of shares in issue	100	100	100	100	100	100

	Cents	Cents	Cents	**Cents**	Cents	Cents
Basic and diluted earnings/ (loss) per share	44 038 000	18 027 000	18 399 000	42 802 000	24 769 000	(25 712 000)
Headline and diluted headline earnings per share	44 566 000	18 568 000	18 608 000	42 105 000	24 986 000	82 775 000
Dividends per share	–	–	–	–	–	–

GPI SLOTS (PTY) LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2013

		COMPANY			COMPANY		
		2013	2012	2011	**2013**	2012	2011
	Note	**R'000s**	R'000s	R'000s	**R'000s**	R'000s	R'000s
ASSETS							
Non-current assets		252 158	229 497	236 038	39 225	19 388	18 535
Investments in subsidiaries	8	–	–	–	18 530	18 530	18 528
Loans receivable	16	613	858	–	613	858	–
Preference share investment	9	20 082	–	–	20 082	–	–
Goodwill	12	128 079	128 079	128 052	–	–	–
Property, plant and equipment	10	32 184	35 048	37 823	–	–	–
Intangible assets	11	53 464	54 381	53 717	–	–	–
Deferred tax assets	6	17 736	11 131	16 446	–	–	7
Current assets		52 560	52 640	47 581	106 186	125 983	107 270
Inventories	13	1 234	2 065	2 048	–	–	–
Trade and other receivables	14	34 263	25 161	18 822	34	66	11
Loans receivable	16	1 595	176	–	245	176	–
Related party loans	15	16	7	–	101 403	115 782	104 484
Cash and cash equivalents	17	15 406	25 186	26 088	4 462	9 914	2 775
Income tax receivable	24.1	46	45	623	42	45	–
Total assets		304 718	282 137	283 619	145 411	145 371	125 805
EQUITY AND LIABILITIES							
Capital and reserves							
Ordinary share capital and premium	18	–	–	–	–	–	–
Accumulated profit/(loss)		145 957	101 919	83 892	43 889	1 807	(22 991)
Shareholders' interest		145 957	101 919	83 892	43 889	1 807	(22 991)
Non-controlling interest		(3 275)	(1 093)	–	–	–	–
Total equity		142 682	100 826	83 892	43 889	1 807	(22 991)
Non-current liabilities		10 082	10 278	11 171	1 042	1 064	1 064
Finance lease liabilities	19	244	681	1 500	–	–	–
Deferred tax liabilities	6	9 398	9 474	9 575	1 042	1 064	1 064
Provisions	20	440	123	96	–	–	–
Current liabilities		151 954	171 033	188 556	100 480	142 500	147 732
Trade and other payables	21	29 157	25 112	38 569	153	173	254
Provisions	20	2 316	1 947	1 572	–	–	–
Related party loans	15	119 075	142 327	147 478	100 327	142 327	147 478
Finance lease liabilities	19	634	1 134	937	–	–	–
Taxation	24.1	772	513	–	–	–	–
Total equity and liabilities		304 718	282 137	283 619	145 411	145 371	125 805

	Cents	Cents	Cents	**Cents**	Cents	Cents
Net Asset Value per Share	142 682 000	100 826 000	83 892 000	43 889 000	1 807 000	(22 991 000)
Tangible Net Asset Value per share	(38 861000)	(81 634 000)	(97 877 000)	43 889 000	1 807 000	(22 991 000)

GPI SLOTS (PTY) LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

GROUP	Ordinary share capital R'000s	Accumulated profits R'000s	Total R'000s	Non-controlling interest R'000s	Total equity R'000s
Balance at 30 June 2010	*	**45 210**	**45 210**	**19 913**	**65 123**
Total comprehensive income for the year	–	18 399	18 399	370	18 769
Acquisition of non-controlling interest	–	20 283	20 283	(20 283)	–
Balance at 30 June 2011	*	**83 892**	**83 892**	**–**	**83 892**
Total comprehensive income/(loss) for the year	–	18 027	18 027	(1 093)	16 934
Balance at 30 June 2012	*	**101 919**	**101 919**	**(1 093)**	**100 826**
Total comprehensive income/(loss) for the year	–	44 038	44 038	(2 182)	41 856
Balance at 30 June 2013	*	**145 957**	**145 957**	**(3 275)**	**142 682**

COMPANY	Ordinary share capital R'000s	Accumulated profits R'000s	Total Equity R'000s
Balance at 30 June 2010	*	**2 721**	**2 721**
Total comprehensive income/(loss) for the year	–	(25 712)	(25 712)
Balance at 30 June 2011	*	**(22 991)**	**(22 991)**
Total comprehensive income/(loss) for the year	–	24 796	24 796
Balance at 30 June 2012	*	**1 807**	**1 807**
Total comprehensive income/(loss) for the year	–	42 082	42 082
Balance at 30 June 2013	*	**43 889**	**43 889**

** Amount is less than R1 000.*

GPI SLOTS (PTY) LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

		GROUP			COMPANY		
		2013	2012	2011	**2013**	2012	2011
	Note	**R'000s**	R'000s	R'000s	**R'000s**	R'000s	R'000s
Cash flows from operating activities							
Profit/(loss) before taxation		48 728	33 858	25 028	42 162	24 876	(27 133)
Adjustments for:							
– Depreciation	4	14 060	13 478	11 961	–	–	–
– Amortisation	4	1 828	2 184	1 334	–	–	–
– Finance income – investment and operations	5	(2 956)	(1 500)	(1 443)	(1 698)	(282)	(23)
– Finance costs	5	119	195	844	–	–	717
– Dividends received	3	–	–	–	(40 000)	(26 000)	(89 247)
– Loss on sale of property, plant and equipment		733	450	290	–	–	–
– Profit/(loss) on sale of investments	4	–	217	–	(697)	217	–
– Impairment of investment		–	–	–	–	–	108 487
Operating cash flows before working capital changes		62 512	48 882	38 014	(233)	(1 189)	(7 199)
Decrease/(increase) in inventory		831	(17)	(1 107)	–	–	–
(Increase)/decrease in trade and other receivables		(9 102)	(6 339)	(6 750)	32	(54)	(11)
Increase/(decrease) in trade and other payables		4 730	(13 055)	(15 098)	(20)	(83)	(24 757)
Cash flows from operations		58 971	29 471	15 059	(221)	(1 326)	(31 967)
Income taxes paid	24.1	(13 295)	(10 618)	(9 104)	(99)	(117)	–
Finance income	5	1 623	1 500	1 443	365	282	23
Net cash inflow/(outflow) from operating activities		47 299	20 353	7 398	45	(1 161)	(31 944)
Cash flows from investing activities							
Acquisition of plant and equipment	10	(11 937)	(11 230)	(15 602)	–	–	–
Acquisition of intangibles	11	(911)	(2 867)	(2 504)	–	–	–
Consideration from disposal of assets		9	69	24	–	–	–
Net cash paid for business combination		–	–	(1 707)	–	–	–
Loans receivable repaid		175	–	–	175	–	–
Loans advanced		(1 350)	–	–	–	–	–
Investment in preference shares		(18 749)	–	–	(18 749)	–	–
Proceeds from the sale of investments		–	–	–	–	–	–
Dividends received	3	–	–	–	40 000	26 000	29 000
Net cash (outflow)/inflow from investing activities		(32 763)	(14 028)	(19 789)	21 426	26 000	29 000
Cash flows from financing activities							
Inter-group loans (repaid)/advanced		(23 260)	(5 154)	(2 047)	(26 923)	(14 071)	6 080
Loans advanced			(1 257)	(4 368)	–	(3 629)	–
Consideration from finance leases advanced		–	424	2 436	–		–
Repayment of finance leases		(937)	(1 045)	–	–	–	–
Finance costs		(119)	(195)	(844)	–	–	(717)
Net cash (outflow)/inflow from financing activities		(24 316)	(7 227)	(4 823)	(26 923)	(17 700)	5 363
Net (decrease)/increase in cash and cash equivalents		(9 780)	(902)	(17 214)	(5 452)	7 139	2 419
Cash and cash equivalents at the beginning of the year		25 186	26 088	43 302	9 914	2 775	356
Cash and cash equivalents at the end of the year	17	15 406	25 186	26 088	4 462	9 914	2 775

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, and as a going concern. The consolidated financial statements are presented in rands and all values are rounded to the nearest thousand (R'000s), except where otherwise indicated.

The accounting policies applied are consistent with those applied in the prior year, with the exception of the standards which are effective for the financial years beginning 1 July 2012, described in note 1.4 below.

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 assets or liabilities are treated as income or expense in profit and loss as appropriate.

1.2 Statement of compliance

The consolidated and separate financial statements are prepared in accordance with IFRS and Interpretations of those Standards as adopted by the International Accounting Standards Board, and in a manner required by the Companies Act in South Africa.

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 30 June 2013 and the year then ended.

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 when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income, expenses and unrealised profits and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

A change in the ownership interest of an existing subsidiary, without a loss of control, is accounted for as an equity transaction. If the group relinquishes control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- recognises the fair value of the consideration received;
- recognises the fair value of the investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained income as appropriate."

1.3 Basis of consolidation

a) Business combinations and goodwill

Business combinations from 1 July 2009
Business combinations are accounted for by using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Business combinations from 1 July 2009 (continued)
If a business combination is achieved in stages, the previously held equity interest is remeasured at acquisition date and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, that is a financial instrument within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value be recognised either in profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled in equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interest and the fair value of the existing interest prior to obtaining control over the net identifiable assets and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

b) Interest in jointly-controlled entities and associates

The group has interests in joint ventures which are classified as jointly-controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The contractual arrangement implies unanimous agreement for financial and operating decisions amongst the joint venturers.

The group also has investments in associates. An associate is an entity in which the group has significant influence.

The group recognises its interest in the jointly-controlled entities and associates using the equity method. The financial statements of the jointly-controlled entities and associates are prepared for the same reporting period as the parent company.

Under the equity method, the investments in the jointly-controlled entity and associates is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the jointly-controlled entity and associates. Goodwill relating to the jointly-controlled entity and associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Losses of a jointly-controlled entity and associate in excess of the group's interest in the jointly-controlled entity and associate (which includes any long-term interest that, in substance, forms part of the group's net investment in the jointly-controlled entity and associate) are not recognised unless the group has a legal or constructive obligation in respect of those jointly-controlled entities and associates. If the jointly-controlled entity and 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.

After application of the equity method, the group assesses whether there is any objective evidence that the investment in the jointly-controlled entities and associates is impaired. If any such indication exists, the entire carrying amount of the investment in the jointly-controlled entity and 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.

The group makes an assessment at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the investment in jointly-controlled entities' and associates' recoverable amount and reverses the impairment to the lower of the recoverable amount or carrying amount, that would have been determined had no impairment losses been recognised in prior periods. Such reversals are recognised in profit or loss.

The statement of comprehensive income reflects the share of the results of operations of jointly-controlled entities and associates. Where there has been a change recognised directly in the other comprehensive income or equity of the jointly-controlled entity or associate, the group recognises its share of any changes and discloses this, where applicable, in the statement of comprehensive income or in the statement of changes in equity.

Where a group entity transacts with a jointly-controlled entity or associate, unrealised profits and losses are eliminated to the extent of the group's interest in the jointly-controlled entity or associate. The jointly-controlled entity and associate is equity-accounted until the date on which the group ceases to have joint control or significant influence over the jointly-controlled entity or associate. Upon loss of significant influence or joint control over the associate or jointly-controlled entity, the group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate or jointly-controlled entity upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. Upon derecognition of the investment in a jointly-controlled entity or associate, previously recognised gains or losses in other comprehensive income will be released to profit and loss for the period.

1.4 New standards and interpretations adopted during the year

The accounting policies adopted by the group are consistent with those of the previous financial year, with the exception of the following applicable new and amended IFRS and IFRIC interpretations issued by the International Accounting Standards Board (IASB):

IAS 1: Presentation of Financial Statements (effective 1 July 2012)
The amendments to IAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss in the future would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are recognised in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit or loss in future periods.

IAS 12: Income Taxes: Amendment: Deferred Tax: Recovery of Underlying Assets (effective 1 January 2012)
Currently IAS 12: Income taxes, requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40: Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets and liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21: Income taxes – recovery of revalued non-depreciable assets, would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn. This amendment will have no impact on the Company.

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 the accompanying disclosure and the 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.

Estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year are described below. Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, as they involve assessments or decisions that are particularly complex or subjective, are discussed below.

Depreciation rates 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 value 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 10).

Deferred tax assets
Before any deferred tax asset is recognised, judgement coupled with estimates based on forecasts and budgets, is required to determine if the various companies showing deferred tax assets will make an appropriate level of taxable profit in the foreseeable future (refer to note 6). The critical assumptions and estimates used in the budgets and forecasts are: revenue growth percentages which are based on historical growth percentages and management's assessment of future growth; inflation which is based on research data obtained from local financial institutions and future capital expenditure requirements which is based on management's assessment of the level of expenditure required to support the revenue growth rates and future cash flow requirements.

Recoverable amount of goodwill and intangible assets with indefinite useful lives
The Group assesses the recoverable amount of all equity-accounted investments, intangible assets and cash-generating units that contain goodwill and intangible assets with an indefinite useful life when there is an indication that the asset's carrying value must be impaired.

Fair value less costs to sell is determined with reference to an active market price or a recent agreement of sale, where applicable.

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.

The value in use calculation is most sensitive to the following assumptions:

- discount rate; and
- growth rates used to forecast cash flows beyond the budgeted period

Discount rates – discount rates represent the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group and its operating segments as derived from its weighted average cost of capital (WACC). The WACC takes into account both equity and debt. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rates – the growth rates used to forecast cash flows beyond the budgeted period are based on management's assessment of the future growth rates, taking into consideration the historical and budgeted growth rates of each investment. Management also reviews published information related to the growth rates of companies in similar industries and markets as the group's investments to determine the appropriateness of the growth assumptions used.

Estimated impairment of intangible assets
The group tests goodwill for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Refer to note 12 for the estimates and assumptions used when testing goodwill for impairment.

The group also tests intangible assets with indefinite useful lives for impairment annually at the cash-generating unit level and when circumstances indicate that the carrying value may be impaired. Refer to note 12 for the estimates and assumptions used when testing intangible assets with infinite lives for impairment.

Net gaming win
The group regards the national VAT levied on net gaming win to be comparable with the gaming levies which are paid to provincial gaming boards. These are seen as direct costs of the group as they are borne entirely by the group and have no effect on gaming activities from the customer's perspective. In the gaming industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. It therefore follows that gambling institutions experience practical difficulties reflecting output tax separately from input tax. Accordingly, SARS allows gaming operations to account for VAT by applying the tax fraction to the net betting transaction. Any change in either the VAT rate or the provincial gaming levies would be absorbed by the group and would not be recouped from the customer. The group thus treats VAT and other taxes levied on gaming winnings as direct costs. These amounts are included in net gaming win and are treated as part of cost of sales.

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, with the exception of gaming taxes which are treated as a cost of sale. Revenue is recognised on the bases set out below:

Gross Gaming Revenue
Gross Gaming Revenue (GGR) comprises the net gaming win generated by gaming operations being the difference between total bets made and the amounts returned to players. Net gaming win is measured as the net cash received from gaming operations. Due to the short-term nature of the group's gaming operations, all income is recognised in profit and loss immediately, at fair value of the consideration received or receivable.

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

Interest income
Interest income is recognised in profit or loss 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 Cost of sales

Costs of sales comprise amounts directly related to GGR and include provincial gaming levies, monitoring fees, site commissions, VAT and contributions to the National Responsible Gambling Board (NRGB) and Corporate Social Investment (CSI) contributions. The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Provincial gaming levies
The provincial gaming levies are payable to the respective gambling boards in each province and are based on the monthly GGR generated by each entity. The levies range between 10% and 15% of the monthly GGR and are legislated in the provincial gambling acts.

Monitoring fees
Monitoring fees are payable to the national monitoring service provider elected by the National Gambling Board, Zonke Monitoring Systems Proprietary Limited. The monitoring fee is set at 6% of the monthly GGR generated by each entity.

Site Commissions
Site commissions comprise of the net amount paid to site owners based on the revenue share agreements with each site. The revenue share is based on the GGR generated by each site.

