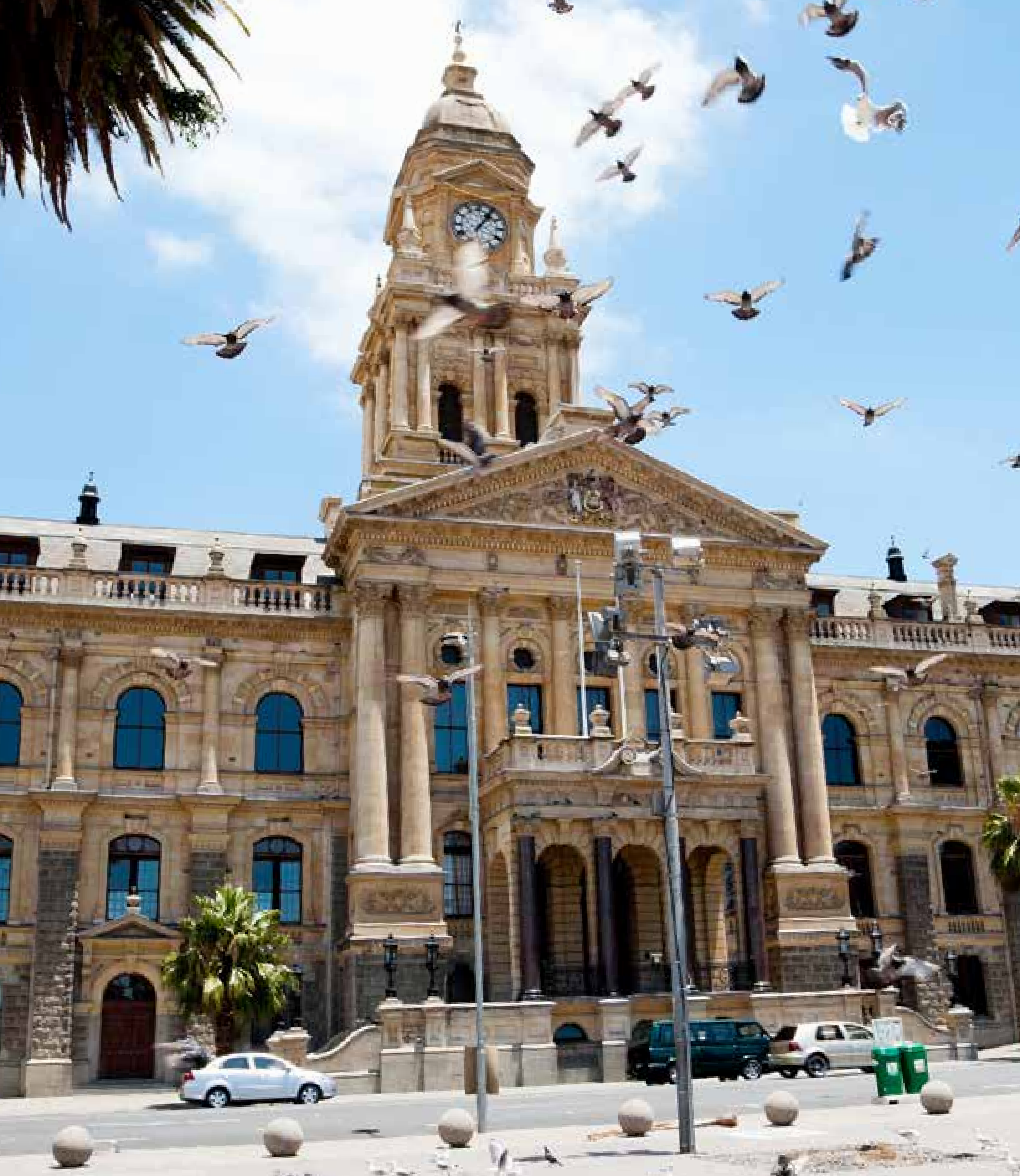

GRAND PARADE INVESTMENTS LIMITED

ABRIDGED AUDITED RESULTS OF **GRAND PARADE INVESTMENTS LIMITED (GPI)** FOR THE YEAR ENDED **30 JUNE 2016**

COMPANY SECRETARY

Lazelle Christian Parton

BUSINESS ADDRESS AND REGISTERED OFFICE

10th Floor, 33 on Heerengracht,
Foreshore, Cape Town, 8001

(PO Box 6563, Roggebaai, 8012)

LISTING

JSE Limited

Sector: Financial Services

ISIN: ZAE000119814

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

70 Marshall Street, Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

SPONSORS

PSG Capital Proprietary Limited

(PO Box 7403, Stellenbosch, 7599)

AUDITORS

Ernst & Young Inc.

ATTORNEYS

Bernadt Vukic Potash & Getz

SALIENT FEATURES

▲ 120%

increase in headline earnings from continuing operations (cents per share)

30 JUNE 2016	30 JUNE 2015
1.99	(10.17)

▲ 521%

increase in basic earnings from continuing operations (cents per share)

30 JUNE 2016	30 JUNE 2015
43.01	(10.21)

▲ 11%

increase in intrinsic NAV (cents per share)

30 JUNE 2016	31 DECEMBER 2015
681	615*

▲ 24%

reduction in debt equity ratio

30 JUNE 2016	30 JUNE 2015
27.1%	35.5%

* The intrinsic net asset value comparative has been based on the intrinsic net asset value reported in the 31 December 2015 interim results and therefore only represents a six-month movement in the intrinsic net asset value between 31 December 2015 and 30 June 2016. The intrinsic net asset value is before head office costs and CGT implications.

INTRODUCTION

GPI's major investments in the Food and Gaming & Leisure industries are all exposed to the South African consumer, who has come under unprecedented pressure over the past year. The consumer has faced a perfect storm of headwinds with rising food prices, fuel prices, interest rates and a zero-growth economy. GPI's investments have held their own in extremely tough trading conditions with significantly better results in the current year. As a result, headline earnings per share from continuing operations increased by 120% to 1.99 cents compared against a loss of 10.17 cents per share last year. The improved results indicate that the early stage food investments are migrating towards profitability, having reached a level of maturity where the scale of the businesses and resultant synergies allow for better efficiencies.

The past year has once again been a very active year for GPI on the investment front, resulting in a significant realisation of its investments. A further 25.0% of GPI Slots was sold to Sun International for R270.3 million and a 10.0% holding of SunWest and Worcester Casino to Tsogo Sun for R675.0 million. After the requisite taxes, GPI netted R858.7 million in cash from the two disposals. The proceeds from the disposals to Tsogo Sun will be received in equal instalments of R37.5 million per month until September 2017.

As highlighted in the interim results for the six months ended 31 December 2015, GPI will utilise the proceeds to reduce its gearing to levels appropriate in the current economy. To this end, GPI utilised the proceeds from the GPI Slots disposal to reduce its debt facilities by R178.9 million during the year. It will continue to reduce its debt facilities over the next year and is targeting a debt equity ratio of 18.0% by 30 June 2017.

INVESTMENT ACTIVITIES

Over the past year, the Group continued to restructure its investment portfolio in line with its strategy of increasing its investments in food, moving towards strategic investments in gaming & leisure and divesting from non-core investments. As a result the Group concluded a number of transactions during the year and the details of the material transactions have been disclosed below.

FOOD

During the year, the Group continued to expand and increase its investments in the food industry. The Group expanded its restaurant brands by acquiring the master franchise licences for two of the world's leading Quick Service Restaurant (QSR) brands in DUNKIN' DONUTS® and BASKIN-ROBBINS®.