VAT
VAT and other taxes levied on gaming winnings are included in the net gaming win and are treated as direct costs as these are borne by the group and not the customers.

Contributions to the National Responsible Gambling board and Corporate Social Investment
Contributions to the NRGB and CSI are legislated by the respective Provincial Gambling Boards and the National Gambling Board and are determined as a percentage of GGR and/or profits.

1.8 Property, plant and equipment

Property, 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.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and accumulated impairment loss, if any. 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 profit or loss as incurred. Property, 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 prospectively if appropriate, at each reporting date.

Depreciation and impairment losses are included in profit or loss. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are included in profit or loss in the year that the asset is derecognised.

The useful lives are as follows:

Computer equipment	– 3 years
Leasehold improvements	– 4 to 10 years
Furniture and fittings	– 5 to 6 years
Owned plant and equipment	– 5 years
Gaming equipment	– 5 years
Site soft furnishings	– 5 to 10 years
Motor Vehicles	– 5 years

1.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets excluding capitalised development costs, are not capitalised and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Bid Costs and Licenses
Expenditure incurred by the group in applying for new gaming licences is capitalised up to the date that the group submits new licence applications to the relevant licensing authorities. These costs are only capitalised when it is probable that they will result in future economic benefits accruing to the group.

Bid cost and licenses are shown at historical cost and are tested for impairment annually. The costs associated with unsuccessful bid applications are written off as and when the related bids are determined to be unsuccessful.

Computer software costs
Computer software acquired separately is measured on initial recognition at cost. Following initial recognition computer software is carried at cost less any accumulated amortisation and accumulated impairment losses. Computer software is amortised over its useful economic life and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method for computer software is reviewed annually. The amortisation expense on computer software is recognised in profit and loss under the amortisation category.

Software	– 3 years

1.10 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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.

1.11 Financial instruments – initial recognition and subsequent measurement

i) Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as loans and receivables, held to maturity investments and available-for-sale investments. The group determines the classification on initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market-place (regular way trade) are recognised on the trade date, i.e. the date that the group commits to purchase or sell the asset. The group's financial assets includes cash and short-term deposits, trade and other receivables, loans and receivables and unquoted equity instruments (classified as available for sale).

Subsequent measurement
The subsequent measurement of financial assets depends on the classification as follows:

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. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents (including short-term deposits)
Cash and cash equivalents are measured at amortised cost and consist of cash on hand and balances at banks. Interest income on cash and cash equivalents are recognised using the effective interest rate method

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating costs. Collectability of trade receivables is reviewed on an ongoing basis and when a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating costs in profit or loss.

Derecognition
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.

When the group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuous involvement in the asset.

ii) Impairment of financial assets
The group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of assets is impaired.

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 profit and loss.

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

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (a) adverse changes in the payment status of borrowers in the portfolio; and
  (b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 statement of comprehensive income, to the extent that the carrying value of the asset does not exceed what the amortised cost would have been at the reversal date if no impairment loss was recognised in the past.

iii) Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. The groups financial liabilities include trade and other payables, loans and preference shares.

Subsequent measurement
The subsequent measurement of financial liabilities depends on the classification as follows:

Loans and borrowings
After initial recognition, interest-bearing borrowings and loans are subsequently measured at amortised cost using an effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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 statement of comprehensive income 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 statement of financial position. Related party loans are payable on demand and are classified as current liabilities in the statement of financial position.

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognised as a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

iv) Offsetting of financial assets and liabilities
Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously or settle on a net basis.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises consumables, spare parts, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and applicable variable marketing, selling and distribution expenses.

1.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised. All other borrowing costs are expensed in the period they occur.

1.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases where substantially all the risks and rewards associated with ownership have transferred from the lessor to the lessee. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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. Contingent rentals are recognised as incurred.

The group leases certain property, plant and equipment.

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 reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the profit or loss.

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 reporting 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 profit and loss when the related dividend is declared.

Dividend withholding tax
Effective 1 April 2012, STC is no longer payable. STC has been replaced by dividends withholding tax, which is a tax on the shareholders as oppose to the company.

The withholding tax payable is included as part of trade and other payables in the statement of financial position. The gross amount of dividends declared is accounted for in equity.

1.16 Dividends payable

Dividends payable and the related taxation or withholding tax 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 reporting date as no liability exists.

1.17 Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave that are due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts that are due to be paid when the liabilities are settled.

Long-service leave provision
The liability for long service leave is recognised in provisions and measured on a pro-rata basis of total number of weeks worked in relation to the long-service award period of 15 years. Consideration is given to the current wage and salary levels and the number of employees who may qualify for this award.

Retirement benefit obligations
The group has a defined contribution plan which is governed by the Pension Fund Act 1956 (Act No 24 of 1956). The defined contribution plan receives fixed contributions from the group and its legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments are available.

Short-term incentive plan
The group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the group's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation, the amount can be measured reliably and the directors are of the opinion that it is probable that such bonuses will be paid.

Termination benefits
Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or
- providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

1.18 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date.

2. Standards issued not yet effective

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

IFRS 9 Financial Instruments (effective 1 January 2015)
This standard will replace the currently effective IAS 39: Financial Instruments Recognition and Measurement. The new standard retains but simplifies the mix measurement model and establishes two primary measurement categories for financial assets, amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

IFRS 10 Consolidated Financial Statements and IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2013)
New standard that replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 establishes a single control model that applies to all entities including 'special purpose entities,' or 'structured entities' as they are now referred to in the new standards. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The guidance that remains in IAS 27 relates primarily to separate financial statements.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associated and Joint Ventures (effective 1 January 2013)
IFRS 11 will replace IAS 31: Interests in Joint Ventures and SIC-13: Jointly-controlled entities – Non-monetary contributions by ventures. IAS 31 identified three forms of joint ventures (i.e., jointly controlled operations, jointly controlled assets and jointly controlled entities), IFRS 11 addresses only two forms of joint arrangements (joint operations and joint ventures) where there is joint control. IFRS 11 will require that investments in joint ventures be equity accounted, while interests in joint operations are accounted for on the basis of the rights and obligations of the investor.

IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2013)
This standard will contain applicable disclosure requirements for subsidiaries, joint ventures, joint operations, associates and unconsolidated structured entities. It will also introduce a new term 'structured entities', replacing the term 'special purpose entities'.

IFRS 13 Fair Value Measurement (effective 1 January 2013)

IFRS 13 will be a single source of fair value measurement guidance that clarifies the definition of fair value, provides a clear framework for measuring fair value and enhances the disclosures about fair value measurements. By publishing IFRS 13 Fair Value Measurement, the IASB established a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS.

IAS 19 Employee Benefits (as amended in 2011) (effective 1 January 2013)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Actuarial gains and losses will be recognised in other comprehensive income as they occur. Past service cost will be expensed when the plan amendments occur regardless of whether or not they are vested. Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement.

IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2013)

Consequential amendments resulting from the issue of IFRS 10, 11 and 12.

IAS 28 Investments in Associates (effective 1 January 2013)

Consequential amendments resulting from the issue of IFRS 10, 11 and 12.

IAS 32 Financial Instruments: Presentation (effective 1 January 2013)

Amendments requires entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations; and

IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. The exception will give first-time adopters relief from retrospective measurement of government loans with a below market rate of interest. As a result of not applying IFRS 9 (or IAS 39, as applicable) and IAS 20 retrospectively, first-time adopters will not have to recognise the corresponding benefit of a below-market rate government loan as a government grant.

IFRIC 21 Levies

Clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time.

IFRS 10 – Investment entities exemption

Requires investment entities to carry subsidiaries at fair value, rather than consolidate in terms of IFRS 3.

IAS 36 Recoverable Amount. Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which an impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group is currently assessing the impact that this standard will have on the financial position and performance.

IAS 16 Classification of servicing equipment as inventory or PP&E

To clarify that servicing equipment is PP&E when used during more than one period; it should otherwise be classified as inventory. To delete the requirement that spare parts and servicing equipment used only in connection with an item of PP&E should be classified as PP&E.

Annual Improvements project amendments
IAS 16 Revaluation method — proportionate restatement of accumulated depreciation
IAS 24 Key management personnel IFRS 13 Scope of portfolio exception (para 52)
IAS 40 Clarifying inter-relationship between IFRS 3 and IAS 40
IAS 38 Revaluation method — proportionate restatement of accumulated amortisation
IFRS 1 Meaning of 'effective IFRSs'
IFRS 3 Scope exceptions for JVs
IFRS 3 Accounting for contingent consideration in a business combination
IFRS 8 Aggregation of operating segments. Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 2 Definition of vesting condition IAS 1 Clarification of requirements for comparative information

		GROUP			COMPANY		
		2013	2012	2011	**2013**	2012	2011
		R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
3.	**Revenue**						
	Gross gaming revenue	**463 349**	395 605	316 193	**–**	–	–
	Dividends received	**–**	–	–	**40 000**	26 000	89 247
	– Subsidiaries	**–**	–	–	**40 000**	26 000	89 247
	Other income	**7 411**	7 978	6 029	**–**	–	545
		470 760	403 583	322 222	**40 000**	26 000	89 792

Included in revenue is an amount of R56.9 million (2012: R48.6 million and 2011: R 38.8 million) which represents the net tax fraction of VAT on gaming revenues collected. This related amount is included in cost of sales as it is considered comparable to gaming levies as noted in the accounting policies. The required legislated payout to players was maintained for the current year.

		GROUP			COMPANY		
		2013	2012	2011	**2013**	2012	2011
		R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
4.	**Profit before finance costs and taxation**						
	Profit before finance and taxation cost is stated after:						
	Expenses:						
	Impairment/(reversal) of loans	**–**	217	–	**(697)**	217	–
	Depreciation (note 10)	**14 060**	13 478	11 961	**–**	–	–
	Amortisation (note 11)	**1 828**	2 184	1 334	**–**	–	–
	Operating lease rentals – premises	**3 957**	3 389	3 627	**–**	–	–
	Loss on disposal of plant and equipment	**733**	450	290	**–**	–	–
	Impairment of investment in subsidiary	**–**	–	–	–	–	108 487
	Auditor's remuneration						
	Audit fees	**775**	989	891	**85**	218	215
	– current year	**775**	823	796	**79**	114	114
	– prior year under provision	**–**	103	(6)	**–**	41	–
	– other services	**–**	63	101	**6**	63	101
	Staff costs	**31 211**	26 848	20 177	**–**	–	–
	– Salaries and wages	**31 205**	26 847	20 177	**–**	–	–
	– Directors' remuneration	**6**	1	–	**–**	–	–
	Number of employees	**103**	98	88	**–**	–	–
5.	**Finance costs and income**						
	Finance cost						
	Bank loans and overdraft	**16**	17	7	**–**	–	–
	Interest on finance lease liabilities	**103**	178	120	**–**	–	–
	Interest on loans	**–**	–	717	**–**	–	717
		119	195	844	**–**	–	717
	Finance income						
	Preference share interest	**1 333**	–	–	**1 333**	–	–
	Interest income – bank deposits	**1 623**	1 500	1 443	**365**	295	23
		2 956	1 500	1 443	**1 698**	295	23

		GROUP			COMPANY		
		2013	2012	2011	**2013**	2012	2011
		R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
6.	**Taxation**						
	South African normal tax						
	– current year	**13 553**	11 628	9 167	**102**	72	–
	– prior year under/(over) provision	**–**	81	(34)	**–**	–	–
	Deferred tax	**(6 681)**	5 215	(2 874)	**(22)**	8	(1 421)
		6 872	16 924	6 259	**80**	80	(1 421)
		%	%	%	**%**	%	%
	Standard rate	**28.00**	28.00	28.00	**28.00**	28.00	28.00
	Exempt income	**(1.17)**	–	29.66	**(27.91)**	(29.26)	97.94
	Non-deductible expenses	**0.70**	0.42	35.23	**0.15**	1.58	(125.97)
	Prior year under provision	**1.04**	0.24	(7.01)	**(0.05)**	–	–
	Assessed loss recognised	**(14.57)**	–	(5.78)	**–**	–	(5.21)
	Assessed loss not recognised	**0.10**	21.33	(54.80)	**–**	–	–
	Effective tax rate	**14.10**	49.99	25.30	**0.19**	0.32	5.24
	Deferred taxation:						
	Deferred tax assets	**17 736**	11 131	16 446	**22**	–	7
	Deferred tax liabilities	**(9 398)**	(9 474)	(9 575)	**(1 064)**	(1 064)	(1 064)
		8 338	1 657	6 871	**(1 042)**	(1 064)	(1 057)
	The deferred tax balance is made up as follows:						
	Operating lease	**25**	3	110	**–**	–	–
	Assessed losses	**16 765**	10 904	16 085	**–**	–	7
	Provisions and accruals	**1 616**	668	1 030	**22**	–	–
	Prepayments	**(1 390)**	(1 302)	(1 404)	**–**	–	–
	Property, plant and equipment	**(7 614)**	(7 552)	(8 950)	**–**	–	–
	Investments	**(1 064)**	(1 064)	–	**(1 064)**	(1 064)	(1 064)
		8 338	1 657	6 871	**(1 042)**	(1 064)	(1 057)
	Reconciliation of net deferred tax liability						
	Opening balance	**1 657**	6 872	(270)	**(1 064)**	(1 057)	–
	Tax expense for the period recognised in the statement of comprehensive income	**6 681**	(5 215)	2 874	**22**	(7)	1 421
	Tax expense for the period recognised in other comprehensive income	**–**	–	4 267	**–**	–	(2 478)
	– Revaluation of available-for-sale investments	**–**	–	4 267	**–**	–	(2 478)
	Closing balance	**8 338**	1 657	6 871	**(1 042)**	(1 064)	(1 057)

Total deferred tax assets of R1.96 million, relating to assessed losses in the non-operating slot subsidiary companies of the group, have not been recognised as it is not probable that the related entities will generate future taxable income against which the losses can be utilised.

7. Business Combination and acquisition of non-controlling interest

Acquisitions in 2011

On 29 April 2011, the group acquired the net assets of Playmeter Leisure Services Proprietary Limited (Playmeter) in order to obtain a LPM route operator license in Gauteng.

The acquisition became unconditional on 29 April 2011 at which time Grand Gaming Slots formally took control of Playmeter.

Of the total transaction costs of R2.1 million which were expensed in the prior year, R0.7 million related to the acquisition of LPM route operator license in Gauteng.

7. Business Combination and acquisition of non-controlling interest (continued)

The goodwill of R12.3 million comprises the value of expected synergies arising from the application of the group's existing procedures and intellectual capital to the LPM operations acquired. The procedures and intellectual capital of the acquired business is not separable and therefore does not meet the criteria for recognition as an intangible asset under IAS 38 – Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Between the acquisition date and the prior year-end, the acquired business contributed R3.0 million to the group's revenue and R 1.4 million to the group's loss before taxation. The group was unable to obtain sufficient information on the acquired company to determine what impact the acquired business would have had on the prior year results had it been incorporated from the beginning of the financial year.

At the time of acquiring Playmeter, their accounting records were incomplete, therefore at 30 June 2011, the fair value of the net assets acquired and the related goodwill were calculated based on the information available to the group. During the current year the accounting records of Playmeter were satisfactorily completed resulting in the fair value of the trade and other receivables as well as the trade and other payables at 30 June 2011 being adjusted as follows:

	Adjusted fair value recognised 2012 R'000s	**Fair value recognised on acquisition 2011 R'000s**	**Movement R'000s**
Assets			
Property, plant and equipment (note 10)	573	573	–
Intangible assets (note 11)	15 847	15 847	–
Trade and other receivables	1 654	563	1 091
Cash and cash equivalents	3	3	–
	18 077	16 986	1 091
Liabilities			
Trade and other payables	(1 216)	(98)	(1 118)
	(1 216)	(98)	(1 118)
Total identifiable net assets at fair value	16 861	16 888	(27)
Goodwill on acquisition (note 12)	12 288	12 261	27
Purchase consideration	29 149	29 149	–
Purchase consideration made up as follows:			
Cash paid	1 707	1 707	–
Loans advanced	4 272	4 272	–
Shares issued	23 170	23 170	–
	29 149	29 149	–
Cash flow on acquisition			
Net cash acquired	3	3	–
Loans advanced	(4 272)	(4 272)	–
Cash paid	(1 707)	(1 707)	–
Net cash outflow	(5 976)	(5 976)	–

	GROUP			**COMPANY**		
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
8. Investments in subsidiaries						
Grand Gaming Western Cape	**–**	–	–	**18 518**	18 518	18 518
Grand Gaming KwaZulu-Natal	**–**	–	–	**10**	10	10
Grand Gaming Gauteng*	**–**	–	–	**1**	1	–
Thuo Gaming Free State*	**–**	–	–	**1**	1	–
Thuo Gaming North West*	**–**	–	–	**–**	–	–
Thuo Gaming Mpumalanga*	**–**	–	–	**–**	–	–
	–	–	–	**18 530**	18 530	18 528

* The investment in these entities are less than R1 000.

		GROUP			COMPANY		
		2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
9.	**Preference share investment**						
	Preference shares – Rowmoor Investments 1003 Proprietary Limited	**18 749**	–	–	**18 749**	–	–
	Cumulative interest accrued	**1 333**	–	–	**1 333**	–	–
		20 082	–	–	**20 082**	–	–

During the current year Rowmoor Investments 1003 Proprietary Limited had 11,000 no par value, variable rate cumulative redeemable preference shares in issue. GPI Slots Proprietary Limited has subscribed for the full allotment of preference shares issued by Rowmoor Investments 1003 Proprietary Limited by way of set off of the loan receivable balance from Rowmoor Investments 1003 Proprietary Limited as contractually agreed in the shareholders agreement and the preference share agreement. These shares carry a dividend rate of prime plus 2% per annum and are cumulative.

10. Property, plant and equipment

GROUP 2013	Computer Equipment R'000s	Furniture and fittings R'000s	Leasehold improve-ments R'000s	Motor vehicles R'000s	Plant and equipment R'000s	Gaming equipment R'000s	Premises soft furnishings R'000s	Projects under develop-ment R'000s	Total R'000s
Beginning of year									
– Cost	**843**	**1 146**	**1 175**	**6 865**	**4 403**	**19 235**	**23 541**	**1 250**	**58 458**
– Accumulated depreciation	**(327)**	**(927)**	**(705)**	**(1 820)**	**(1 542)**	**(8 332)**	**(9 757)**	**–**	**(23 410)**
Net book value	**516**	**219**	**470**	**5 045**	**2 861**	**10 903**	**13 784**	**1 250**	**35 048**
– Additions	**250**	**202**	**203**	**497**	**360**	**4 214**	**6 092**	**119**	**11 937**
– Disposals cost	**(382)**	**(77)**	**(1 178)**	**(404)**	**(342)**	**(3 833)**	**(2 570)**	**–**	**(8 786)**
– Disposals accumulated depreciation	**370**	**77**	**1 176**	**124**	**341**	**3 785**	**2 172**	**–**	**8 045**
– Depreciation	**(274)**	**(216)**	**(471)**	**(1 430)**	**(932)**	**(4 573)**	**(6 164)**	**–**	**(14 060)**
– Transfers cost	**–**	**–**	**–**	**(15)**	**15**	**–**	**1 250**	**(1 250)**	**–**
– Transfer accumulated depreciation	**–**	**–**	**–**	**3**	**(3)**	**–**	**–**	**–**	**–**
Balance at end of year	**480**	**205**	**200**	**3 820**	**2 300**	**10 496**	**14 564**	**119**	**32 184**
Made up as follows:									
– Cost	**711**	**1 271**	**200**	**6 943**	**4 436**	**19 616**	**28 313**	**119**	**61 609**
– Accumulated depreciation	**(231)**	**(1 066)**	**–**	**(3 123)**	**(2 136)**	**(9 120)**	**(13 749)**	**–**	**(29 425)**
Net book value	**480**	**205**	**200**	**3 820**	**2 300**	**10 496**	**14 564**	**119**	**32 184**

On 1 July 2013, GPI Limited, the ultimate holding company of the GPI Slots Group, restructured its investment holdings. As part of the restructure, GPI sold GPI Management Services Proprietary Limited to GPI Slots Proprietary Limited on 1 July 2013. Prior to the restructure, GPI Management Services Proprietary Limited owned all the Limited Payout Machines in the GPI Group and rented the machines via operational leases to the various subsidiaries of GPI Slots Proprietary Limited. On 1 July 2013 after GPI Slots Proprietary Limited obtained control of GPI Management Services Proprietary Limited, the following LPMs were acquired from GPI Management Service by the operating subsidiaries, and the related operating leases concurrently cancelled:

- Grand Gaming Western Cape acquired 1041 LPMs at their carrying value of R 27 million
- Grand Gaming KwaZulu–Natal acquired 1002 LPMs at their carrying value of R 21 million
- Grand Gaming Gauteng acquired 264 LPMs at their carrying value of R 7 million

GROUP 2012	Computer Equipment R'000s	Furniture and fittings R'000s	Leasehold improve-ments R'000s	Motor vehicles R'000s	Plant and equipment R'000s	Gaming equipment R'000s	Premises soft furnishings R'000s	Projects under develop-ment R'000s	Total R'000s
Beginning of year									
– Cost	691	1 125	1 203	5 805	3 650	16 042	20 187	115	48 818
– Accumulated depreciation	(236)	(534)	(189)	(522)	(664)	(4 096)	(4 754)	–	(10 995)
Net book value	455	591	1 014	5 283	2 986	11 946	15 433	115	37 823
– Additions	326	23	56	1 181	826	3 450	4 118	1 250	11 230
– Disposals cost	(174)	(2)	(84)	(164)	(2)	(257)	(907)	–	(1 590)
– Disposals accumulated depreciation	154	1	72	41	1	238	556	–	1 063
– Depreciation	(245)	(394)	(588)	(1 339)	(879)	(4 474)	(5 559)	–	(13 478)
– Transfers cost	–	–	–	43	(71)	–	143	(115)	–
Balance at end of year	516	219	470	5 045	2 861	10 903	13 784	1 250	35 048
Made up as follows:									
– Cost	843	1 146	1 175	6 865	4 403	19 235	23 541	1 250	58 458
– Accumulated depreciation	(327)	(927)	(705)	(1 820)	(1 542)	(8 332)	(9 757)	–	(23 410)
Net book value	516	219	470	5 045	2 861	10 903	13 784	1 250	35 048

10. Property, plant and equipment (continued)

GROUP 2011	**Computer Equipment R'000s**	**Furniture and fittings R'000s**	**Leasehold improvements R'000s**	**Motor vehicles R'000s**	**Plant and equipment R'000s**	**Gaming equipment R'000s**	**Premises soft furnishings R'000s**	**Projects under development R'000s**	**Total R'000s**
Beginning of year									
– Cost	488	2 118	2 894	–	48 078	11 675	18 292	–	83 545
– Accumulated depreciation	–	–	–	–	–	–	–	–	–
Net book value	488	2 118	2 894	–	48 078	11 675	18 292	–	83 545
– Additions	352	28	162	5 737	2 414	4 134	2 660	115	15 602
– Addition through business combination (note 7)	20	3	–	76	16	401	57	–	573
– Disposals cost	(177)	(1 024)	(1 853)	–	(46 858)	(168)	(821)	–	(50 901)
– Disposal accumulated depreciation	–	–	455	–	13	79	418	–	965
– Depreciation	(236)	(534)	(644)	(522)	(677)	(4 175)	(5 173)	–	(11 961)
– Transfers cost	8	–	–	(8)	–	–	–	–	–
– Transfer accumulated depreciation	–	–	–	–	–	–	–	–	–
Balance at end of year	455	591	1 014	5 283	2 986	11 946	15 433	115	37 823
Made up as follows:									
– Cost	691	1 125	1 203	5 805	3 650	16 042	20 187	115	48 818
– Accumulated depreciation	(236)	(534)	(189)	(522)	(664)	(4 096)	(4 754)	–	(10 995)
Net book value	455	591	1 014	5 283	2 986	11 946	15 433	115	37 823

11. Intangible assets

GROUP 2013	**Trademark R'000s**	**Exclusivity agreement R'000s**	**Licence acquisition costs R'000s**	**Computer software R'000s**	**Total R'000s**
Beginning of new year					
– Cost	**3 467**	**7 322**	**40 626**	**5 851**	**57 266**
– Accumulated amortisation	**–**	**–**	**(503)**	**(2 382)**	**(2 885)**
Net book value at beginning of the year	**3 467**	**7 322**	**40 123**	**3 469**	**54 381**
– Additions	**–**	**–**	**–**	**911**	**911**
– Amortisation	**–**	**–**	**–**	**(1 828)**	**(1 828)**
– Disposals cost	**–**	**–**	**–**	**(22)**	**(22)**
– Disposals accumulated amortisation	**–**	**–**	**–**	**22**	**22**
Net book value at end of the year	**3 467**	**7 322**	**40 123**	**2 552**	**53 464**
Balance made up as follows:					
– Cost	**3 467**	**7 322**	**40 626**	**6 741**	**58 156**
– Accumulated Amortisation	**–**	**–**	**(503)**	**(4 189)**	**(4 692)**
Net book value at end of the year	**3 467**	**7 322**	**40 123**	**2 552**	**53 464**
2012					
Beginning of new year					
– Cost	3 467	7 322	41 278	2 984	55 051
– Accumulated amortisation	–	–	(503)	(831)	(1 334)
Net book value at beginning of the year	3 467	7 322	40 775	2 153	53 717
– Additions	–	–	–	2 867	2 867
– Amortisation	–	–	(633)	(1 551)	(2 184)
– Disposals cost	–	–	(652)	–	(652)
– Disposals accumulated amortisation	–	–	633	–	633
Net book value at end of the year	3 467	7 322	40 123	3 469	54 381
Balance made up as follows:					
– Cost	3 467	7 322	40 626	5 851	57 266
– Accumulated amortisation	–	–	(503)	(2 382)	(2 885)
Net book value at end of the year	3 467	7 322	40 123	3 469	54 381

11. Intangible assets (continued)

GROUP 2011	Trademark R'000s	Exclusivity agreement R'000s	Licence acquisition costs R'000s	Computer software R'000s	Total R'000s
Beginning of the new year					
– Cost	3 596	6 475	26 267	1 079	37 417
– Accumulated amortisation	–	–	–	–	–
Net book value at beginning of the year	3 596	6 475	26 267	1 079	37 417
– Additions	–	–	11	2 493	2 504
– Acquisition through business combination (note 7)	–	847	15 000	–	15 847
– Amortisation	–	–	(503)	(831)	(1 334)
– Disposals cost	(129)	–	–	(1 619)	(1 748)
– Disposals accumulated amortisation	–	–	–	735	735
– Transfer costs	–	–	–	296	296
Net book value at end of the year	3 467	7 322	40 775	2 153	53 717
Balance made up as follows:					
– Cost	3 467	7 322	41 278	2 984	55 051
– Accumulated amortisation	–	–	(503)	(831)	(1 334)
	3 467	7 322	40 775	2 153	53 717

Licence acquisition costs comprise of LPM route operator licences that have no specified termination date and therefore have indefinite useful lives. The licence acquisition costs relates to Grandslots (R12.5 million), Kingdomslots (R12.5 million), Grand Gaming Slots (R15 million) and other (R0.7 million).

Exclusivity agreements comprise of agreements signed with LPM site operators which are expected to be renewed and therefore have indefinite useful lives. The exclusivity agreements relates to Grandslots (R5.4 million), Kingdomslots (R1.0 million) and Grand Gaming Slots (R0.9 million).

Trademarks and other intangible assets relate to the Slots operating business, which are expected to continue in perpetuity and therefore have indefinite useful lives.

12. Goodwill

GROUP 2013	Grand-slots R'000s	Kingdom-slots R'000's	Grand Gaming Slots R'000's	Other business unit R'000's	Total R'000s
Net book value at beginning of the year	**88 256**	**27 536**	**12 287**	**–**	**128 079**
– Additions	**–**	**–**	**–**	**–**	**–**
Net book value at end of the year	**88 256**	**27 536**	**12 287**	**–**	**128 079**
Balance made up as follows:					
– Cost	**88 256**	**27 536**	**12 287**	**–**	**128 079**
Net book value at end of the year	**88 256**	**27 536**	**12 287**	**–**	**128 079**
2012					
Net book value at beginning of the year	88 256	27 536	12 260	–	128 052
– Additions	–	–	27	–	27
Net book value at end of the year	88 256	27 536	12 287	–	128 079
Balance made up as follows:					
– Cost	88 256	27 536	12 287	–	128 079
Net book value at end of the year	88 256	27 536	12 287	–	128 079
2011					
Net book value at beginning of the year	88 256	27 536	–	9 789	125 581
– Acquisition through business combination (note 7)	–	–	12 260	–	12 260
– Derecognition via disposal	–	–	–	(9 789)	(9 789)
Net book value at end of the year	88 256	27 536	12 260	–	128 052
Balance made up as follows:					
– Cost	88 256	27 536	12 260	–	128 052
Net book value at end of the year	88 256	27 536	12 260	–	128 052

12. Goodwill (continued)

Impairment testing of goodwill and intangibles
Goodwill, trademarks, exclusivity agreements, licence costs and other intangible assets acquired in 2010 have been allocated to the Grandslots or Kingdomslots operation cash-generating unit. The goodwill and intangible assets that were recognised in the prior year relate to the acquisition of Playmeter through a business combination and have been allocated to the Grand Gaming slots operation cash-generating unit.

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation using cash flow projections from financial forecasts covering a five year period. Based on the discounted cash flows no impairment is necessary for these cash-generating units.

Key assumptions used in value-in-use calculations
The calculation of value-in-use for the cash-generating units is most sensitive to the following assumptions:

- revenue growth rates — between 5.0% and 18.0% (2012: between 5% and 18% and 2011: between 5.0% and 18%)
- discount rates — between 15.3% and 21.6% (2012: between 14.3% and 15.1% and 2011: between 14.3% and 15.1%)
- terminal growth rates — between 5% and 5.5% (2012: between 3.5% and 5.5% and 2011: between 3.5% and 5.5%)

Revenue growth rates – The revenue growth rates used in the cash flow projections have been based on the growth rates of the preceding two years. The growth rates have also been adjusted to take into account the impact of annual inflation.

Discount rates – Discount rates represent the current market assessment of the risks specific to the operating units, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow projections. The discount rate calculation is based on specific circumstances of the group and its operating units and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the group's shareholders. The cost of debt is based on the interest-bearing borrowing the group is obliged to service. Unit-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rates – The terminal growth rates have been based on the growth rates of revenues and expenses for the preceding two years. These rates have been adjusted to take into account the impact of inflation.

Sensitivity to changes in assumptions
The group believes that any reasonable change in any of the above assumptions would not cause the carrying value of the cash-generating units to materially exceed its recoverable amount.

		GROUP			COMPANY		
		2013	2012	2011	**2013**	2012	2011
		R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
13.	**Inventory**						
	Spare parts	**1 215**	2 043	1 989	**–**	–	–
	Consumables	**19**	22	59	**–**	–	–
		1 234	2 065	2 048	**–**	–	–

		GROUP			COMPANY		
		2013	2012	2011	**2013**	2012	2011
		R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
14.	**Trade and other receivables**						
	Trade receivables	**17 201**	7 897	5 440	**–**	–	–
	Less: provision for doubtful debts	**(1 432)**	(1 377)	(1 014)	**–**	–	–
		15 769	6 520	4 426	**–**	–	–
	Other receivables	**11 703**	12 070	7 504	**34**	66	11
	Prepayments	**6 791**	6 571	6 892	**–**	–	–
		34 263	25 161	18 822	**34**	66	11

The fair value of trade and other receivables approximates their book value. There is no concentration of credit risk with respect to trade receivables, as the group has a large number of customers dispersed across the Western Cape, KZN and Gauteng.

Group revenue debtors are considered overdue 3 days from the invoice date and group premises debtors 12 months from the invoice date. No interest is charged on overdue accounts.

	GROUP			COMPANY		
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
14. Trade and other receivables (continued)						
14.1 Income Tax receivable						
Tax receivable	**46**	45	623	**42**	45	–

14.2 Age analysis of accounts receivables

The age analysis of the financial assets within the account receivables are listed in the table below:

14.2.1 Fully performing accounts receivable

Group revenue debtors and premises debtors are reviewed on a site-by-site basis for impairment.