The Group also acquired control of Grand Foods Meat Plant, the production facility which produces all of Burger King's beef burger patties. The details of these transactions are as follows:

Acquisition of Master Franchise Rights for Dunkin' Donuts and Baskin-Robbins:

On 22 January 2016, GPI acquired the South African Master Franchise licenses of Dunkin' Donuts and Baskin-Robbins for a combined cost of R12.3 million. The licences extend for an initial period of 10 years with an option to extend for a further 10 years. Dunkin' Donuts is one of the world's leading coffee and bakery chains, with over 11 500 restaurants in 40 countries. The terms of the Dunkin' Donuts licence require that GPI opens 8 corporate-owned restaurants and 210 franchised restaurants over 10 years.

Baskin-Robbins is the world's largest chain of speciality ice cream stores, with 7 600 stores in 50 countries. The terms of the Baskin-Robbins licence require that GPI opens 71 corporate-owned stores over a 10 year period. The master franchise licences of both Dunkin' Donuts and Baskin-Robbins give GPI the right of first refusal to enter Namibia, Botswana, Zambia and Mauritius.

Acquisition of Grand Foods Meat Plant

On 26 October 2015, the Group acquired a further 65.0% of Grand Foods Meat Plant from Excellent Holdings (Pty) Ltd and Nadesons Investments (Pty) Ltd (Nadesons Investments) for R35.8 million. Prior to the acquisition, the Group held 35.0% of the investment indirectly through Burger King, the acquisition increased the Group's effective holding to 96.9% and gave it control of the investment. Grand Foods Meat Plant was consolidated into the Group from the effective date of the acquisition and the Group recognised a fair value gain of R18.7 million on its existing 35.0% holding on consolidation.

GAMING & LEISURE

When the Group concluded the agreement to dispose of up to 70.0% of GPI Slots in 2014, it signalled the Group's move away from holding controlling interests in its Gaming & Leisure investments. During the year, the second tranche disposal of 25.0% of GPI Slots was concluded and resulted in the Group losing joint control of the investment and moving into a minority holding, with significant influence, with the investment now being controlled by Sun International.

In addition, the Group concluded two material transactions relating to its casino investments, SunWest and Worcester Casino (Pty) Ltd (Worcester Casino). The first was to recapitalise Worcester Casino. As a result of the recapitalisation, Worcester Casino has eliminated its debt burden and reported a profit for the year. This has been a significant shift for the investment, which had consistently been reporting losses.

The second transaction was to dispose of a 10.0% holding in both SunWest and Worcester Casino to Tsogo Sun Gaming (Pty) Ltd (Tsogo). The disposals represented a realisation of significant value for the Group and even more compelling was that the Group's control over SunWest was not affected. The details of these transactions are as follows:

GPI Slots disposal

On 5 April 2016, GPI concluded the second tranche disposal of 25.0% of GPI Slots to Sun International for R270.3 million. The Group has recognised a R55.3 million profit on the sale in the profit from continuing operations. The disposal resulted in GPI losing joint control of GPI Slots and as a result GPI has classified the 30.0% holding in the investment, which it will ultimately retain once all the disposal tranches have been concluded, as an Investment in Associate in the Statement of Financial Position.

Recapitalisation of Worcester Casino

On 16 October 2015, GPI acquired an additional 2.6 million shares in Worcester Casino for R30.1 million as part of a rights issue. Worcester Casino raised a total of R120.0 million in the rights issue and utilised the proceeds to reduce its debt facilities. The reduction of the debt facilities has improved the profitability of Worcester Casino significantly and as a result the Group was able to recognise a carrying value on the investment and will be able to recognise the earnings from the investment as equity-accounted earnings in the profit from continuing operations.

The Group recognised R0.9 million in earnings from Worcester Casino for the year. However, in order to recognise these earnings, the Group was required to recognise all losses which were incurred by Worcester in previous financial years, which the Group was not able to recognise because the investment had been impaired to a nil value. As a result, a once-off loss of R9.1 million was recognised in equity-accounted earnings during the year.

Disposal of a 10.0% holding in SunWest and Worcester Casino

On 29 June 2016, the Group sold a 10.0% economic interest in SunWest to Tsogo for R642.5 million. In addition the Group disposed of a 10.0% economic and voting interest in Worcester Casino, also to Tsogo for R32.5 million.

It was agreed that the combined proceeds of R675.0 million would be paid through an upfront instalment of R112.5 million, which the Group received on 30 June 2016, with the balance of R562.5 million to be paid in 15 equal instalments of R37.5 million between July 2016 and September 2017. As a result of the deferred receipt of the proceeds, the Group has recognised the proceeds at their present value of R640.9 million at 30 June 2016 of which R528.4 was deferred. As a result of the sale, a reversal of impairment (gain) of R21.4 million relating to Worcester Casino was recognised in profit from continuing operations.

NON-CORE INVESTMENTS

During the year, the Group reclassified a number of investments as non-core investments. Essentially these are all the investments which do not fall into either the Food or Gaming & Leisure segments. The Group is investigating ways in which it can effectively divest from these investments. During the year the following non-core investment was disposed.

Properties

On 9 June 2016, the Group entered into a agreement to sell its office building in Gauteng to GPI Slots.

GROUP FINANCIAL REVIEW

The Group uses headline earnings to assess the underlying investments' contribution to the Group's earnings. The reason for using headline earnings is that it eliminates the one-off effects of the Group's investment activities and therefore provides a comparable view of the Group's continuing earnings.

The Group's headline earnings have come under pressure since its initial investment into Food during the 2013 financial year with the total headline earnings per share declining from 18.23 cents per share for the year ended 30 June 2013 to 1.99 cents per share in the current year. However, to fully understand the earnings profile of the Group over this period, the headline earnings per share must be split between the earnings from continuing operations and the earnings from discontinued operations. The table below depicts this split and shows the earnings profile of the earnings from continuing operations, which came under significant pressure in the years ending 30 June 2013 (10.53 cents loss per share), 30 June 2014 (22.97 cents loss per share) and 30 June 2015 (10.17 cents loss per share). However, the earnings for current year ended 30 June 2016 shows a return to profitability with 1.99 cents per share as a result of a significant improvement in the operating performance of the food, related investments and, in particular, Burger King. Therefore, while the combined headline earnings per share decreased by 81% from 10.53 cents last year to 1.99 cents this year, the headline earnings per share from continuing operations increased by 120% from 10.17 cents loss to 1.99 cents profit in the current year.

ABRIDGED AUDITED FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

The table below shows the contribution each investment made to the Group headline earnings:

	12 months ended 30 June 2016 R'000s	Restated* 12 months ended 30 June 2015 R'000s	Var R'000s	Var %
Food	**(33 895)**	**(75 014)**	**41 119**	**55**
Burger King	(29 938)	(62 634)	32 696	52
Dunkin Donuts	(3 713)	–	(3 713)	–
Baskin-Robbins	(1 856)	–	(1 856)	–
Spur	(5 816)	(5 886)	70	1
Mac Brothers	7 493	(5 727)	13 220	231
Grand Foods Meat Plant	(65)	(767)	702	92
Gaming & Leisure	**130 209**	**126 263**	**3 946**	**3**
Sunwest	110 665	116 592	(5 927)	(5)
GPI Slots	27 734	9 671	18 063	187
Worcester Casino	(8 190)	–	(8 190)	–
Central costs	**(73 508)**	**(82 728)**	**9 220**	**11**
Central costs	(67 267)	(76 261)	8 994	12
GPI Properties	(6 241)	(6 467)	226	4
Non-core Investments	**(13 421)**	**(16 169)**	**2 748**	**17**
Grand Sport	(7 455)	(8 168)	713	9
Grand Tellumat	(5 118)	(3 746)	(1 372)	(37)
Grand Linkstate	(848)	(4 255)	3 407	80
Headline earnings/(loss) from continuing operations	**9 385**	**(47 648)**	**57 033**	**120**
Discontinued operations	**–**	**97 035**	**(97 035)**	**(100)**
Dolcoast	–	5 030	(5 030)	(100)
GPI Slots	–	92 005	(92 005)	(100)
Headline earnings for the year	**9 385**	**49 387**	**(40 002)**	**(81)**
Basic EPS (cents)	**43.01**	**142.72**	**(99.71)**	**(70)**
Continuing operations	*43.01*	*(10.21)*	*53.22*	*521*
Discontinued operations	*–*	*152.93*	*(152.93)*	*(100)*
Headline EPS (cents)	**1.99**	**10.53**	**(8.54)**	**(81)**
Continuing operations	*1.99*	*(10.17)*	*12.16*	*120*
Discontinued operations	*–*	*20.70*	*(20.70)*	*(100)*