	GROUP			COMPANY		
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
Revenue						
Fully performing	**9 986**	641	326	**–**	–	–
Past due not impaired	**226**	222	209	**–**	–	–
Past due and impaired	**134**	118	157	**–**	–	–
	10 346	981	692	**–**	–	–
Premises						
Fully performing	**5 348**	5 467	3 810	**–**	–	–
Past due not impaired	**213**	214	81	**–**	–	–
Past due and impaired	**1 293**	1 235	857	**–**	–	–
	6 854	6 916	4 748	**–**	–	–
Sundry						
Fully performing	**18 358**	18 617	14 936	**34**	66	11
Past due not impaired	**128**	–	–	**–**	–	–
Past due and impaired	**6**	24	–	**–**	–	–
	18 492	18 641	14 936	**34**	66	11

14.2.2 Past due but not impaired accounts receivable

The age analysis of these debtors are as follows:

	GROUP			COMPANY		
0 to 30 Days	**298**	100	146	**–**	–	–
30 to 60 days	**54**	27	1	**–**	–	–
60 to 120 days	**25**	61	31	**–**	–	–
over 120 days	**190**	248	112	**–**	–	–
	567	436	290	**–**	–	–

14. Trade and other receivables (continued)

14.2 Age analysis of accounts receivables (continued)

14.2.3 Past due and impaired accounts receivable

The individually impaired receivables mainly relate to sites that have invoices in excess of 30 days overdue or are no longer operational.

	GROUP			COMPANY		
	2013	2012	2011	**2013**	2012	2011
	R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
The age analysis of these revenue and premises debtors is as follows:						
0 to 30 Days	**182**	769	268	**–**	–	–
30 to 60 days	**2**	21	34	**–**	–	–
60 to 120 days	**31**	29	2	**–**	–	–
over 120 days	**1 217**	558	710	**–**	–	–
	1 432	1 377	1 014	**–**	–	–
Opening balance	**1 377**	1 014	865	**–**	–	–
Charge to the statement of comprehensive income	**55**	363	149	**–**	–	–
Closing Balance	**1 432**	1 377	1 014	**–**	–	–

15. Related party loans

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

	GROUP			COMPANY		
	2013	2012	2011	**2013**	2012	2011
	R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
Inter-group loans						
– Grand Gaming Western Cape	**–**	–	–	**–**	–	8 000
– Grand Gaming KwaZulu-Natal	**–**	–	–	**40 000**	52 281	49 681
– Grand Gaming Gauteng	**–**	–	–	**53 745**	51 523	46 145
– Thuo Gaming Free State	**–**	–	–	**3 916**	3 878	3 764
– Thuo Gaming North West	**–**	–	–	**3 541**	3 500	3 448
– Thuo Gaming Mpumalanga	**–**	–	–	**7 641**	777	657
Related party loans						
Loans – Rowmoor Investments	**16**	7	–	**16**	11 978	–
	16	7	–	**108 860**	123 937	111 695
Impairment of loan	**–**	–	–	**(7 457)**	(8 155)	(7 211)
Total current assets	**16**	7	–	**101 403**	115 782	104 484
Inter-group loans						
– Grand Parade Investments Limited	**(100 326)**	(142 327)	(147 327)	**(100 327)**	(142 327)	(147 327)
Related party loans						
– Rowmoor Investments	**(18 749)**	–	–	**–**	–	–
– GPI Management Services Proprietary Limited	**–**	–	(151)	**–**	–	(151)
Total current liabilities	**(119 075)**	(142 327)	(147 478)	**(100 327)**	(142 327)	(147 478)

Inter-group loans are unsecured, interest free, payable on demand and are recorded at cost.

16. Loans Receivable

Loans receivable comprise a loan to Royal Park Hotel, a LPM site in Gauteng. The loan is unsecured, interest free and is repayable in 48 equal instalments between 1 August 2012 and 31 July 2016. The loan was issued on 1 August 2012 and is carried at its discounted fair value of R1.0 million and a cost, before fair value adjustments of R1.3 million. The loan is unsecured and was utilised by Royal Park Hotel to construct and fit-out a 40 LPM site in Gauteng.

	GROUP			COMPANY		
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
Loans – Royal Park Hotel	**858**	1 034	–	**858**	1 034	–
– Long term portion	**613**	858	–	**613**	858	–
– Short-term portion	**245**	176	–	**245**	176	–
Nadesons Technologies Proprietary Limited – short term	**1 350**	–	–	**–**	–	–

The loan receivable from Nadesons Technologies Proprietary Limited is unsecured, interest free and has no fixed terms of repayment. The loan was issued on 1st June 2013 in terms of a defined enterprise development programme and as a result no security for the loan was requested. The loan was utilised by Nadesons Technologies to fund its start-up operations.

	GROUP			COMPANY		
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
Total current assets	**1 595**	176	–	**245**	176	–
Total non-current assets	**613**	858	–	**613**	858	–

	GROUP			COMPANY		
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
17. Cash and cash equivalents						
Cash and cash equivalents	**15 406**	25 186	26 088	**4 462**	9 914	2 775
	15 406	25 186	26 088	**4 462**	9 914	2 775

Cash at bank and deposit bank accounts includes Money Market call accounts with floating interest rates that fluctuated between 4.5% and 5.05% during the year (2012: between 5.08% and 5.05% and 2011: between 7.9% and 5.9%).

	GROUP			COMPANY		
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
18. Share Capital and premium						
Authorised share capital						
1 000 ordinary shares of R1.00 each	**1**	1	1	**1**	1	1
Reconciliation of number of shares in issue						
Opening balance – 1 July	*****	*	*	*****	*	*
Shares bought back	**–**	–	–	**–**	–	–
Issued during the year	**–**	–	–	**–**	–	–
Closing balance – 30 June	**–**	–	–	**–**	–	–

		GROUP			COMPANY	
	2013 R'000s	2012 R'000s	2011 R'000s	**2013 R'000s**	2012 R'000s	2011 R'000s
19. Finance lease liability						
Non-current liabilities						
Finance leases – gross payables	**273**	705	1 595	**–**	–	–
Unrecognised future finance expenses	**(29)**	(24)	(95)	**–**	–	–
	244	681	1 500	**–**	–	–
Current liabilities						
Finance leases – gross payables	**671**	1 239	1 097	**–**	–	–
Unrecognised future finance expenses	**(37)**	(105)	(160)	**–**	–	–
	634	1 134	937	**–**	–	–
	878	1 815	2 437	**–**	–	–
Gross liabilities from finance leases:						
Not later than 1 year	**671**	1 239	1 097	**–**	–	–
Later than 1 year and not later than 5 years	**273**	705	1 595	**–**	–	–
	944	1 944	2 692	**–**	–	–
Unrecognised future finance expense on finance leases	**(66)**	(129)	(255)	**–**	–	–
	878	1 815	2 437	**–**	–	–
The net liability from finance lease made up as follows:						
Not later than 1 year	**634**	1 134	937	**–**	–	–
Later than 1 year and not later than 5 years	**244**	681	1 500	**–**	–	–
	878	1 815	2 437	**–**	–	–

The finance leases relate to instalment sales agreements with Standard Bank for the acquisition of motor vehicles by Kingdomslots. The lease liability is secured by the underlying leased motor vehicles.

20. Provisions

Group	**Long service leave 2013 R'000s**	**Employee bonuses 2013 R'000s**	**Total 2013 R'000s**	Total 2012 R'000s	Total 2011 R'000s
At beginning of the year	**123**	**1 947**	**2 070**	1 668	1 746
Provision raised during the year	**422**	**2 785**	**3 207**	2 230	2 091
Amounts paid during the year	**(105)**	**(2 416)**	**(2 521)**	(1 828)	(1 435)
Disposed during the year	**–**	**–**	**–**	–	(734)
At end of year	**440**	**2 316**	**2 756**	2 070	1 668
Balance made up as follows:					
Non-current provisions			**440**	123	96
Current provisions			**2 316**	1 947	1 572
			2 756	2 070	1 668

	GROUP			COMPANY		
	2013	2012	2011	**2013**	2012	2011
	R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
21. Trade and other payables						
Trade payables	**11 532**	11 488	28 662	**–**	60	140
Other payables and accruals	**17 625**	13 624	9 907	**153**	113	114
Annual leave accrual	**1 103**	946	680	**–**	–	–
Audit fee accrual	**775**	789	801	**79**	80	114
Payroll accruals	**2 516**	5 225	5 042	**–**	28	–
Sundry accruals	**8 348**	2 927	3 015	**4**	5	–
Other payables	**4 883**	3 737	369	**70**	–	–
	29 157	25 112	38 569	**153**	173	254

Trade payables are repaid on average of 30 days from the invoice date.

	GROUP			COMPANY		
	2013	2012	2011	**2013**	2012	2011
	R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
21.1 Trade and other payables						
Trade payables	**11 532**	11 488	28 662	**–**	60	140
Other payables	**17 625**	13 624	9 907	**153**	113	114
	29 157	25 112	38 569	**153**	173	254

22. Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP			COMPANY		
	2013	2012	2011	**2013**	2012	2011
	R'000s	R'000s	R'000s	**R'000s**	R'000s	R'000s
Rentals due within one year	**6 148**	5 767	6 279	**–**	–	–
Due within one to five years	**15 446**	7 725	2 655	**–**	–	–
	21 594	13 492	8 934	**–**	–	–

23. Financial instruments

The group's and company's principal financial liabilities comprise cumulative redeemable preference shares, interest-bearing borrowings, 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.

GROUP	**Loans and receivables**	**Non-financial assets**	**Total**
2013	**R'000s**	**R'000s**	**R'000s**
Financial assets			
Cash and cash equivalents	**15 406**	**–**	**15 406**
Preference share investment	**20 082**	**–**	**20 082**
Loans receivable	**2 208**	**–**	**2 208**
Related party loans	**16**	**–**	**16**
Trade and other receivables	**27 472**	**6 791**	**34 263**
Tax receivable	**–**	**46**	**46**
Total	**65 184**	**6 837**	**72 021**
2012			
Cash and cash equivalents	25 186	–	25 186
Related party loans	1 034	–	1 034
Trade and other receivables	18 590	6 571	25 161
Tax receivable	–	45	45
Total	44 810	6 616	51 426
2011			
Cash and cash equivalents	26 088	–	26 088
Trade and other receivables	11 930	6 892	18 822
Tax receivable	–	623	623
Total	38 018	7 515	45 533

23. Financial instruments (continued)

GROUP 2013	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities			
Trade and other payables	**25 538**	**3 619**	**29 157**
Related party loans	**119 075**	**–**	**119 075**
Finance lease liabilities	**878**	**–**	**878**
Total	**145 491**	**3 619**	**149 110**
2012			
Trade and other payables	18 941	6 171	25 112
Related party loans	142 327	–	142 327
Finance lease liabilities	1 815	–	1 815
Total	163 083	6 171	169 254
2011			
Trade and other payables	32 847	5 722	38 569
Finance lease liabilities	2 437	–	2 437
Total	35 284	5 722	41 006

COMPANY 2013	Loans and receivables R'000s	Non-financial assets R'000s	Total R'000s
Financial assets			
Cash and cash equivalents	**4 462**	**–**	**4 462**
Loans receivable	**858**	**–**	**858**
Related party loans	**101 403**	**–**	**101 403**
Trade and other receivables	**34**	**–**	**34**
Tax receivable	**–**	**42**	**42**
Preference share investment	**20 082**	**–**	**20 082**
Investment in subsidiaries	**–**	**18 530**	**18 530**
Total	**126 839**	**18 572**	**145 411**
2012			
Cash and cash equivalents	9 914	–	9 914
Loans receivable	1 034	–	1 034
Related party loans	115 782	–	115 782
Trade and other receivables	65	–	65
Tax receivable	–	45	45
Investment in subsidiaries	–	18 529	18 529
Total	126 795	18 574	145 369
2011			
Cash and cash equivalents	2 775	–	2 775
Related party loans	104 484	–	104 484
Trade and other receivables	11	–	11
Investment in subsidiaries	–	18 528	18 528
Total	107 270	18 528	125 798

23. Financial instruments (continued)

COMPANY 2013	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities			
Trade and other payables	**153**	**–**	**153**
Related party loans	**100 327**	**–**	**100 327**
Total	**100 480**	**–**	**100 480**
2012			
Trade and other payables	173	–	173
Related party loans	142 327	–	142 327
Total	142 500	–	142 500
2011			
Trade and other payables	171	83	254
Related party loans	147 478	–	147 478
Total	147 649	83	147 732

As at 30 June 2013, the group held no financial instruments measured at fair value.

Market risk
Market risk is the risk that the fair value or 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 to the group's obligation in terms of the preference shares, interest-bearing borrowings, finance leases 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'000s	Decrease in basis points	Effect on pre-tax profit R'000s
2013	**100**	**355**	**(100)**	**(355)**
2012	100	252	(100)	(252)
2011	100	261	(100)	(261)
COMPANY				
2013	**100**	**245**	**(100)**	**(245)**
2012	100	99	(100)	(99)
2011	100	28	(100)	(28)

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 and market prices for similar types of instruments. The group and company had no exposure to other price risk at year end.

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. There is no independent rating procedure for customers as the credit quality for customers is assessed by taking into account their financial position, past experience and other factors are used in evaluating the acceptability of clients.

No individual credit limit are set as GGR generated from gaming operations is required to be paid over by the site operators on a weekly basis to the group. On a weekly basis management rigorously monitors site operators' compliance with this policy.

23. Financial instruments (continued)

The group and company 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 and all assets that have been identified as impaired, after taking the groups credit policy into account, have been appropriately provided for. The cash and cash equivalents are deposited with two financial institutions.

The group's and company'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.

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

GROUP 2013	**On Demand R'000s**	**Less than 3 months R'000s**	**3 – 12 months R'000s**	**1 – 2 years R'000s**	**> 2 years R'000s**	**Total R'000s**
Trade and other payables	**–**	**29 157**	**–**	**–**	**–**	**29 157**
Related party loan	**119 075**	**–**	**–**	**–**	**–**	**119 075**
Finance Leases	**–**	**193**	**441**	**151**	**93**	**878**
Interest on finance leases	**–**	**12**	**25**	**22**	**7**	**66**
Total	**119 075**	**29 362**	**466**	**173**	**100**	**149 176**
2012						
Trade and other payables	–	25 112	–	–	–	25 112
Related party loan	142 327	–	–	–	–	142 327
Finance leases	–	182	952	624	57	1 815
Interest on finance leases	–	24	81	22	2	129
Total	142 327	25 318	1 033	646	59	169 383
2011						
Trade and other payables	–	38 569	–	–	–	38 569
Related party loan	147 478	–	–	–	–	147 478
Finance leases	–	228	709	1 500	–	2 437
Interest on finance leases	–	47	113	95	–	255
Total	147 478	38 844	822	1 595	–	188 739

COMPANY 2013	**On Demand R'000s**	**Less than 3 months R'000s**	**3 – 12 months R'000s**	**1 – 2 years R'000s**	**> 2 years R'000s**	**Total R'000s**
Trade and other payables	**–**	**153**	**–**	**–**	**–**	**153**
Related party loan	**100 327**	**–**	**–**	**–**	**–**	**100 327**
Total	**100 327**	**153**	**–**	**–**	**–**	**100 480**
2012						
Trade and other payables	–	173	–	–	–	173
Related party loan	142 327	–	–	–	–	142 327
Total	142 327	173	–	–	–	142 500
2011						
Trade and other payables	–	254	–	–	–	254
Related party loan	147 478	–	–	–	–	147 478
Total	147 478	254	–	–	–	147 732

23. Financial instruments (continued)

Gains and losses on financial instruments

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

GROUP	**Fair value movement R'000s**	**Interest income R'000s**	**Interest expense R'000s**	**Total R'000s**
2013				
Loans and receivables	**–**	**1 623**	**–**	**1 623**
Preference share investment	**–**	**1 333**	**–**	**1 333**
Financial liabilities at amortised cost	**–**	**–**	**(119)**	**(119)**
Total	**–**	**2 956**	**(119)**	**2 837**
2012				
Loans and receivables	(217)	1 500	–	1 283
Financial liabilities at amortised cost	–	–	(195)	(195)
Total	(217)	1 500	(195)	1 088
2011				
Loans and receivables	–	1 443	–	1 443
Financial liabilities at amortised cost	–	–	(844)	(844)
Total	–	1 443	(844)	599