* *Refer to Note 31 of the Consolidated Annual Financial Statements.*

DIVIDENDS

On 13 April 2016, GPI declared an ordinary dividend of 15.0 cents per share in respect of the profits relating to the 2015 financial year, which amounted to R71.5 million. GPI's strategy is to remain a dividend-active Company and the possibility of declaring a dividend relating to 2016 profits will be considered once future cash flows can be determined with more certainty.

CAPITAL STRUCTURE

The Group has recognised that while its Food investments are in its early or start-up phase and currently not contributing to the Group's earnings, the Group should be taking a conservative view on its gearing. Over the past 36 months, the Group increased its gearing levels from 11% to in excess of 35.0%, in order to fund the start-up of its Food businesses and, in particular, Burger King.

As a result of the Group's part disposals in its gaming and leisure investments, it has generated a significant amount of proceeds which amongst other initiatives, will also be used to reduce the overall gearing in the Group, in line with the lower end of the Group's targeted debt equity range of between 20.0% and 35.0%. At 30 June 2016, the Group had used some of the proceeds from the second tranche disposal of GPI Slots to reduce its current debt levels by R178.9 million to R642.9 million. This has resulted in a reduction in the debt equity ratio of 8.4% from 35.5% last year to 27.1%.

At year-end, the Group's debt equity ratio is within the target range. However, the Group has committed to utilising a portion of the proceeds from its part disposal of SunWest to repay the full Standard Bank credit facility of R225.0 million over the 12-month period between 1 July 2016 and 30 June 2017, which will have the effect of further reducing the debt equity ratio.

The local political and economic environment has caused a lot of uncertainty in the local credit markets and the Group's exposure to the South African consumer has created further uncertainty around the Group which has resulted in a significant increase, over the past year, in the cost of debt available to the Group. Therefore, as part of the debt reduction process, the Group has identified the facilities which are relatively cheap in comparison to the prevailing market rates and will look to retain those facilities, such as the Spur preference share facilities. The facilities which are being reduced are the Group's most expensive facilities and are costly in comparison to the prevailing market rates.

		30 June 2016	30 June 2015	Movement	
		R'000s	R'000s	R'000s	%
HOLDING COMPANY FACILITIES		**459 671**	**662 211**	**(202 540)**	**(31%)**
SunWest	Preference shares	–	132 880	(132 880)	(100%)
SunWest	Credit facilities	225 000	302 000	(77 000)	(25%)
Spur	Preference shares	234 671	227 331	7 340	3%
SUBSIDIARY FACILITIES		**183 191**	**159 541**	**23 650**	**15%**
GPI Properties	Term loans (Mortgage)	131 999	109 569	22 430	20%
Mac Brothers	Finance leases	16 486	18 612	(2 126)	(11%)
GF Meat Plant	Finance leases	32 235	–	32 235	100%
Burger King	Finance leases	1 898	1 360	538	40%
Dunkin Donuts	Finance leases	434	–	434	100%
GPI Management	Finance leases	139	–	139	100%
Burger King	Related-party loans	–	30 000	(30 000)	(100%)
Total debt		**642 862**	**821 752**	**(178 890)**	**(22%)**
Debt/equity		**27.1%**	**35.5%**	**8.4%**	**24%**

INTRINSIC NET ASSET VALUE (iNAV) AT 30 JUNE 2016

JSE Code	GPL
Share price at 30 June 2016 (cents)	350
Shares outstanding (excl Treasury Shares) (m)	464
Market Capitalisation at 30 June 2016 (R'm)	1 537
iNAV at 30 June 2016 (cents)	681
Book Value NAV at 30 June 2016 (cents)	499

As at 30 June 2016, GPI management has valued the GPI Group on a sum of the parts (SOTP) basis at 681 cents per share (excluding head office costs and CGT impact). This represents a 10.7% increase in the intrinsic net asset value in the six months since 31 December 2015, where management's valuation of the Group was 615 cents per share (excluding head office costs and CGT impact).

The GPI share closing price at 30 June 2016 was 350 cents per share, which when compared against the year-end iNAV implies it is trading at a 49% share price discount.

The table below provides a detailed breakdown of the 30 June 2016 iNAV by investment:

Company	Valuation methodology	100% Equity value R'000s	GPI holding %	GPI Equity value R'000s	Related Holding Co borrowings R'000s	Intrinsic NAV R'000s	% of portfolio
FOOD INVESTMENTS				**1 102 083**	**(235 525)**	**867 222**	**27%**
Burger King	DCF	659 408	91.1%	600 721	–	600 721	19%
Dunkin Donuts[1]	–	–	100.0%	–	–	–	–
Baskin–Robbins[1]	–	–	100.0%	–	–	–	–
Spur	Traded price	3 352 061	10.0%	301 704	(235 525)	66 179	2%
Mac Brothers	DCF	117 790	100.0%	117 790	–	117 790	4%
GF Meat Plant	DCF	85 186	96.9%	82 532	–	82 532	3%
GAMING & LEISURE INVESTMENTS				**1 650 369**	**(225 000)**	**1 425 369**	**45%**
Sunwest[2]	EV/EBITDA	5 496 684	15.1%	829 999	(225 000)	604 999	19%
Worcester Casino	EV/EBITDA	139 029	15.1%	20 993	–	20 993	1%
GPI Slots – Discontinuing operations (19.9%)[3]	Recent transaction		19.9%	263 815	–	263 815	8%
– Continuing operations (30%)	EV/EBITDA	1 785 207	30.0%	535 562	–	535 562	17%
OTHER INVESTMENTS				**347 674**	**(132 500)**	**215 174**	**7%**
GPI Properties	Various	347 674	100.00%	347 674	(132 500)	215 174	7%
NON–CORE INVESTMENTS				**33 585**	**–**	**33 585**	**1%**
GTM	DCF	59 423	51.00%	30 306	–	30 306	1%
Grand Linkstate[4]	Recent transaction	1 884	51.00%	960	–	960	0%
Grand Sports	Cost	–	100.00%	–	–	–	–
Atlas Gaming	EV/EBITDA	46 827	4.95%	2 319	–	2 319	0%
Other Group Companies' cash & cash equivalents						**57 958**	
Other Group Companies' net liabilities (excl Deferred Proceeds)						**(2,620)**	
Remaining proceeds from the part–sale of casino assets[5]						**562,500**	
INAV: Ordinary Shareholders (pre–head office costs)						**3 159 188**	
Number of issued ordinary shares ('000s) excluding treasury shares						**464 005**	
INAV per share (cents)						**681**	

1 *Dunkin' Donuts and Baskin-Robbins are being carried at a nil asset value as neither of these brands have commenced operations. GPI paid R12.3 million for both the Master franchise licences and invested a further R5.6 million up to 30 June 2016 to fund the set-up costs of both the brands.*
2 *GPI Sold 10% of SunWest to Tsogo for R642.5 million which implies an equity value for 100% of SunWest of R6 425.0 million and an intrinsic net asset value for GPI's remaining 15.1% holding of R745.2 million. GPI also sold 10% of Worcester Casino to Tsogo for R32.5 million which implies an equity value for 100% of Worcester Casino of R325.0 million and an intrinsic net asset value for GPI's remaining 15.1% holding of R49.1 million. If the recent transaction values had been used as the basis for valuation on both these investments, GPI's intrinsic net asset value would have increased to R3 276.6 million and the intrinsic net asset value per share would have increased to 706 cents.*
3 *The proceeds from the third tranche disposal of GPI Slots is expected to be R263.8 million, the capital gains tax on disposal is expected to be R59.1 million and as a result the net proceeds from the disposal are expected to be R204.7 million.*
4 *The recent transaction value represents the Group's portion of the proceeds agreed on the sale of Grand Linkstate; refer to the subsequent events section of this report for further details on the sale. The proceeds represent a recovery of the Group's shareholder loan to Grand Linkstate and therefore no capital gains tax will be raised on the disposal.*
5 *The total proceeds from the part-sale of Worcester Casino and SunWest amounted to R675.0 million. Tsogo paid an upfront instalment of R112.5 million on 29 June 2016, which GPI utilised on 30 June 2016 to pay R77.7 million in capital gains taxes related to the sale. The deferred proceeds at 30 June 2016 amounts to R565.5 million, which Tsogo will repay in 15 equal monthly instalments of R37.5 million starting on 15 July 2016 and ending on 1 September 2017.*

The other Group companies' assets and liabilities includes the remaining proceeds receivable of SunWest.

REVIEW OF INVESTMENTS' OPERATIONS

FOOD

BURGER KING

Stand-alone results for the year

Burger King continued its network expansion across South Africa during the year and added 24 new restaurants to the network, taking the total number of restaurants to 62 at 30 June 2016. The average monthly store revenues (ARS) reduced by 20% from R1.0 million last year to R0.8 million this year, largely as a result of the consumer coming under significant pressure during the year as a result of the weak economy and rising prices. However, despite the pullback in the ARS, Burger King's total revenue for the year increased by 56% from R307.8 million last year to R485.2 million this year.

The Food industry was negatively affected by the drought conditions throughout Southern Africa over the past year which resulted in significant increases in food prices. However, as a result of the continued localisation on their inputs, Burger King showed improved gross margins. The restaurant operating model was optimised during the year which resulted in an increase in the average restaurant EBITDA percentage from 0% last year to 3% this year and R17.9 million increase in the total restaurant EBITDA from a loss of R1.3 million last year to a profit of R16.5 million for the year.

The depreciation and amortisation costs for the year of R45.4 million were R17.9 million higher than the R20.1 million cost incurred last year. The increase is as a result of the network expansion during the year, where the average CAPEX per new restaurant opened during the period amounted to R7.7 million. The interest expense increased significantly during the year from R0.6 million last year to R20.8 million this year as a result of interest being charged on the shareholder loan from GPI with effect from 1 January 2016. A tax credit of R26.8 million has been recognised on the assessed loss for the year, which is 13% higher than the credit recognised last year, as a result of the increases in the corporate costs, depreciation and inter-group interest charges. The increased charges also resulted in a 5% increase in the net loss after tax for the year, which increased from R72.1 million last year to R75.9 million this year.

Investment's contribution to Group headline earnings for the year

Burger King's contribution to the Group headline earnings for the year amounts to a loss of R29.9 million (2015: R62.6 million loss), which is after the elimination of inter-group profits of R12.5 million (2015: R0.1 million) and inter-group interest of R20.4 million (2015: Rnil); adding back non-controlling interests of R12.4 million (2015: R9.3 million), and profits on property, plant and equipment of R0.7 million (2015: Rnil).

DUNKIN' DONUTS AND BASKIN-ROBBINS

Dunkin' Donuts and Baskin-Robbins incurred combined costs of R5.6 million to acquire their respective master franchise licences and to set up their corporate head offices. There were no material inter-group charges included in the costs and as a result the two brands contributed a loss of R5.6 million to the Group headline earnings.

GRAND FOODS MEAT PLANT

Stand-alone results for the year

Grand Foods Meat Plant is exposed to Burger King indirectly through their agreement with Burger King's main supplier, Vector. As a result of Burger Kings' 56% increase in revenue, Grand Foods Meat Plant's revenue increased by 120% from R31.4 million last year to R69.1 million this year. This resulted in a R0.1 million profit after tax for the year, which was 107% higher than the R1.5 million net loss after tax incurred last year.

Investment's contribution to Group headline earnings for the year

Grand Foods Meat Plant's net profit after tax for the year of R0.1 million (2015: R1.5 million loss) was reduced by R0.2 million (2015: R1.3 million added back) to take into consideration the share of profits relating to the majority shareholder during the period the investment was held as an associate during the year. As a result of this adjustment, Grand Foods Meat Plant contributed a loss of R0.1 million (2015: R0.8 million loss) to the Group headline earnings for the year.

MAC BROTHERS CATERING EQUIPMENT

Stand-alone results for the year

Mac Brothers increased their revenue by 15% to R267.7 million (2015: R233.9 million) as a result of a 28% increase in local catering equipment sales (excluding Burger King) which increased from R103.1 million last year to R131.7 million this year, and a 47% increase in cold room and extraction sales which increased from R17.2 million last year to R25.3 million this year. The operating costs for the year amounted to R66.2 million which is 29% higher than the operating costs of R51.5 million incurred last year. The increase in costs is as a result of an increase in head count to support the increased operations and building rental charges.

The EBITDA for the year of R18.2 million is 107% higher than the R8.8 million EBITDA from last year. Deprecation for the year of R4.2 million increased by R1.7 million and the interest costs of R3.7 million also increased by R1.7 million when compared to last year.

Net profit after tax for the year of R7.3 million increased by 78% from last year's net profit after tax of R4.1 million.

Investment's contribution to Group headline earnings for the year

Mac Brothers' net profit after tax for the year of R7.3 million was reduced by R5.6 million to eliminate inter-group profits for the year, increased by R1.3 million to eliminate the inter-group interest expense and by R4.5 million to eliminate the tax charge related to the inter-group disposal of buildings. After these adjustments, Mac Brothers contributed a profit of R7.5 million to the Group headline earnings.

GAMING

SUNWEST

Stand-alone results for the year

SunWest's revenue for the year increased by 4% from R2 404.2 million last year to R2 488.0 million this year. Its EBITDA decreased by 0.2% to R941.8 million for the year (2015: R943.5 million) and its net profit after tax decreased by 3.9% to R497.9 million for the year (2015: R515.3 million).

GrandWest

GrandWest Casino's operations were negatively affected by the weak local economy and as a result only realised a 1.2% increase in its revenue to R2 178.0 million (2015: R2 152.0 million). In addition, the interest costs for the year increased by 13% as a result of an increase in the debt facilities of R120.0 million during the year. GrandWest's net profit after tax for the year amounted to R497.9 million which is 3.7% lower than the net profit after tax of R516.8 million last year.

Table Bay Hotel

In contrast to GrandWest Casino, the Table Bay Hotel benefited from the weak rand value and increased their revenue by 23% to R310.3 million (2015: R252.5 million) and their net profit after tax by 120% to R3.7 million for the year from a loss of R18.6 million last year.