COMPANY	**Fair value movement R'000s**	**Interest income R'000s**	**Interest expense R'000s**	**Total R'000s**
2013				
Related party loan	**(698)**	**365**	**–**	**(333)**
Preference share investment	**–**	**1 333**	**–**	**1 333**
Total	**(698)**	**1 698**	**–**	**1 000**
2012				
Financial liabilities at amortised costs	(217)	295	–	78
Total	(217)	295	–	78
2011				
Financial liabilities at amortised costs	–	23	–	23
Investment in subsidiaries	(108 487)	–	–	(108 487)
Loans and receivables	–	–	(717)	(717)
Total	(108 487)	23	(717)	(109 181)

	GROUP 2013 R'000s	2012 R'000s	2011 R'000s	**COMPANY 2013 R'000s**	2012 R'000s	2011 R'000s
24. Notes to the cash flow statement						
24.1 Taxation paid						
Taxation – beginning of the year	**468**	(623)	(479)	**(45)**	–	–
Current year taxation	**13 553**	11 628	8 994	**102**	72	–
Prior year under/(over) provision		81	(34)	**–**	–	–
Taxation – closing balance	**(726)**	(468)	623	**42**	45	–
	13 295	10 618	9 104	**99**	117	–
The closing tax balances comprises of the following:						
– Income tax refunds	**46**	45	623	**42**	45	–
– Income tax liabilities	**(772)**	(513)	–	**–**	–	–
	(726)	(468)	623	**42**	45	–

25. Related party transactions

GROUP	**Balance (owing)/ receivable 2013 R'000s**	Balance (owing)/ receivable 2012 R'000s	Balance (owing)/ receivable 2011 R'000s	**Receipts/ (payments) 2013 R'000s**	Receipts/ (payments) 2012 R'000s	Receipts/ (payments) 2011 R'000s
BALANCES						
Loans						
Grand Parade Investments Limited	**(100 327)**	(142 327)	(147 327)	**–**	–	–
GPI Management Services	**–**	–	(151)	**–**	–	–
Rowmoor Investments 1003	**16**	7	–	**1 333**	–	–
Rowmoor Investments 1003	**(18 749)**					
Trade receivables						
GPI Management Services	**76**	1	683			
Trade payables						
GPI Management Services	**(8 059)**	(6 772)	(21 643)			
TRANSACTIONS						
LPM rentals						
GPI Management Services				**(42 378)**	(37 883)	(31 390)
SLA fees						
GPI Management Services				**(27 196)**	(25 213)	(17 686)
COMPANY						
BALANCES						
Loans						
Grand Parade Investments Limited	**(100 327)**	(142 327)	(147 327)			
GPI Management Services	**–**	–	(151)			
Rowmoor Investments 1003	**16**	11 978	–	**1 333**	–	–

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

26. Securities/Cessions

In terms of the R80 million loan which was secured by GPIMS with Sanlam Capital Markets Limited, GPI Slots procured the following securities/cessions with respect to GPIMS. The R80 million was advanced by GPIMS to GPI Slots on 30 June 2010 and was used as part of the funding for the acquisition of the LPM interests:

- Guarantee by GPI Slots of the obligations of GPIMS under the Loan Agreement;
- GPI Slots executed the GPI Slots pledge in favour of the lender within 30 days of the advanced date.
- GPI Slots executed the Grandslots guarantee and the Grandslots cession in favour of the lender within 30 days of the advanced date.
- GPI Slots executed the Kingdomslots guarantee and the Kingdomslots cession in favour of the lender within 90 days of the advanced date (or such longer period not exceeding 180 days after the advanced date as the lender may consent to in writing).

As at 30 June 2013 the Grand Gaming Western Cape Proprietary Limited and Grand Gaming KwaZulu-Natal Proprietary Limited shares were encumbered.

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 carefully manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the group investment strategy. 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 ordinary share capital and preference share capital. Acquisitions may be geared to those levels which investments may support and the funders will allow.

28. Litigation

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have had a material effect on the financial position of the group in the last 12 months. Grandslots, a wholly-owned subsidiary of GPI, has launched review proceedings against the Western Cape Gambling and Racing Board, being the regulator in the province in which the subsidiary operates. The application is made in terms of the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) and seeks the review and setting aside of certain license conditions imposed on that subsidiary by the regulator, with a view to maximising roll-out of its gaming machine network. The application is of an administrative nature.

29. Subsequent events

On the 17 July 2013 all the conditions precedent in respect of the purchase of the route operator licence and site operator licences of Zimele Slots Proprietary Limited (Zimele) in Mpumalanga, was fulfilled. Grand Gaming Mpumalanga Proprietary Limited acquired the net assets of Zimele for R6,75 million.

On the 17 December 2013 all the conditions precedent in respect of the purchase of Grand Gaming Hotslots Proprietary Limited (previously Bohwa 1 Gaming Proprietary Limited), trading as Hot Slots was fulfilled. GPI Slots Proprietary Limited acquired the full share capital of Grand Gaming Hotslots Proprietary Limited, trading as Hot Slots for R62 million.

Subsequent to the financial year end, the board has approved the acquisition of GPI Management Services Proprietary Limited which will become a subsidiary of GPI Slots Proprietary Limited. The directors has considered the impact of this transaction on the results and considered it to be a non-adjusting event. Furthermore, on the 30 July 2013, GPI Slots Proprietary Limited concluded an agreement to acquire the route operator license and operational sites of Hot Slots in Gauteng. This acquisition is still subject to Gauteng Gambling Board approval and GPI shareholder approval. There no other matters which may be material to the financial affairs of the company that has occurred between the statement of financial position date and the date of approval of the financial statements.

On 4th March 2014 GPI Slots concluded an agreement with Mion Gaming and Leisure and Gold Circle and Mion Community Trust to acquire the full share capital of Gold Circle KwaZulu-Natal Slots Proprietary Limited trading as KZN Slots for R 79 million. The fulfilment of the sale is subject to certain conditions precedent which includes the approval of the transaction by the KZN Gambling Board. The board of directors expect the transaction will become unconditional during July 2014.

INDEPENDENT REPORTING ACCOUNTANTS' REPORTS ON THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2013, 30 JUNE 2012 AND 30 JUNE 2011 OF GPI SLOTS

The below reports, set out on pages 177 to 179 are the reports that were issued on the annual financial statements of GPI Slots (which are available for inspection at the registered offices of the Company) for the years ended 30 June 2013, 30 June 2012 and 30 June 2011.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GPI SLOTS PROPRIETARY LIMITED

Report on the Consolidated Financial Statements
We have audited the consolidated and separate annual financial statements of GPI Slots Proprietary Limited set out on pages 69 to 123, which comprise the statements of financial position as at 30 June 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements
The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of GPI Slots Proprietary Limited as at 30 June 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2013, we have read the Report of the Directors and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc
Director – Abdul-Majid Cader
Registered Auditor
Chartered Accountant (SA)
10 July 2014

Ernst & Young
35 Lower Long Street
Cape Town

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GPI SLOTS PROPRIETARY LIMITED

Report on the Consolidated Financial Statements
We have audited the consolidated and separate annual financial statements of GPI Slots Proprietary Limited set out on pages 69 to 123, which comprise the statements of financial position as at 30 June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements
The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of GPI Slots Proprietary Limited as at 30 June 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
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Ernst & Young Inc
Director – Abdul-Majid Cader
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10 July 2014

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GPI SLOTS PROPRIETARY LIMITED

Report on the Consolidated Financial Statements

We have audited the consolidated and separate annual financial statements of GPI Slots Proprietary Limited set out on pages 69 to 123, which comprise the statements of financial position as at 30 June 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of GPI Slots Proprietary Limited as at 30 June 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2011, we have read the Report of the Directors and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc
Director – Abdul-Majid Cader
Registered Auditor
Chartered Accountant (SA)
10 July 2014

Ernst & Young
35 Lower Long Street
Cape Town

REVIEWED CONDENSED INTERIM FINANCIAL INFORMATION OF GPI SLOTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

GPI SLOTS (PTY) LTD

CONDENSED INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 December 2013

	Note	Reviewed 31 December 2013 R'000s	Unaudited 31 December 2012 R'000s	Audited 30 June 2013 R'000s
Revenue	1	**279 714**	233 666	470 760
Cost of sales	2	**(164 082)**	(136 641)	(272 881)
Gross profit		**115 632**	97 025	197 879
Operating costs		**(54 145)**	(66 499)	(136 100)
Profit from operations		**61 487**	30 526	61 779
Depreciation and amortisation		**(17 915)**	(7 964)	(15 888)
Profit before finance costs and taxation		**43 572**	22 562	45 891
Finance income	3	**1 543**	883	2 956
Finance costs	4	**(1 376)**	(74)	(119)
Profit before taxation		**43 739**	23 371	48 728
Taxation	5	**(12 746)**	(7 596)	(6 872)
Profit for the period		**30 993**	15 775	41 856
Total Comprehensive income		**30 993**	15 775	41 856
Profit for the period attributable to:				
– Ordinary shareholders		**31 057**	17 686	44 038
– Non-controlling interest		**(64)**	(1 911)	(2 182)
		30 993	15 775	41 856
Total comprehensive income attributable to:				
– Ordinary shareholders		**31 057**	17 686	44 038
– Non-controlling interest		**(64)**	(1 911)	(2 182)
		30 993	15 775	41 856
Basic and diluted earnings per share (cents)	7	**30 749 505**	17 686 000	44 038 000
Headline and diluted headline earnings per share (cents)	7	**30 902 772**	17 938 000	44 565 760

GPI SLOTS (PTY) LTD

CONDENSED INTERIM GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	Reviewed 31 December 2013 R'000s	Unaudited 31 December 2012 R'000s	Audited 30 June 2013 R'000s
ASSETS				
Non-current assets	8	**408 388**	232 270	252 158
Current assets	9	**70 066**	49 739	52 560
Total Assets		**478 454**	282 009	304 718
EQUITY AND LIABILITIES				
Total equity		**179 229**	119 605	145 957
Non-controlling interest		**(3 339)**	(3 004)	(3 275)
		175 890	116 601	142 682
Non-current liabilities	10			
– Deferred tax liability		**18 620**	9 408	9 398
– Interest-bearing borrowings		**16 000**	–	–
– Provisions		**597**	408	440
– Finance lease liability		**589**	165	244
Current liabilities	11	**266 758**	155 427	151 954
Total Equity and liabilities		**478 454**	282 009	304 718

	Cents	Cents	Cents
Net asset value per share	**174 148 758**	116 602 911	142 682 000
Tangible net asset/(liability) value per share	**(81 943 430)**	(64 924 571)	(38 861 000)

GPI SLOTS (PTY) LTD

CONDENSED INTERIM GROUP STATEMENT OF CASH FLOW

for the six months ended 31 December 2013

		Reviewed 31 December 2013 R'000s	Unaudited 31 December 2012 R'000s	Audited 30 June 2013 R'000s
Cash flows from operating activities				
Net cash generated from operations	13	**54 277**	37 841	58 971
Income tax paid		**(4 805)**	(6 926)	(13 295
Finance income		**507**	883	1 623
Net cash inflow from operating activities		**49 979**	31 798	47 299
Cash flows from investing activities				
Acquisition of plant and equipment		**(23 743)**	(5 512)	(11 937)
Acquisition of intangibles		**–**	(22)	(911)
Net cash acquired	14	**737**	–	–
Net cash from business combination	15	**(4 489)**	–	–
Consideration from disposal of property, plant and equipment		**274**	6	9
Loans receivable repaid		**120**	61	175
Loans advanced		**–**	–	(1 350)
Investments made		**(612)**	(17 831)	(18 749)
Net cash outflow from investing activities		**(27 713)**	(23 298)	(32 763)
Cash flows from financing activities				
Inter-group loans advanced/(repaid)		**7 663**	(7 169)	(23 260)
Loans repaid		**(8 000)**	–	–
Net finance leases movement		**1 538**	(549)	(937)
Finance costs		**(1 376)**	(74)	(119)
Net cash outflow from financing activities		**(175)**	(7 792)	(24 316)
Net (decrease)/increase in cash and cash equivalents		**22 091**	708	(9 780)
Cash and cash equivalents at the beginning of period		**15 406**	25 186	25 186
Cash and cash equivalents at the end of period		**37 497**	25 894	15 406

CONDENSED INTERIM GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2013

	Ordinary Share Capital R'000s	Accumulated Profits R'000s	Share based payment reserve R'000s	Non-controlling interest R'000s	Total R'000s
Balance at 30 June 2012	–	101 919	–	(1 093)	100 826
Total comprehensive income/ (loss) for the period	–	17 686	–	(1 911)	15 775
Balance at 31 December 2012	–	119 605	–	(3 004)	116 601
Total comprehensive income/ (loss) for the period	–	26 352	–	(271)	26 081
Balance at 30 June 2013	**–**	**145 957**	**–**	**(3 275)**	**142 682**
Total comprehensive income/ (loss) for the period	**–**	**31 057**	**–**	**(64)**	**30 993**
Shares issued	**2 000**	**–**	**–**	**–**	**2 000**
Share based payment reserve	**–**	**–**	**215**	**–**	**215**
Balance at 31 December 2013	**2 000**	**177 014**	**215**	**(3 339)**	**175 890**

GPI SLOTS (PTY) LTD

SEGMENTAL ANALYSIS

for the six months ended 31 December 2013

IFRS 8: Operating Segments requires a "management approach" whereby segment information is presented on the same basis as that used for internal reporting purposes to the chief operating decision maker/s who have been identified as the Board of Directors. These directors review the group's internal reporting by industry. The directors do not review the group's performance by geographical sector and therefore no such disclosure has been made. Listed below is a detailed segmental analysis:

	Reviewed 31 December 2013 R'000s	Unaudited 31 December 2012 R'000s	Audited 30 June 2013 R'000s	Reviewed 31 December 2013 R'000s	Unaudited 31 December 2012 R'000s	Audited 30 June 2013 R'000s
	External Revenue			**Inter-segment revenue**		
Grandslots	**163 139**	141 863	285 074	**–**	–	–
Kingdomslots	**85 554**	72 104	144 475	**–**	–	–
Grand Gaming slots – Gauteng	**26 024**	19 699	41 211	**–**	–	–
Grand Gaming slots – Mpumalanga	**2 061**	–	–	**–**	–	–
Hot Slots	**2 459**	–	–	**–**	–	–
Central Services	**476**	–	–	**13 741**	–	–
	Operating costs			**EBITDA**		
Grandslots	**(17 254)**	(32 086)	(66 161)	**50 110**	26 770	54 078
Kingdomslots	**(11 014)**	(21 881)	(44 071)	**23 718**	7 921	15 914
Grand Gaming slots – Gauteng	**(7 862)**	(12 421)	(25 456)	**3 248**	(4 054)	(7 801)
Grand Gaming slots – Mpumalanga	**(1 928)**	(10)	(134)	**(1 028)**	(10)	(134)
Hot Slots	**(424)**	–	–	**624**	(101)	–
Central Services	**(15 491)**	(101)	(278)	**(15 184)**	–	(278)
	Finance income			**Finance expense**		
Grandslots	**312**	558	1 039	**(2)**	(9)	(11)
Kingdomslots	**75**	64	184	**(25)**	(64)	(107)
Grand Gaming slots – Gauteng	**21**	16	34	**(14)**	(2)	(3)
Grand Gaming slots – Mpumalanga	**–**	–	–	**(12)**	–	–
Hot Slots	**–**	–	–	**–**	–	–
Central Services	**1 136**	246	1 700	**(1 323)**	–	–
	Depreciation and amortisation			**Taxation**		
Grandslots	**(9 015)**	(4 387)	(8 674)	**(9 582)**	(6 382)	(13 238)
Kingdomslots	**(6 117)**	(2 794)	(5 461)	**(3 689)**	(1 324)	(3 034)
Grand Gaming slots – Gauteng	**(2 122)**	(782)	(1 754)	**(31)**	156	9 479
Grand Gaming slots – Mpumalanga	**(133)**	–	–	**422**	–	–
Hot Slots	**–**	–	–	**–**	–	–
Central Services	**(528)**	–	–	**134**	(46)	(80)
	Profit after tax			**Total assets**		
Grandslots	**31 823**	16 549	33 195	**75 396**	47 779	45 064
Kingdomslots	**13 960**	3 803	7 497	**52 513**	33 477	28 105
Grand Gaming slots – Gauteng	**1 102**	(4 666)	(45)	**61 510**	47 599	49 747
Grand Gaming slots – Mpumalanga	**(752)**	(10)	(134)	**12 180**	–	6 750
Hot Slots	**624**	–	–	**18 950**	–	–
Central Services	**(15 764)**	99	1 343	**257 906**	153 154	175 052
	Total liabilities					
Grandslots	**24 561**	17 436	18 075			
Kingdomslots	**65 860**	60 283	51 217			
Grand Gaming slots – Gauteng	**88 018**	71 438	76 062			
Grand Gaming slots – Mpumalanga	**13 973**	819	7 692			
Hot Slots	**97 384**	–	–			
Central Services	**12 766**	8 334	127 775			

GPI SLOTS (PTY) LTD

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2013

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated Annual Financial Statements (AFS) have been prepared on the historical cost basis, except where stated otherwise, in accordance with International financial Reporting Standards (IFRS) and the Listing Requirements of the JSE Limited (JSE) and are presented in terms of disclosure requirements set out in IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa No. 71 of 2008, as amended. The accounting policies applied are consistent with those applied in the financial results for the year ended 30 June 2013.