Investment's contribution to Group headline earnings for the year

GPI's 25.1% share of SunWest's earnings for the year amounts to R125.0 million, which were reduced by R2.0 million for transaction fees relating to the part disposal of the investment during the year and by R12.5 million for the interest costs related to GPI's debt funding relating to the investment. The earnings were increased by R0.2 million to eliminate GPI's share of SunWest's loss on disposal of property, plant and equipment to provide a profit contribution of R110.7 million to the Group headline earnings for the year.

GPI SLOTS

Stand-alone results for the year

GPI Slots increased their revenue by 16.9% from R799.6 million last year to R934.7 million this year. This was as a result of an additional 155 Limited Pay-out Machines (LPMs) being added to the national network during the year and a 9% increase in the average Gross Gaming Revenue (GGR) per machine per day from R660.0 last year to R721.52 this year. During the year GPI Slots were able to control the rate at which their operating costs increased which resulted in their EBITDA percentage increasing from 22.8% last year to 23.4% this year, and a 19% increase in their total EBITDA to R218.3 million (2015: R182.1 million). Their depreciation for the year of R74.8 million was 28% higher than last year due to the increase in the number of active LPMs. Their finance costs for the year of R25.9 million also showed a significant increase of 61% when compared to last year's costs of R16.1 million, which is due to the fact that interest was only charged on the shareholder loans for six months of the prior year and for the full year this year. As a result of these increased costs, GPI Slots Net Profit Before Tax increased at a lower rate of 8% year on year to R120.4 million (2015: R111.7 million). During the year GPI Slots recognised a deferred tax asset of R26.1 million on the assessed losses which had previously been incurred in its Gauteng businesses, this resulted in a 63% reduction in its consolidated tax charge which reduced from R33.4 million last year to R12.2 million this year. The effect of the deferred tax recognition and the improved performance of GPI Slots resulted in a significant increase of 38% in its Net Profit After Tax for the year to R108.2 million (2015: R78.3 million).

GPI Slots spent a total of R74.8 million during the year on CAPEX, which is 28% higher than last year where they spent a total of R58.6 million. The majority of the CAPEX for the year was spent on Gaming Machines and Equipment (R69.9 million).

Investment's contribution to Group headline earnings for the year

GPI's 30.0% share of GPI Slots' earnings for the year amounts to R32.4 million, which was reduced by R2.0 million for transaction fees related to the part disposal of the investment during the year and a change in the Capital gains rate used amounting to R2.7 million and as a result GPI Slots contributed a R27.7 million profit to the Group headline earnings.

OTHER

CENTRAL COSTS

The Group's net central costs for the year amounted to R67.3 million, which is 12% lower than the central costs of R76.3 million last year as a result of on an optimisation of the Group's head office costs.

SUBSEQUENT EVENTS

Disposal of properties

On 22 August 2016, the Group concluded an agreement for the sale of two industrial buildings, tenanted by Mac Brothers, for R59.5 million. The properties are situated in Epping, Cape Town and in Sabenza in Johannesburg. Mac Brothers will enter into a long-term lease with the new owners on similar terms to their existing inter-group lease which has market-related terms. The transfer of the title deeds have been submitted to the deeds office and the proceeds will only be paid on successful transfer of the properties, which is expected to be concluded by November 2016. The Group will utilise the proceeds to repay the SCM Term Loan 2. The carrying value of the properties at 30 June 2016 is R51.4 million.

On 31 August 2016, the Group concluded an agreement for the sale of its industrial building situated in Atlantis, Cape Town for R35.0 million. The title deed has been submitted to the deeds office and the proceeds will only be paid on successful transfer of the property, which is expected to be concluded by November 2016. The Group will use the proceeds to repay a portion of the SCM Term Loan 3. The carrying value of the property at 30 June 2016 is R22.8 million.

On 31 August 2016, the Group concluded an agreement for the sale of its industrial building situated in Goodwood, Cape Town for R5.7 million. The title deed has been submitted to the deeds office and the proceeds will only be paid on successful transfer of the property, which is expected to be concluded by November 2016. The carrying value of the property at 30 June 2016 is R6.8 million.

Disposal of Grand Linkstate

On 12 August 2016, the Group sold its 51.0% holding in Grand Linkstate to EOH Limited (EOH) for R0.9 million. The minority shareholders concurrently sold their 49.0% holding to EOH for R0.9 million. The Group entered into a three-year service level agreement with EOH to provide the network and desktop support which Grand Linkstate had provided to the Group.

Disposal of Grand Sport

On 1 September 2016, the Group sold its 100% holding in Grand Sport to GPI Slots for R10.0 million. The conclusion of the disposal is contingent on obtaining the required approvals from the Western Cape Gambling and Racing Board, which is expected to be obtained before the end of December 2016.

Share repurchase

Between 1 July 2016 and 9 September 2016, the Group acquired 20.4 million GPI shares for R73.8 million. The shares are being held as treasury shares and were acquired under the general authority granted by the shareholders at the AGM held on 2 December 2015.

RELATED-PARTY TRANSACTIONS

On 26 October 2015, the Group acquired 5.0% of GF Meat Plant from Nadesons Investments for R2.9 million. Hassen Adams and Alan Keet are both Executive Directors of GPI and are affiliates of Nadesons Investments.

In addition to this transaction, the Group, in the ordinary course of business, entered into various transactions with related parties consistent with those as reported at 30 June 2015. During the year, employees exercised share options with the strike price settled by both loan financing and cash.

DIRECTORATE

On 9 September 2016, Tasneem Karriem was appointed as an Executive Director. Tasneem has been part of the GPI executive management team since 20 July 2015 and has been responsible for the corporate finance activities of the Group since joining. She will continue to lead the Group's corporate finance activities in her capacity as an Executive Director.

PROSPECTS

The upcoming financial year is going to be approached by the Group with a significant amount of optimism despite the anticipated strong headwinds caused by a sustained weak local economy. The Group will continue to receive the monthly instalments of R37.5 million per month from Tsogo for the part disposal of SunWest and Worcester Casino, and will receive a total of R450.0 million during the course of the 2017 financial year. The Group will utilise the proceeds to repay its R225.0 million revolving loan facility which is expected to reduce its debt equity ratio to 17.6%.

The Group's focus during the next financial year will be on delivering on its strategy to grow its Food business which includes the continued improvement in the profitability of Burger King, launching both Dunkin' Donuts® and Baskin-Robbins® and unlocking the synergies between the various Food investments. In addition, the Group will look to continue investing in Food businesses via premium restaurant brands and supply chain services and products to support the restaurant brands.

The Group will remain dividend active and will look to realign its dividend policy to align its ordinary dividends with the Group's earning profile.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Note	2016 R'000s	2015 R'000s
CONTINUING OPERATIONS			
Revenue		772 344	502 012
Cost of Sales		(385 229)	(257 896)
Gross profit		**387 115**	**244 116**
Operating costs		(462 788)	(386 460)
Loss from operations		**(75 673)**	**(142 344)**
Profit from equity-accounted investments		144 168	134 894
Profit on disposal of investments		270 565	–
Reversal of impairment of investment		21 362	–
Impairment of investment		(3 468)	–
Remeasurement of investments	3	18 687	405
Depreciation		(45 876)	(23 638)
Amortisation		(2 975)	(2 039)
Profit/(loss) from continuing operations before finance costs and taxation		**326 790**	**(32 722)**
Finance income		23 660	21 236
Finance costs		(72 537)	(57 092)
Profit/(loss) before taxation from continuing operations		**277 913**	**(68 578)**
Taxation		(85 394)	13 332
Profit/(loss) for the year from continuing operations		**192 519**	**(55 246)**
DISCONTINUED OPERATIONS			
Profit after tax for the year from discontinued operations	2	–	716 984
Profit for the year		**192 519**	**661 738**
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit			
Unrealised fair value adjustments on available-for-sale investments, net of tax	5	(37 009)	45 064
Reclassification of realised gain, net of tax		–	(1 056)
Total comprehensive income for the year		**155 510**	**705 746**
Profit/(loss) for the year from continuing operations attributable to:			
– Ordinary shareholders		202 809	(47 892)
– Non-controlling interest		(10 290)	(7 354)
Profit for the year from discontinued operations attributable to:			
– Ordinary shareholders		–	716 984
– Non–controlling interest		–	–
		192 519	661 738
Total comprehensive income attributable to:			
– Ordinary shareholders		165 800	713 100
– Non-controlling interest		(10 290)	(7 354)
		155 510	705 746
		Cents	Cents
Basic earnings per share	4	43.01	142.72
– Continuing operations		43.01	(10.21)
– Discontinued operations		–	152.93
Diluted earnings per share	4	42.80	140.87
– Continuing operations		42.80	(10.08)
– Discontinued operations		–	150.95
Headline earnings per share	4	1.99	10.53
– Continuing operations		1.99	(10.17)
– Discontinued operations		–	20.70
Diluted headline earnings per share	4	1.98	10.40
– Continuing operations		1.98	(10.03)
– Discontinued operations		–	20.43
Ordinary dividend per share		15.00	20.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Note	2016 R'000s	2015 R'000s
ASSETS			
Non-current assets		**2 189 326**	**2 315 008**
Investments in jointly controlled entities		629 635	1 342 715
Investments in associates		327 768	–
Available-for-sale investment		307 355	350 064
Investment properties		69 798	84 010
Property, plant and equipment		626 045	431 578
Intangible assets		40 599	13 959
Goodwill		92 885	38 975
Deferred tax assets		95 241	53 707
Assets classified as held-for-sale	2	192 479	386 139
Current assets		**842 970**	**621 956**
Inventory		91 231	76 452
Deferred proceeds		528 445	–
Trade and other receivables		106 794	65 429
Related party loans		36 452	224 555
Cash and cash equivalents		65 594	242 309
Income tax receivable		14 454	13 211
Total assets		**3 224 775**	**3 323 103**
EQUITY AND LIABILITIES			
Shares and reserves			
Total equity		**2 397 492**	**2 333 584**
Ordinary shares		859 517	859 517
Treasury shares		(105 971)	(76 222)
Accumulated profit		1 626 255	1 494 635
Available-for-sale reserve at fair value		8 055	45 064
Share based payment reserve		9 636	10 289
Capital redemption reserve fund		–	301
Non-controlling interest		(28 038)	(17 575)
Total shareholders' equity		**2 369 454**	**2 316 009**
Non-current liabilities		381 448	469 056
Preference shares		232 560	332 424
Interest-bearing borrowings		102 096	102 136
Finance lease liabilities		38 103	17 895
Deferred tax liabilities		6 245	16 041
Provisions		2 444	560
Liabilities associated with assets held-for-sale	2	16 690	31 379
Current liabilities		**457 183**	**506 659**
Trade and other payables		149 955	112 680
Provisions		16 636	11 341
Bank overdraft		7 919	–
Preference shares		2 111	27 787
Interest-bearing borrowings		254 903	309 433
Finance lease liabilities		13 089	2 077
Related party loans		–	30 000
Dividends payable		8 826	8 276
Income tax payable		3 744	5 065
Total equity and liabilities		**3 224 775**	**3 323 103**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for year ended 30 June 2015

	Ordinary shares R'000s	Treasury shares R'000s	Accumulated profits R'000s	Available-for-sale reserve at fair value R'000s	Share-based payment reserve R'000s	Capital redemption reserve fund R'000s	Non-controlling interest R'000s	Total equity R'000s
Balance at 30 June 2014	**830 230**	**(72 709)**	**920 217**	**1 056**	**3 620**	**301**	**(9 407)**	**1 673 308**
Total comprehensive income/(loss) for the year	–	–	669 092	44 008	–	–	(7 354)	705 746
– Loss for the year from continuing operations	–	–	(47 892)	–	–	–	(7 354)	(55 246)
– Profit for the year from discontinuing operations	–	–	716 984	–	–	–	–	716 984
– Other comprehensive income	–	–	–	44 008	–	–	–	44 008
Dividends declared	–	–	(108 041)	–	–	–	–	(108 041)
Treasury shares acquired	–	(3 650)	–	–	–	–	–	(3 650)
Shares issued	29 366	–	–	–	–	–	–	29 366
Share-based payment reserve expense	–	–	–	–	6 001	–	–	6 001
IFRS 2 charge relating to equity-accounted investments	–	–	–	–	668	–	–	668
Acquisition of subsidiary	–	–	–	–	–	–	36 309	36 309
Acquisition of non-controlling interest	–	–	13 367	–	–	–	(37 123)	(23 756)
Treasury shares allocated to employees	–	137	–	–	–	–	–	137
Share issue expenses	(79)	–	–	–	–	–	–	(79)
Balance at 30 June 2015	**859 517**	**(76 222)**	**1 494 635**	**45 064**	**10 289**	**301**	**(17 575)**	**2 316 009**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for year ended 30 June 2016

	Ordinary shares R'000s	Treasury shares R'000s	Accumulated profits R'000s	Available-for-sale reserve at fair value R'000s	Share-based payment reserve R'000s	Capital redemption reserve fund R'000s	Non-controlling interest R'000s	Total equity R'000s
Total comprehensive income/(loss) for the year	–	–	202 809	(37 009)	–	–	(10 290)	155 510
– Profit/(loss) for the year from continuing operations	–	–	202 809	–	–	–	(10 290)	192 519
– Other comprehensive loss	–	–	–	(37 009)	–	–	–	(37 009)
Dividends declared	–	–	(71 455)	–	–	–	–	(71 455)
Treasury shares acquired	–	(40 330)	–	–	–	–	–	(40 330)
Share-based payment reserve expense	–	–	–	–	1 915	–	–	1 915
IFRS 2 charge relating to equity-accounted investments	–	–	–	–	329	–	–	329
Acquisition of non-controlling interest	–	–	(6 700)	–	–	–	4 700	(2 000)
Decrease of interest in subsidiary	–	–	4 873	–	–	–	(4 873)	–
Treasury shares allocated to employees	–	10 581	1 792	–	(2 897)	–	–	9 476
Release of capital redemption reserve	–	–	301	–	–	(301)	–	–
Balance at 30 June 2016	**859 517**	**(105 971)**	**1 626 255**	**8 055**	**9 636**	**–**	**(28 038)**	**2 369 454**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	Note	2016 R'000s	2015 R'000s
Cash flows from operating activities			
Net cash utilised from operations		(86 697)	(176 663)
Income tax paid		(145 145)	(21 780)
Finance income		23 660	21 236
Net cash from operating activities of discontinued operations		–	22 528
Net cash outflow from operating activities		(208 182)	(154 679)
Cash flows from investing activities			
Acquisition of plant and equipment		(179 926)	(162 684)
Acquisition of land and buildings		(23 027)	(13 417)
Acquisition of investment properties		(7 127)	(40 160)
Acquisition of intangibles		(30 269)	(9 955)
Proceeds from disposal of property, plant and equipment		1 724	714
Loans advanced		(4 842)	(23 100)
Loan repayment received		192 367	112 123
Cash paid through business combinations	3	(39 259)	(50 579)
Investments made		(35 906)	(316 436)
Consideration received from the disposal of investment		382 760	155 055
Dividends received		170 855	142 174
Net cash from investing activities of discontinued operations		–	28 898
Net cash inflow/(outflow) from investing activities		**427 350**	**(177 367)**
Cash flows from financing activities			
Dividends paid		(70 905)	(107 458)
Consideration on exercise of employee options		1 658	–
Treasury shares acquired		(40 330)	(3 650)
Acquisition of minority interest		(2 000)	–
Loans received		400 000	584 520
Repayment of loans		(631 439)	(10 088)
Share issue costs		–	(79)
Acquisition of non-controlling interest		–	(10 180)
Finance costs		(60 786)	(57 092)
Net cash from financing activities of discontinued operations		–	1 213
Net cash inflow/(outflow) from financing activities		**(403 802)**	**397 186**
Net increase/(decrease) in cash and cash equivalents		**(184 634)**	**65 140**
Cash and cash equivalents at the beginning of the year		242 309	177 169
Total cash and cash equivalents at the end of the year		57 675	242 309
Total cash and cash equivalents at year end comprises:		**57 675**	**242 309**
Cash and cash equivalents		65 594	242 309
Overdraft		(7 919)	–