AUDIT OPINION

Our auditors, EY (previously known as Ernst & Young), have reviewed the condensed consolidated AFS contained herein. Their reviewed report is available for inspection at the Company's registered office.

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

Revenue comprises Gross Gaming Revenue ("GGR") from GPI's Limited Payout Machines ("LPM") business, and licencing cost recoveries.

GGR is the term used for the net revenue generated by an LPM from the amount of cash played through the LPM less payouts to players. Overall GGR increased by 19.2% from the prior year.

2. Cost of sales

Cost of sales consists of direct costs associated with the management LPM's at the licenced route operators. LPM cost of sales is directly related to GGR, and comprises direct costs such as commissions to site owners, gambling levies and monitoring fees. Cost of sales has increased by 20% in line with the increase in GGR.

3. Impairment

In terms of IAS 36: Impairment of assets, an entity must determine whether there is any indication of impairment at each reporting date. IAS 36 requires assets to be impaired to the higher of fair value less cost to sell or value-in-use based on discounted cash flow valuations.

The impairment in the prior year relates to certain LPM's that were no longer being used and became obsolete.

4. Finance Income

Finance income increased by 75% due an increase in the preference shares held in Rowmoor Investments 1003 Pty Ltd.

5. Finance costs

Finance costs increased by 1750% due to the additional term loan of R24 million obtained during the 2014 financial year in respect of the acquisition and restructure of Slots Shared Services Pty Ltd.

6. Taxation

The tax charge in the statement of comprehensive income has increased by 68%. This largely due to increased profitability in both Grand Gaming Western Cape Pty Ltd and Grand Gaming KwaZulu-Natal Pty Ltd.

7. Headline earnings and HEPS

	Reviewed 31 December 2013 Cents	Unaudited 31 December 2012 Cents	Audited 30 June 2013 Cents
Basic and diluted earnings per share	**30 749 505**	17 686 000	44 038 000
Headline and diluted headline earnings per share	**30 902 772**	17 938 000	44 565 760
Dividends per share	**–**	–	–
Headline earnings reconciliation	**R'000**	R'000	R'000
Earnings attributable to ordinary shareholders	**30 993**	15 775	41 856
Non-controlling interest	**64**	1 911	2 182
	31 057	17 686	44 038
Loss on sale of property, plant and equipment	**215**	350	733
Tax effect on above	**(60)**	(98)	(205)
Headline earnings	**31 212**	17 938	44 566
Headline earnings calculation			
Shares in issue	**101**	100	100
Weighted average number of shares in issue	**101**	100	100

8. Non-current assets

Increases in non-current assets are due to acquisitions of businesses made during the period. Intangible assets include trademarks and gaming licences in respect of the acquisitions. The total fair value at the acquisition date in respect of these trademarks and licences was estimated at R4.8 million for Zimele Slots and R27.6 million for Hot Slots. In addition the total goodwill recognised from these acquisitions amounted to R2.8 million in respect of Zimele Slots and R32 million for Hot Slots.

9. Current assets

Current assets have increase mainly as a result of an increase in cash and cash equivalents and trade and other receivables. This due to the inclusion of Grand Gaming Hot Slots in the current period with cash of R2.2 million and Slots Shared Services Pty Ltd with cash of R7.3 million. Current assets for the current period consist of cash and cash equivalents of R37.4 million, trade and other receivables of R32.7 million and inventories of R1.5 million.

10. Non-current liabilities

Non-current liabilities increased mainly due to the R32 million term loan obtained from Sanlam Capital Markets ("SCM") via the acquisition of GPI Management Services Pty Ltd. Subsequently R8 million has been paid and R8 million included in current liabilities. Deferred tax liabilities increased significantly, largely due to the acquisition of Hot Slots which resulted in an additional R7.7 million charge in respect of the fair value of the assets acquired.

11. Current liabilities

Current liabilities comprise trade and other payables of R56 million, the current portion of the term loans with SCM of R8 million, loan owing to GPI Limited of R184 million, R19 million owing to Rowmoor Investments 1003 Pty Ltd and the current portion of finance leases of R 0,3 million.

12. Increase in shares

During July 2013, 1 ordinary share was issued to GPI Limited in respect of the acquisition of the entire issued share capital of R2 000 100 of GPI Management Services Pty Ltd. GPI Management Services was subsequently restructured and named Slots Shared Services Pty Ltd.

13. Cash generated from operations

The reconciliation of net profit for the period to cash generated by operations is as follows:

	Reviewed 31 December 2013 R'000s	Unaudited 31 December 2012 R'000s	Audited 30 June 2013 R'000s
Profit before tax	**43 739**	23 371	48 728
Depreciation and amortisation	**17 915**	7 964	15 888
Finance income	**(1 543)**	(883)	(2 956)
Finance costs	**1 376**	74	119
Share based payment	**215**	–	–
Loss on sale of plant and equipment	**215**	348	733
Net cash generated from operations before working capital movements	**61 917**	30 874	62 512
(Increase)/Decrease in inventories	**(313)**	135	831
Decrease/(increase) in trade and other receivable	**10 809**	4 275	(9 102)
(Decrease)/Increase in trade and other payables	**(18 136)**	2 557	4 730
Net cash generated from operations	**54 277**	37 841	58 971

14. Acquisition of GPI Management Services (Pty) Ltd

On 1 July 2013 GPI Management Services Pty Ltd became a subsidiary of GPI Slots Pty Ltd. GPI Slots Pty Ltd acquired the entire issued share capital of GPI Management Services Pty Ltd (200 shares) from GPI Limited in exchange for 1 ordinary share in GPI Slots Pty Ltd. The net assets acquired in this transaction amounted to R3.2 million of which R737 123 represents the cash included in the net asset acquired.

15 IFRS 3R – Business Combinations

Zimele Slots

On 2 August 2013 GPI announced that the Mpumalanga Gambling Board ("MGB") had approved the transfer of the LPM Route Operator Licence held by Zimele Slots Mpumalanga (Pty) Ltd ("Zimele") to Grand Gaming Mpumalanga (Pty) Ltd ("GGM"), a wholly-owned subsidiary of GPI Slots. The licence is one of two issued in the province where a maximum of 2 000 LPMs may be rolled out. The acquisition became unconditional on 17 July 2013 when the MGB approved the acquisition and transfer of the route operator licence resulting in GGM formally gaining control of the business on 18 July 2013. The purchase price for Zimele was R6.75 million. Included in revenue and profit for the period is R1.9 million and a loss after tax of R0.8 million respectively since Zimele became a subsidiary.

As per IFRS 3R the acquirer, GGM is required to identify all the assets purchased and liabilities assumed and to recognise these items, separately from goodwill, at the fair value at the acquisition date. The only tangible assets acquired were the assets as defined per the agreement, which mostly consisted of property, plant and equipment. As for intangible assets the route operator licence and site operator licences were identified as intangible assets. No other intangible assets have been identified.

	R'000s
Intangible assets	
– Route operator licence	4 422
– Site operator licences	414
Property, plant and equipment	554
Deferred tax liability	(1 509)
Total identifiable net assets at fair value	3 881
Goodwill	2 869
Purchase consideration	6 750
Purchase consideration made up as follows:	
Cash paid in respect of acquisition	6 750
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	–
Cash paid in respect of acquisition	(6 750)

Hot Slots

On 2 August 2013 GPI announced that, through its 100% held subsidiary GPI Slots, it had entered into an agreement to acquire 100% of the issued share capital and loan accounts in Grand Gaming Hotslots (Pty) Ltd (previously Bohwa 1 (Pty) Ltd) ("Hot Slots"). Hot Slots is licensed as a route operator in Gauteng to operate 1 000 LPMs. The agreement was subject to the fulfilment of certain conditions precedent, including the approval of the transaction by the Gauteng Gambling Board ("GGB") and GPI shareholder approval. GGB approval was obtained on 3 December 2013 and GPI shareholder approval was obtained on 11 December 2013. In terms of the agreement the effective date of the deal was 17 December 2013. GPI Slots acquired Hot Slots for R65 million. The purchased price of R65 million was settled via a loan account with GPI Limited who in turn paid R25 million in cash and R40 million in shares. Included in revenue and profit for the period is R2.4 million and R0.6 million respectively since Hot Slots became a subsidiary. As per IFRS 3R the acquirer, GPI Slots is required to identify all the assets purchased and liabilities assumed and to recognise these items, separately from goodwill, at the fair value at the acquisition date. As for intangible assets the route operator licence, site operator licences, brand and trademarks were identified as intangible assets. No other intangible assets have been identified.

	R'000s
Intangibles	
– Route Operator Licence	16 163
– Site operator licences	542
– Branding and trademarks	10 977
– Site establishment	320
Property, plant and equipment	14 080
Trade and other receivables	2 704
Cash and cash equivalents	2 261
	47 047
Deferred tax liabilities	(7 751)
Loan to holding company	(92 042)
Trade and other payables	(6 381)
	(106 174)
Total identifiable net assets at fair value	(59 127)
Goodwill	32 085
Loans acquired	92 042
Purchase consideration	65 000
Purchase consideration made up as follows:	
Loan funding received in respect of acquisition	(65 000)
Net cash acquired on acquisition	2 261

OPERATIONAL HIGHLIGHTS

We concluded the acquisition of two Route Operator licenses in Mpumalanga and Gauteng respectively.

Review of operations

On 1 July 2013 GPI Slots acquired the full share capital of GPI Management Services (Pty) Ltd from GPI Limited via a share for share transaction. GPI Slots issued 1 (one) additional share to GPI Limited for R2 000 100 in return for the full share capital of GPI Management Services. Prior to the acquisition, GPI Management Services owned all the LPMs in the GPI Limited Group and rented these LPMs to the operating subsidiaries of GPI Slots via operating leases. On 1 July 2013, subsequent to the GPI Slots acquisition, GPI Management Services sold the LPMs, to the operating subsidiaries of GPI Slots and cancelled the related operating leases. GPI Management Services was also renamed Slots Shared Services.

On the 17 July 2013 all the conditions precedent in respect of the purchase of the route operator licence and site operator licences of Zimele Slots (Pty) Ltd (Zimele) in Mpumalanga, were fulfilled. Grand Gaming Mpumalanga (Pty) Ltd acquired the net assets of Zimele for R6,75 million.

On the 17 December 2013 all the conditions precedent in respect of the purchase of Grand Gaming Hotslots (Pty) Ltd (previously Bohwa 1 (Pty) Ltd), trading as Hot Slots was fulfilled. GPI Slots (Pty) Ltd acquired the full share capital of Grand Gaming Hotslots (Pty) Ltd (previously Bohwa 1 (Pty) Ltd), trading as Hot Slots for R65 million.

RELATED PARTY TRANSACTIONS

The group, in the ordinary course of business, entered into various transactions with related parties. Any intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the group as presented.

DIVIDENDS

No dividends were proposed or declared during the interim period ending 31 December 2013.

SUBSEQUENT EVENTS

On 4th March 2014 GPI Slots concluded an agreement with Mion Gaming and Leisure (Pty) Ltd and Gold Circle and Mion Community Trust to acquire the full share capital of Gold Circle KwaZulu-Natal Slots (Pty) Ltd, trading as KZN Slots, for R79 million. The fulfilment of the sale is subject to certain conditions precedent which includes the approval of the transaction by the KZN Gambling Board. The board of directors expects the transaction will become unconditional during July 2014.

For and on behalf of the board

H Adams
Executive Chairman

10 June 2014

A Keet
Chief Executive Officer

10 June 2014

Prepared by: Group Slots Financial Manager, S Barends CA(SA)

Directors
H Adams (Executive Chairman), A Abercrombie, A Keet (Chief Executive Officer), S Petersen (Financial Director), D Pollock, F Mthembu, D Pienaar

Registered office
10th Floor, 33 On Heerengracht
Heerengracht Street, Foreshore, Cape Town, 8001
(PO Box 6563, Roggebaai, 8012)

Attorneys
DLA Cliffe Dekker Hofmeyr

Corporate advisors
Leaf Capital (Pty) Ltd

Company Secretary
Lazelle Parton

Registration number
2003/005175/07

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REVIEWED INTERIM FINANCIAL INFORMATION OF GPI SLOTS

The Directors
Grand Parade Investments Limited
33 on Heerengracht, Foreshore
Cape Town, 8001
(PO Box 6563, Roggebaai, 8012)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF GPI SLOTS PROPRIETARY LIMITED GROUP

We have reviewed the accompanying consolidated statement of financial position of GPI Slots Proprietary Limited as of December 31, 2013 and the related consolidated statement of comprehensive income ,consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of GPI Slots (Pty) Ltd as at December 31, 2013, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

Ernst & Young Inc.
Director: Abdul-Majid Cader
Registered Auditor
Charted Accountant (SA)

Cape Town
10 July 2014

Ernst & Young
35 Lower Long Street
Cape Town

MATERIAL BORROWINGS OF THE GPI GROUP

PART A: DETAILS OF MATERIAL LOANS TO GPI AND ITS SUBSIDIARIES

Lender	Borrower	Loan Amount	Interest Rate	Terms of repayment (i.e. interest only repayments/ capital and interest repayments/ no repayments date upon which loan must be settled)	Security furnished for the loan	Balance owing on the Last Practicable Date
Standard Bank of South Africa Limited	Business Venture Investments 575 Proprietary Limited	R101 678 000	90.00% of Prime	Capital and Interest repayments 31 March 2018	1 257 400 SunWest Shares	R66 596 500
Depfin Proprietary Limited	Business Venture Investments 575 Proprietary Limited	R101 678 000	90.00% of Prime	Capital and interest repayments 31 March 2018	1 257 400 SunWest Shares	R66 596 500
Sanlam Capital Markets Proprietary Limited	GPI Management Services Proprietary Limited	R80 000 000	JIBAR + 3.750%	Capital and interest repayments 25 June 2015	GPI Guarantee and GPI Slots Guarantee	R20 000 000[1]
Sanlam Capital Markets Proprietary Limited	GPI House Properties Proprietary Limited	R75 000 000	JIBAR + 3.150%	Capital and interest repayments 01 June 2023	Mortgage bond over 33 Heerengracht Street (Erf110 Roggebaai)	R69 375 000

Notes:

[1] *R16 000 000 is repayable within 12 months and these repayments will be financed out of cash generated from operations.*

DETAILS OF DIRECTORS OF THE SUBSIDIARIES IN THE GPI GROUP

The full names, ages, business address and capacities of the directors of the major Subsidiaries of GPI are outlined below:

GPI Management Services Proprietary Limited
Slots Shared Services Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Sukena Petersen	34	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

Grand Casino Investments Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Antony Bedford	59	Non-Executive Director	10 Elizabeth Lane, Constantia, Cape Town
Nombeko Mlambo	68	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

Grand Casino Investments KZN Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Sukena Petersen	34	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

GPI Slots Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Sukena Petersen	34	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Felix Mthembu	42	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Duncan Pollock	42	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Nombeko Mlambo	68	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town
Dylan Pienaar	35	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

Grand Gaming Western Cape Proprietary Limited
Grand Gaming KwaZulu-Natal Proprietary Limited
Grand Gaming Gauteng Proprietary Limited
Grand Gaming Mpumalanga Proprietary Limited
Grand Gaming Hotslots Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Sukena Petersen	34	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Nombeko Mlambo	68	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

Grand Capital Investment Holding Proprietary Limited
GPI House Properties Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

Utish Investments Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Norman Maharaj	63	Non-Executive Director	B34 Platinum Junction, School Street, Milnerton
Antony Bedford	59	Non-Executive Director	10 Elizabeth Lane, Constantia, Cape Town
Nombeko Mlambo	68	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

Burger King South Africa Proprietary Limited

Full name	Age	Capacity	Business Address
Hassen Adams	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Jaye Sinclair	43	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Jose Cil	44	Non-Executive Director	
Bruno Lino da Silva	36	Non-Executive Director	

1. Jose Cil and Bruno Lino da Silva are foreigners
2. All other Directors are South African citizens.
3. None of the Directors are partners with unlimited liability.