NOTES TO THE FINANCIAL INFORMATION

for the year ended 30 June 2016

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The abridged audited Group financial statements for the period ended 30 June 2016 are prepared in accordance with the requirements of the JSE Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summarised financial statements. The Listing Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The abridged Group financial statements do not include all the information required by IFRS for full financial statements and should be read in conjunction with the 2016 audited Group annual financial statements. The accounting policies applied in the preparation of the audited Group annual financial statements, from which the abridged Group financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of previous audited Group financial statements.

These abridged Group financial statements are not audited but are extracted from audited information. The audited Group annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Group annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office. The Directors take full responsibility for the preparation of these abridged Group financial statements and the financial information has been correctly extracted from the underlying audited Group annual financial statements.

These abridged Group financial statements have been prepared under the supervision of the Financial Director, Mr Dylan Pienaar CA(SA).

NOTES TO THE FINANCIAL INFORMATION (continued)

2 ASSETS HELD FOR SALE

GPI Slots:

On 05 April 2016, the second of three tranches to dispose up to 70.0% of GPI Slots to Sun International was concluded. In this tranche, the Group sold a 25% holding to Sun International for R270.3 million, which reduced the Group's holding to 49.9%.The carrying amount was R215.0 million, which gave rise to a profit on disposal of R55.3 million. In terms of the GPI Slots shareholders agreement, which came into effect on 30 December 2014, Sun International and the Group controlled GPI Slots jointly, until such time as Sun International's holding increased above 50.0%, which occurred once the second tranche disposal had been concluded. As a result, the Group's control over GPI Slots moved to significant influence after the second disposal and the investment in GPI Slots have been classified as an investment in associate.

19.9% of the 49.9% investment in GPI Slots represent the holding that the Group has committed to dispose in the third tranche and has continued to be recognised as an investment held-for-sale subsequent to the second tranche disposal and the Group's loss of control of the investment.

30.0% of the 49.9% investment in GPI Slots represents the holding that the Group has not committed to sell and has been recognised as an investment in associate under non-current assets.

21 Friesland Drive

During the year, the Group entered into an agreement to sell the property situated at 21 Friesland Drive to GPI Slots.

The assets and liabilities included in assets classified as held-for-sale and liabilities associated with assets held-for-sale are as follow:

	GPI Slots		21 Friesland Drive		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
ASSETS						
Non-current assets						
Investment in jointly controlled entities	–	386 139	–	–	–	386 139
Investment in associate	171 140	–	–	–	171 140	–
Investment property	–	–	21 339	–	21 339	–
Assets classified as held-for-sale	**171 140**	**386 139**	**21 339**	**–**	**192 479**	**386 139**
Non-current liabilities						
Deferred tax liabilities	16 690	31 379	–	–	16 690	31 379
Liabilities associated with assets held-for-sale	**16 690**	**31 379**	**–**	**–**	**16 690**	**31 379**
Net assets	**154 450**	**354 760**	**21 339**	**–**	**175 789**	**354 760**

3. BUSINESS COMBINATION

3.1 Current year business combination

Grand Foods Meat Plant

On 26 October 2015, the Group acquired a further 65% shareholding of GF Meat Plant for R35.8 million, including R3.3 million for repayment of the shareholder loan, increasing its effective shareholding to 96.9%. The increased holding gave the Group control of the investment that had been previously classified as an investment in associate. As a result, GF Meat Plant was consolidated into the Group results with effect from 26 October 2015.

The initial 35% investment was increased to its fair value of R17.5 million resulting in a fair value gain of R18.7 million being recognised in profit or loss from continuing operations. The key unobservable inputs were a discount rate of 19.0% and a terminal growth rate of 5.5%.

All the assets purchased and the liabilities assumed in the acquisition were identified at their fair values and were recognised separately from goodwill. No intangible assets were recognised during the identification process. Goodwill of R53.9 million was recognised as part of the business combination and represents the expected value creation within GF Meat Plant as a result of the opportunity to trade with Burger King during their expansion.

The table below provides an analysis on the values recognised:

	26 October 2015 R'000s
Economic and voting interest acquired	65%
Revenue since acquisition	44 739
Profit since acquisition	(65)
Revenue if acquired 1 July 2015	69 052
Profit if acquired 1 July 2015	(51)
Identifiable assets and liabilities	
Property, plant and equipment	34 604
Deferred tax asset	813
Inventory	6 675
Trade and other receivables	5 093
Net cash balances	(3 459)
Finance lease liability	(35 356)
Trade and other payables	(1 180)
Total identifiable net assets at fair value	**7 190**
Calculation of goodwill	
Existing equity interest at fair value	17 500
Cash paid in respect of acquisition	35 800
Elimination of intra-group loan	7 800
Less: Total identifiable net assets at fair value	(7 190)
Goodwill	**53 910**
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	(3 459)
Cash paid in respect of acquisition	(35 800)
Net cash outflow	(39 259)

NOTES TO THE FINANCIAL INFORMATION (continued)

4. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares (WANOS) in issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the diluted WANOS in issue.

Headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the WANOS in issue for the year.

Diluted headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the diluted WANOS in issue for the year.

		2016 R'000s	2015 R'000s
4.1	**Reconciliation of the profit for the year**		
	Basic and diluted earnings per share reconciliation		
	Profit for the year	192 519	661 738
	– Continuing operations	192 519	(55 246)
	– Discontinued operations	–	716 984
	Non-controlling interest	10 290	7 354
	Profit for the year attributable to ordinary shareholders	202 809	669 092
4.2	**Reconciliation of headline earnings for the year**		
	Profit for the year attributable to ordinary shareholders	202 809	669 092
	Profit on sale of investments	(158 621)	(30 475)
	Gain on deconsolidation of subsidiary	–	(589 474)
	Profit on sale of discontinued operation	–	–
	Impairment of investments	2 691	–
	Reversal of impairments	(21 362)	–
	Loss on disposal of plant and equipment and intangibles	769	75
	Remeasurement of investment	(17 023)	(405)
	Adjustments by jointly controlled entities	122	574
	– Loss on disposal of plant and equipment	122	574
	Headline earnings	**9 385**	**49 387**
4.3	**Reconciliation of WANOS – net of treasury shares**	000s	000s
	Shares in issue at beginning of the year	470 076	466 171
	Shares repurchased during year weighted for period held by Group	(497)	(202)
	Shares issued during the year weighted for period in issue	2 003	2 853
		471 582	468 822
4.4	**Reconciliation of diluted WANOS – net of treasury shares**	000s	000s
	WANOS in issue – net of treasury shares	**471 582**	**468 822**
	Effects of dilution from:		
	– Share options	2 274	6 160
	Diluted WANOS in issue – net of treasury shares	473 856	474 982

	2016 Cents	2015 Cents
4.5 Statistics		
Basic earnings per share	43.01	142.72
– Continuing operations	43.01	(10.21)
– Discontinued operations	–	152.93
Diluted earnings per share	42.80	140.87
– Continuing operations	42.80	(10.08)
– Discontinued operations	–	150.95
Headline earnings per share	1.99	10.53
– Continuing operations	1.99	(10.17)
– Discontinued operations	–	20.70
Diluted headline earnings per share	1.98	10.40
– Continuing operations	1.98	(10.03)
– Discontinued operations	–	20.43

5. FAIR VALUE MEASUREMENT

	Effective Holding		
Investment	2016	2015	**Description of business**
Spur	10.00%	10.00%	Spur Corporation operates a franchise restaurant business with six brands in South Africa and internationally.
Atlas Gaming	4.95%	0.00%	Atlas Gaming is a gaming software and machine development Company based in Melbourne, Australia.