BK 33 on Heerengracht Proprietary Limited
BK Marketing Fund Proprietary Limited
BK Centre Proprietary Limited

Full name	Age	Capacity	Business Address
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001
Jaye Sinclair	43	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore, Cape Town, 8001

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

OCCURRENCE OF A GPI SLOTS TRIGGER EVENT IN TERMS OF THE GPI SLOTS FORCED SALE PROVISIONS

For purposes of clause 2.3.4.1 of the Circular and in accordance with the Memorandum of Incorporation of GPI Slots, a "GPI Slots Trigger Event" shall be deemed to have occurred in relation to a GPI Slots Forced Sale Seller, if –

1. such Forced Sale Seller is an Entity and it is wound up, whether provisionally or finally, or placed under judicial management or becomes the subject of a business rescue plan under the Companies Act, but excluding any winding-up pursuant to a solvent reconstruction, reorganisation or scheme of arrangement;

2. such Forced Sale Seller commits a breach of any of the GPI Slots material shareholder agreement provisions set out below or any of the provisions contained in the GPI Slots Memorandum of Incorporation relating to the following:

   2.1. Restriction on the transfer of securities;

   2.2. Voluntary disposal of equity and rights of pre-emption;

   2.3. Requiring the cooperation of each shareholder to procure the appointment, election or removal of every shareholder's nominee from the board of GPI Slots;

   2.4. Specially protected matters

   and fails to remedy such breach in question within 30 days of notice given by any other GPI Slots Shareholder requiring it to do so.

3. assets of such Forced Sale Seller, with an individual or aggregate value in excess of R500 000, are subject to judicial attachment and such Forced Sale Seller fails to procure release of the assets from attachment within 60 days of their attachment, provided that if the Forced Sale Seller provides evidence on an on-going basis to the reasonable satisfaction of so many of the remaining GPI Slots Shareholders who between them hold the majority of the GPI Slots Shares held by such remaining GPI Slots Shareholders that steps have been initiated within such 60 day period to appeal, review or rescind the attachment order, which are being expeditiously pursued, and that sales in execution under such attachments have been suspended, the period of 60 days shall be extended until the appeal, review or rescission application has been finalised.

4. For purposes of clause 2 above, the following are deemed to be material provisions of the GPI Slots Shareholders Agreement, which if breached, will also result in a "Trigger Event" occurring as contemplated in the GPI Slots Forced Sale Provisions:

   4.1. any provision imposing an obligation on any GPI Slots Shareholder to –

      4.1.1. to exercise its voting rights in favour of the election of the nominee of any other GPI Slots Shareholder as a director or as an alternate director of GPI Slots, or as a director or alternate director of a subsidiary of GPI Slots;

      4.1.2. to exercise its voting rights for the removal of any board nominee of any other GPI Slots Shareholder, or for the termination of the appointment of any alternate director to a board nominee of such other shareholder, or for the removal of any nominee of such other shareholder as a director of a subsidiary of the GPI Slots, or for the termination of the appointment of any nominee of such other GPI Slots Shareholder as an alternate director of any subsidiary of GPI Slots, if so required by such other GPI Slots Shareholder;

      4.1.3. to vote in favour of any special resolution that is required in terms of section 41(3) of the Companies Act to approve the issue of additional GPI Slots Shares to the extent necessary for the specific purpose of raising additional share capital; or

      4.1.4. to provide any guarantees and/or suretyships and/or indemnities to any third party in respect of any member of the GPI Slots Group Companies and/or meet its payment obligations timeously there under;

      4.1.5. to indemnify any other GPI Slots Shareholder in regard to any loss or damage which such other GPI Slots Shareholder may sustain in respect of any guarantee and/or suretyship and/or indemnity given by such last-mentioned GPI Slots Shareholder; or

4.2. any provision imposing an obligation on any GPI Slots Shareholders as regards –

4.2.1. the transfer of such GPI Slots Shareholder's equity to any member of such GPI Slots Shareholder's group;

4.2.2. any "come along" or "tag along" provisions with regard to the disposal by any other GPI Slots Shareholder of its equity; or

4.2.3. any terms or conditions regulating GPI Slots Shareholder loan claims; or

4.2.4. any provision precluding a GPI Slots Shareholder from directly or indirectly being associated or concerned with or engaged in any particular business or any entity carrying on any particular business.

SECTION 115 AND SECTION 164 OF THE COMPANIES ACT: SHAREHOLDERS' APPRAISAL RIGHTS

"Section 115: Required approval for transactions contemplated in Part A

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

(a) the disposal, amalgamation or merger, or scheme of arrangement:

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to:

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved:

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the Company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the Company's holding company if any, if:

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the Company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) *required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or*

(b) *required to be voted in support of a resolution, or actually voted in support of the resolution.*

(4A) *In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).*

(5) *If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the Company must either:*

(a) *within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or*

(b) *treat the resolution as a nullity.*

(6) *On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:*

(a) *is acting in good faith;*

(b) *appears prepared and able to sustain the proceedings; and*

(c) *has alleged facts which, if proved, would support an order in terms of subsection (7).*

(7) *On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:*

(a) *the resolution is manifestly unfair to any class of holders of the Company's securities; or*

(b) *the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.*

(8) *The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:*

(a) *notified the Company in advance of the intention to oppose a special resolution contemplated in this section; and*

(b) *was present at the meeting and voted against that special resolution.*

(9) *If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:*

(a) *the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;*

(b) *the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;*

(c) *the transfer of shares from one person to another;*

(d) *the dissolution, without winding-up, of a company, as contemplated in the transaction;*

(e) *incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or*

(f) *any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.*

SECTION 164: DISSENTING SHAREHOLDERS APPRAISAL RIGHTS

(1) *This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.*

(2) *If a company has given notice to shareholders of a meeting to consider adopting a resolution to:*

(a) *amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or*

(b) *enter into a transaction contemplated in section 112, 113, or 114,*

that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the Company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the Company must send a notice that the resolution has been adopted to each shareholder who:

(a) gave the Company a written notice of objection in terms of subsection (3); and

(b) has neither:

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the Company pay the shareholder the fair value for all of the shares of the Company held by that person if:

(a) the shareholder:

(i) sent the Company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the Company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the Company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder:

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the Company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the Company within:

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:

(a) the shareholder withdraws that demand before the Company makes an offer under subsection (11), or allows an offer made by the Company to lapse, as contemplated in subsection (12)(b);

(b) the Company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the Company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the Company received a demand as contemplated in subsection (7)(b), if applicable, the Company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the Company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

(a) the shareholder must either in the case of:

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the Company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the Company or the Company's transfer agent; and

(b) the Company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

(i) tendered the share certificates; or

(ii) directed the transfer to the Company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the Company to pay the shareholder the fair value so determined, if the Company has:

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

(a) all dissenting shareholders who have not accepted an offer from the Company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the Company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the Company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the Company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the Company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the Company in terms of subsection (11), in which case:

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the Company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the Company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the Company being unable to pays its debts as they fall due and payable for the ensuing 12 months:

(a) the Company may apply to a court for an order varying the Company's obligations in terms of the relevant subsection; and

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the Company; and

(ii) ensures that the person to whom the Company owes money in terms of this section is paid at the earliest possible date compatible with the Company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the Company to amalgamate or merge with one or more other companies, such that the Company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section Are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the Company, or an acquisition of its shares by the Company within the meaning of section 48, and therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the Company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

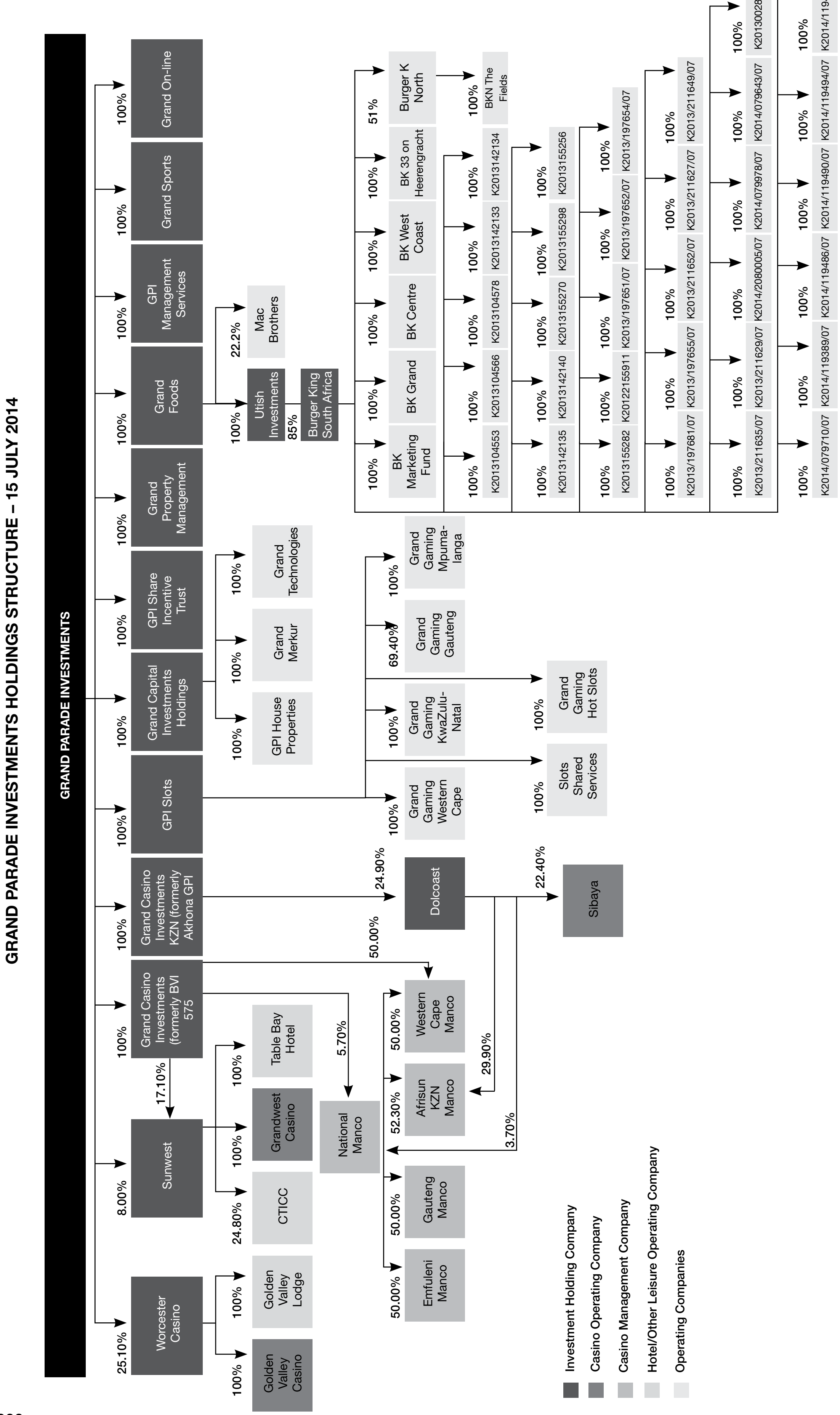
(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

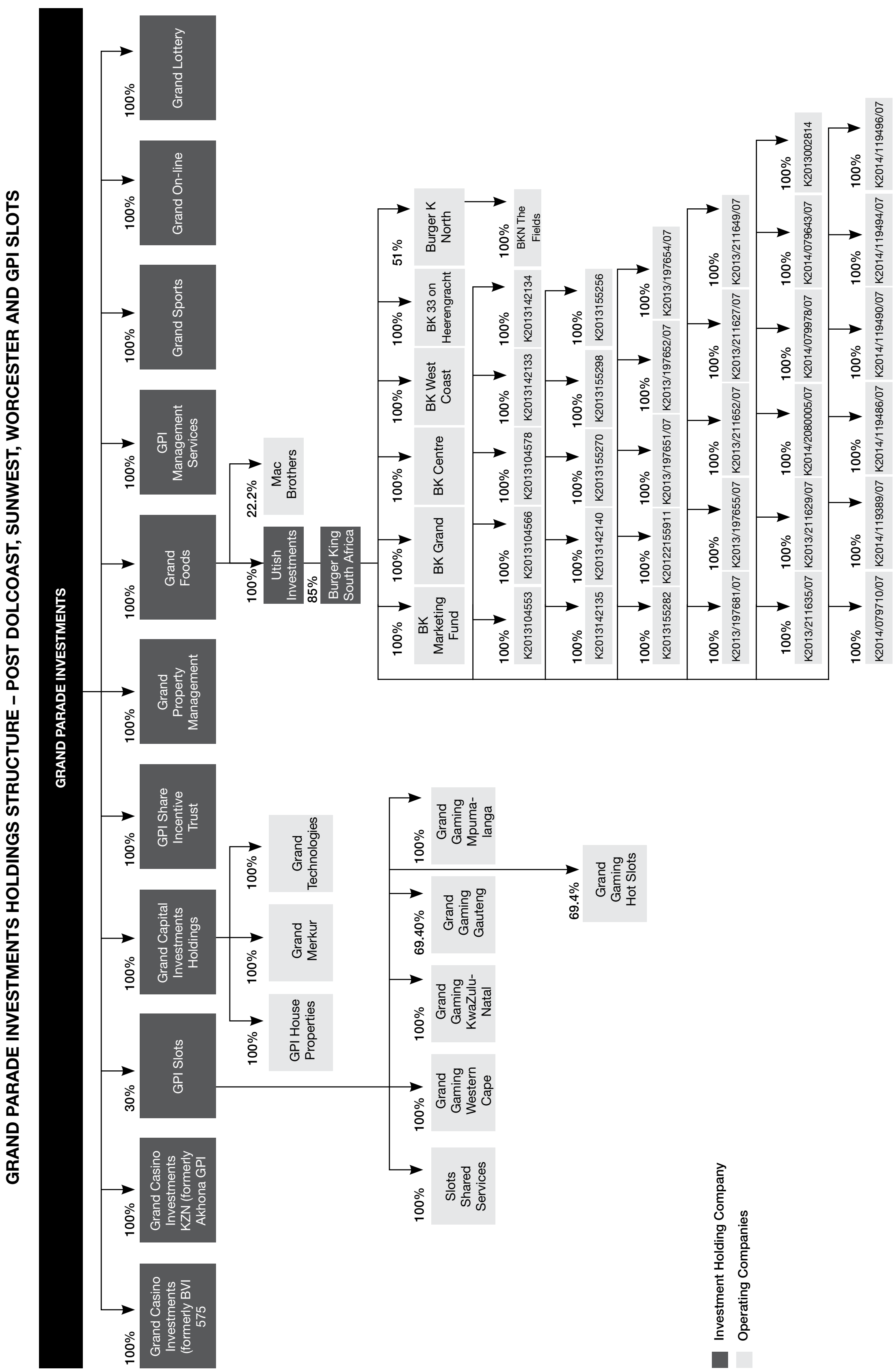
a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

GPI GROUP STRUCTURE BEFORE AND AFTER THE IMPLEMENTATION OF THE TRANSACTIONS

Before the implementation of the Transactions:



After the implementation of the Transactions:



GRAND PARADE
INVESTMENTS LIMITED

GRAND PARADE INVESTMENTS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1997/003548/06)
Share code: GPL ISIN: ZAE000119814
("**GPI**" or "**the Company**")

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company's Shareholders will be held at **18h00** on **Thursday, 21 August 2014** at Meeting Room 1.4, Cape Town International Convention Centre, Foreshore, Cape Town, Western Cape

Purpose

The purpose of the General Meeting is to consider and, if deemed fit, to approve, with or without modification, the resolutions set out in this Notice of General Meeting.