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 all inputs which have a significant effect on the recorded fair value and 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.

NOTES TO THE FINANCIAL INFORMATION (continued)

5. FAIR VALUE MEASUREMENT (continued)

As at 30 June, the Group held the following instruments measured at fair value:

2016	**Level 1 R'000s**	**Level 2 R'000s**	**Level 3 R'000s**	**Total R'000s**
Available-for-sale investment – Spur[1]	–	–	305 036	305 036
Available-for-sale investment – Atlas Gaming			2 319	2 319
Total	**–**	**–**	**307 355**	**307 355**

2015	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
Available-for-sale investment – Spur[1]	–	–	350 064	350 064
Total	**–**	**–**	**350 064**	**350 064**

	Spur		**Atlas Gaming**		**Total**	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Opening balance	350 064	–	–	–	350 064	–
Acquisitions	–	294 657	5 787	–	5 787	294 657
Impairment	–	–	(3 468)	–	(3 468)	–
Unrealised fair value (losses)/ gains on available-for-sale investments	(45 028)	55 407	–	–	(45 028)	55 407
Unrealised fair value (losses)/ gains on available-for-sale investments	(37 009)	45 064	–	–	(37 009)	45 064
Deferred tax	(8 019)	10 343			(8 019)	10 343
	305 036	350 064	2 319	–	307 355	350 064

[1] *Available-for-sale investment – Spur*

The carrying value of the investment in Spur at 30 June 2016 of R305.0 million is made up of the original acquisition price of R294.7 million and fair value adjustments of R10.3 million (2015: R55.4 million). The Group's investment in Spur is subject to a trading restriction linked to the Group's empowerment credentials. The restriction expires on 29 October 2019, after which the instrument may be traded without restriction. The fair value of the investment has been measured by applying a tradability discount of 3% per year remaining on the restriction against the market price of Spur, as quoted on the JSE. The tradability discount was determined with reference to the agreements which govern the trading restrictions and industry standards applied to empowerment transactions. As the terms of the trading restrictions are unobservable the instrument has been classified under level 3, had the trading restrictions not been in place, the instrument would have been classified under level 1. A change of 1.0% in the discount rate used to determine the fair value at the reporting date would have increased/decreased other comprehensive income after tax by R2.6 million (2015: R3.2 million).

6. SEGMENT ANALYSIS

The chief decision-makers are considered to be the members of the GPI Executive Committee, who review the Group's internal reporting firstly by industry and secondly by significant business unit. The chief decision-makers do not review the Group's performance by geographical sector and therefore no such disclosure has been made. During the current year, the Group's internal reporting changed to reflect certain costs (mainly IT and rental costs) before the effect of consolidation eliminations and as a result the measurement basis for segment information changed. The chief decision-makers also reassessed the segments and as a result identified the following segments: Food, Gaming, Group costs and Non-core. The prior year results, in the segment report have been restated to reflect these changes.

NOTES TO THE FINANCIAL INFORMATION (continued)

Listed below is a detailed segment analysis:

	External revenue		Inter-segment revenue[1]		Operating costs[2]		Equity-accounted earnings	
	2016 R'000s	Restated 2015 R'000s	2016 R'000s	Restated 2015 R'000s	2016 R'000s	Restated 2015 R'000s	2016 R'000s	Restated 2015 R'000s
Food	743 106	462 441	69 361	63 318	(378 995)	(278 437)	28	(378)
Gaming and leisure	–	–	–	–	(3 891)	–	149 258	139 018
Group costs	16 237	33 145	247 731	439 717	(64 124)	(94 309)	–	–
Non-core	13 001	6 426	9 873	7 458	(15 778)	(13 714)	(5 118)	(3 746)
Continuing	**772 344**	**502 012**	**326 965**	**510 493**	**(462 788)**	**(386 460)**	**144 168**	**134 894**
Dolcoast	–	5 030	–	–	–	–	–	–
National Manco	–	–	–	–	–	–	–	–
21 Friesland	–	–	–	–	–	–	–	–
GPI Slots	–	393 276	–	–	–	(67 070)	–	–
Held-for-sale/discontinuing	**–**	**398 306**	**–**	**–**	**–**	**(67 070)**	**–**	**–**

	EBITDA		Net profit/(loss) after tax[3]		Total assets		Total liabilities	
	2016 R'000s	Restated 2015 R'000s	2016 R'000s	Restated 2015 R'000s	2016 R'000s	Restated 2015 R'000s	2016 R'000s	Restated 2015 R'000s
Food	2 709	(70 132)	(26 193)	(81 021)	1 063 457	849 387	(458 493)	(379 117)
Gaming and leisure	136 866	139 018	83 014	126 197	1 472 928	1 513 325	–	(135 997)
Group costs	249 073	(61 164)	150 856	(84 006)	464 910	531 998	(377 619)	(458 509)
Non-core	(13 007)	(14 767)	(15 158)	(16 416)	31 001	42 254	(2 519)	(2 092)
Continuing	**375 641**	**(7 045)**	**192 519**	**(55 246)**	**3 032 296**	**2 936 964**	**(838 631)**	**(975 715)**
Dolcoast	–	13 747	–	28 760	–	–	–	–
National Manco	–	1 381	–	1 381	–	–	–	–
21 Friesland	–	–	–	–	21 339	–	–	–
GPI Slots	–	707 576	–	686 843	171 140	386 139	(16 690)	(31 379)
Held-for-sale/discontinuing	**–**	**722 704**	**–**	**716 984**	**192 479**	**386 139**	**(16 690)**	**(31 379)**

1 *Transactions between segments are concluded at arm's length.*
2 *Certain costs are presented pre-elimination of intergroup charges.*
3 *The income tax expense is based on the net profit before tax and pre-elimination of intergroup charges.*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of GPI will be held on Tuesday, 6 December 2016, at 18:00 in the Ballroom, Table Bay Hotel, Breakwater Boulevard, Victoria Wharf Shopping Center, V&A Waterfront, Cape Town, Western Cape, to transact the business stated in the notice of annual general meeting.

The notice of annual general meeting will be despatched to shareholders, together with the abridged audited financial statements for the year ended 30 June 2016, on or around 19 September 2016 and will be available on the Company's website at www.grandparade.co.za from that date.

The date on which shareholders must be recorded in the share register of the Company for purposes of being entitled to attend and vote at the annual general meeting is Friday, 25 November 2016, with the last day to trade being Tuesday, 22 November 2016.

GREYMATTER & FINCH # 10047

Grand Parade
Investments Limited

www.grandparade.co.za