Note:

- *The definitions and interpretation commencing on page 5 of the Circular to which this Notice of General Meeting is attached, apply mutatis mutandis to this notice and to the resolutions set out below.*
- *For a special resolution to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.*
- *For an ordinary resolution to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution.*
- *The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 11 July 2014.*

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE SUNWEST AND WORCESTER TRANSACTION

"**RESOLVED AS A SPECIAL RESOLUTION** in terms of sections 112 and 115(2)(a) and (b) of the Companies Act, that the disposals by the Company and Grand Casino Investments of their entire interest in SunWest and Worcester, and as more fully described and contemplated by the SunWest and Worcester Transaction set out in the Circular, be and is hereby approved by GPI Shareholders and that the Company and Grand Casino Investments be and are hereby authorised to implement the SunWest and Worcester Transaction on the terms more fully set out in the SunWest and Worcester Sale Agreement, the detail of which has been included in the Circular and copies of which have been made available for inspection by Shareholders."

Reason for and effect of Special Resolution Number 1

The disposals by the Company and Grand Casino Investments of their entire interest in SunWest and Worcester and as more fully described and contemplated by the SunWest and Worcester Transaction is regarded as a disposal of the greater part of the assets or undertaking of the Company and Grand Casino Investments in terms of section 112 of the Companies Act and therefore requires the approval of Shareholders by way of a special resolution, excluding the votes of any parties and their associates participating in the SunWest and Worcester Transaction.

The effect of Special Resolution Number 1, if passed by Shareholders, is that the Company will have the necessary authority in terms of the Companies Act to implement the disposals by the Company and Grand Casino Investments of their entire interest in SunWest and Worcester.

In terms of section 115(2) of the Companies Act, read with the Company's Memorandum of Incorporation, at least 25% of the voting rights that are entitled to be exercised on Special Resolution Number 1 must be present or represented by proxy in order for Special Resolution Number 1 to be validly adopted.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE SUNWEST AND WORCESTER TRANSACTION

"**RESOLVED AS AN ORDINARY RESOLUTION** in accordance with the provisions of section 9.20 of the Listings Requirements of the JSE, that the SunWest and Worcester Transaction be and is hereby approved by GPI Shareholders and that the Company be and is hereby authorised to implement the SunWest and Worcester Transaction on the terms more fully set out in the SunWest and Worcester Sale Agreement, the detail of which has been included in the Circular and copies of which have been made available for inspection by Shareholders."

Reason for and effect of Ordinary Resolution Number 1

In terms of the Listings Requirements of the JSE, the SunWest and Worcester Transaction is deemed to be a category 1 transaction and requires the approval of the Shareholders by way of an ordinary resolution.

The effect of Ordinary Resolution Number 1, if passed by Shareholders, will be that the Company will have the necessary authority in terms of the Listings Requirements of the JSE to implement the SunWest and Worcester Transaction in accordance with its terms.

ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF THE SIBAYA TRANSACTION

"**RESOLVED AS AN ORDINARY RESOLUTION** in accordance with the provisions of section 9.20 of the Listings Requirements of the JSE, subject to Dolcoast shareholders waiving their pre-emptive rights and/or Dolcoast not effecting a repurchase of GPI's interest in Dolcoast, that the Sibaya Transaction be and is hereby approved by GPI Shareholders and that the Company be and is hereby authorised to implement the Sibaya Transaction on the terms more fully set out in the Sibaya Sale Agreement, the detail of which has been included in the Circular and copies of which have been made available for inspection by Shareholders."

Reason and effect of Ordinary Resolution Number 2

The reason for Ordinary Resolution Number 2 is that the Sibaya Transaction is classified as a category 1 transaction in terms of the JSE Listings Requirements and therefore requires the approval of the Shareholders by way of an ordinary resolution.

The effect of Ordinary Resolution Number 2 if passed by Shareholders is that the Company will be authorised to implement the Sibaya Transaction in accordance with its terms.

ORDINARY RESOLUTION NUMBER 3 – APPROVAL OF THE GPI SLOTS TRANSACTION

"**RESOLVED AS AN ORDINARY RESOLUTION** in accordance with the provisions of section 9.20 of the Listings Requirements of the JSE, that the GPI Slots Transaction be and is hereby approved by GPI Shareholders and that the Company be and is hereby authorised to implement the GPI Slots Transaction on the terms more fully set out in the GPI Slots Sale Agreement, the detail of which has been included in the Circular and copies of which have been made available for inspection by Shareholders".

Reason and effect of Ordinary Resolution Number 3

The reason for Ordinary Resolution Number 3 is that the GPI Slots Transaction is classified as a category 1 transaction in terms of the JSE Listings Requirements and therefore requires the approval of the Shareholders by way of an ordinary resolution.

The effect of Ordinary Resolution Number 3 if passed by Shareholders is that the Company will be granted the necessary authority by Shareholders in terms of the JSE Listings Requirements to implement the GPI Slots Transaction in accordance with its terms.

ORDINARY RESOLUTION NUMBER 4 – APPROVAL OF THE GPI SLOTS REPURCHASE CALL OPTION

"**RESOLVED AS A ORDINARY RESOLUTION** in accordance with the provisions of section 9.20 of the Listings Requirements of the JSE:

- to the extent that SISA does not exercise the GPI Slots Investment Two Option, or if the GPI Slots Investment Two Option is exercised and closing of the GPI Slots Investment Two Option does not take place (other than as a result of a breach by GPI of its obligations under the GPI Slots Sale Agreement); or
- to the extent that SISA does not exercise the GPI Slots Investment Three Option,

the Company be and is hereby authorised to exercise the GPI Slots Repurchase Call Option and implement the GPI Slots Repurchase Sale arising as a result of such exercise, on the terms more fully set out in the GPI Slots Sale Agreement, the detail of which has been included in the Circular."

Reason for and effect of Ordinary Resolution Number 4

Should GPI exercise the GPI Slots Repurchase Call Option, same may be regarded as a category 1 transaction as contemplated in terms of section 9 of the Listings Requirements, accordingly, Shareholder approval is being sought from Shareholders by way of an ordinary resolution.

The effect of the Ordinary Resolution Number 4, if passed by Shareholders, is that the Company would be authorised to exercise the GPI Slots Repurchase Call Option and implement the GPI Slots Repurchase Sale arising as a result of such exercise, as contemplated above.

ORDINARY RESOLUTION NUMBER 5 – APPROVAL OF THE GPI SLOTS FORCED SALE

"**RESOLVED AS AN ORDINARY RESOLUTION** in accordance with the provisions of paragraph 9.20 of the Listings Requirements of the JSE, that to the extent that a GPI Slots Forced Sale Trigger Event occurs resulting in the GPI Slots Forced Sale, the Company be and is hereby authorised to implement the GPI Slots Forced Sale in accordance with the GPI Slots Forced Sale Provisions."

Reason for and effect of Ordinary Resolution Number 5

If a GPI Slots Forced Sale Trigger Event does occur resulting in the GPI Slots Forced Sale, the GPI Forced Sale, from a GPI perspective, may meet the definition of a category 1 transaction as contemplated in terms of section 9 of the Listings Requirements accordingly, Shareholder approval by way of an ordinary resolution is being sought from Shareholders.

The effect of Ordinary Resolution Number 5, if passed by Shareholders, is that the Company will have the necessary authority to implement the GPI Slots Forced Sale in accordance with the GPI Slots Forced Sale Provisions upon the occurrence of a GPI Slots Forced Sale Trigger Event.

ORDINARY RESOLUTION NUMBER 6 – AUTHORITY OF DIRECTORS

"**RESOLVED AS AN ORDINARY RESOLUTION** that any director of the Company and/or the Company Secretary be and is hereby authorised to do all such things and sign all such documentation as are necessary to give effect to the Resolutions set out in this Notice, hereby ratifying and confirming all such things already done and documentation already signed."

Reason and effect

The reason for Ordinary Resolution Number 6 is for Shareholders to authorise the parties referred to in Ordinary Resolution Number 5 to do all things and sign all documentation as is required to give effect to and implement the approvals granted by the Shareholders at the General Meeting.

The effect of Ordinary Resolution Number 6 if passed by the requisite majority of Shareholders will be that the aforementioned parties will be granted the aforementioned authority to act on behalf of Shareholders and, to the extent that they may have already acted on behalf of Shareholders in any manner as contemplated by Ordinary Resolution Number 6, any such actions will be ratified.

VOTING AND PROXIES

The date on which Shareholders must be recorded in the Register for purposes of being entitled to receive this Notice of General Meeting is Friday, 11 July 2014.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is Friday, 15 August 2014. The last day to trade in order to be entitled to attend and vote at the General Meeting, is Friday, 8 August 2014.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification. Accordingly, meeting participants may be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or drivers' license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of the Company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with "own-name" registration, a form of proxy (*yellow*) is attached hereto. Completion of a form of proxy will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

Duly completed forms of proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries of the Company at the address given below by not later than 18h00 on Tuesday, 19 August 2014.

Dematerialised Shareholders without "own-name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Shareholders without "own-name" registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

Electronic Participation in the General Meeting

Shareholders or their proxy(ies) may participate in the General Meeting by way of telephone conference call. A total of 20 telecommunication lines will be available for such participation. Shareholders or their proxies who wish to participate in the General Meeting via the teleconference facility must follow the instructions contained in Annexure A attached to this notice of General Meeting.

Shareholders who wish to participate in the General Meeting by phoning in must note that they will not be able to vote during the General Meeting,

SIGNED AT CAPE TOWN ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY ON 10 JULY 2014

By order of the board

H Adams
Executive Chairman

Registered Office
33 Heerengracht Street
Foreshore
Cape Town, 8001
(PO Box 6563, Cape Town, 8012)

Transfer secretaries
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

1. Shareholders or their proxies that wish to participate in the General Meeting via electronic communication ("**participants**"), must apply to the Company's transfer secretaries to do so by delivering the form below to the Company's transfer office ("**the application**"), Computershare Investor Services, at Ground Floor, 70 Marshall Street, Johannesburg, 2001, by not later than **18h00 on Monday, 18 August 2014**. If a Shareholder does not wish to deliver the notice to that address, it may also be posted, at the risk of the Shareholder, to Computershare Investor Services at PO Box 61051, Marshalltown, 2107, so as to be received by the transfer secretary by no later than the time and date set out in this paragraph.

2. Participants must note that they will not be able to vote during the General Meeting. Such participants, should they wish to have their vote counted at the General Meeting, must act in accordance with the voting instructions contained in this notice of General Meeting, i.e. to the extent applicable:

   (i) Complete the proxy form; or

   (ii) Contact their CSDP.

3. Important notice

   3.1. A total of 20 telecommunication lines will be available.

   3.2. Each participant will be contacted between **08h00** and **17h00** on **Wednesday, 20 August 2014**, via email and/or SMS with a code and the relevant telephone number to allow them to dial in.

   3.3. The cost of the Shareholder's phone call will be for his/her own expense and will be billed separately by their own telephone service providers.

   3.4. The cut-off time to participate in the meeting will be **18h00** on **Thursday, 21 August 2014**. No late dial-in can be accommodated.

The application form:

Full name of the Shareholder:	
ID number:	
Email address:	
Cell number:	
Telephone number:	
Name of CSDP or stockbroker (if shares are held in dematerialised format):	
Contact number of CSDP/stockbroker:	
Contact person at CSDP/stockbroker:	
Number of share certificate (if applicable):	
Signature:	
Date:	

Terms and conditions for participation at the General Meeting via electronic communication

1. The cost of dialling in using a telecommunication line to participate at the General Meeting, is for the expense of the participant and will be billed separately by the participant's own telephone service provider.

2. The Shareholder acknowledges that the telecommunication lines are provided by a third party and indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines whether or not the problem is caused by any act or omission on the part of the shareholder or anyone else. In particular, but not exclusively, the shareholder acknowledges that it will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the General Meeting.

3. Shareholders must note that they will not be able to vote during the General Meeting. Such participants, should they wish to have their vote counted at the General Meeting, must act in accordance with the voting instructions contained in the notice of General Meeting, i.e. to the extent applicable:

   (i) Complete the proxy form; or

   (ii) Contact their CSDP.

4. The application will only be deemed successful if this application form has been completed and fully signed by the Shareholder/proxy.

   Shareholder name: ______________________________

   Signature: ______________________________

   Date: ______________________________

GRAND PARADE INVESTMENTS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1997/003548/06)
Share code: GPL ISIN: ZAE000119814
("**GPI**" or "**the Company**")

FORM OF PROXY – ONLY FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN-NAME" REGISTRATION

For use by Shareholders at the General Meeting of the Company, to be held at 18h00 on Thursday, 21 August 2014 at Meeting Room 1.4, Cape Town International Convention Centre, Foreshore, Cape Town, Western Cape, or any adjourned or postponed meeting.

*The definitions and interpretation commencing on page 5 of the circular to which this form of proxy is attached ("**the Circular**") apply mutatis mutandis to this form of proxy.*

If you are a Dematerialised Shareholder without "own-name" registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full) ______________________________

of (address) ______________________________

being the holder(s) of ____________________ Certificated Shares or Dematerialised Shares with "own-name" registration

do hereby appoint (see notes 1 and 2):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the Chairman of the General Meeting

as my/our proxy to attend, speak and vote for me/us at the General Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	For*	Against*	Abstain*
Special Resolution Number 1 Approval of the SunWest and Worcester Transaction in terms of the Companies Act			
Ordinary Resolution Number 1 Approval of the SunWest and Worcester Transaction in terms of the Listings Requirements of the JSE			
Ordinary Resolution Number 2 Approval of the Sibaya Transaction			
Ordinary Resolution Number 3 Approval of the GPI Slots Transaction			
Ordinary Resolution Number 4 Approval of the exercise by GPI of the Repurchase Call Option			
Ordinary Resolution Number 5 Approval of the GPI Slots Forced Sale			
Ordinary Resolution Number 6 Authority of directors and/or the company secretary			

* One vote per Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided.

Signed at: ____________________ On ____________________ 2014

Signature ______________________________

Capacity of signatory (where applicable) ______________________________

Note: Authority of signatory to be attached – see notes 8 and 9.

Telephone number ______________________________

Cellphone number ______________________________

Assisted by me (where applicable) ______________________________

Full name ______________________________

Capacity ______________________________

Signature ______________________________

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- *A Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a Shareholders' meeting on behalf of such Shareholder.*
- *A Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder.*
- *A proxy may delegate his authority to act on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy.*
- *Irrespective of the form of instrument used- to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any of such Shareholder's rights as a Shareholder.*
- *Any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.*
- *If an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.*
- *A proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.*
- *If the instrument appointing a proxy or proxies has been delivered by a Shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a Shareholder must be delivered by such company to:*
  - *the relevant Shareholder; or*
  - *the proxy or proxies, if the relevant Shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.*

Notes:

1. Each Shareholder is entitled to appoint 1 (one) (or more) proxies (none of whom need be a Shareholder of the Company) to attend, speak and vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided with or without deleting "the Chairman of the General Meeting" but the Shareholder must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the Shareholder's votes exercisable at the meeting.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107, to be received by them by no later than 48 hours before the commencement of the General Meeting (or any adjournment of the General Meeting), excluding Saturdays, Sundays and official public holidays.
5. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
6. The chairman of the General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the memorandum of incorporation of the Company.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by the Company or the Transfer Secretaries or waived by the chairman of the General Meeting.
10. Where Shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own Shares in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Shareholder and his/her CSDP or Broker.
13. This form of proxy shall be valid at any resumption of an adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of an adjourned meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.