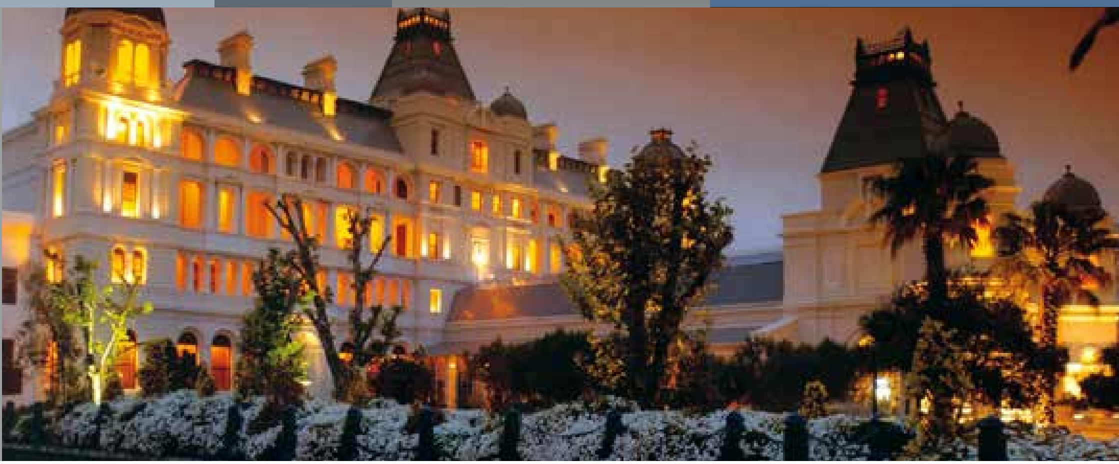
GRAND PARADE

INVESTMENTS LIMITED

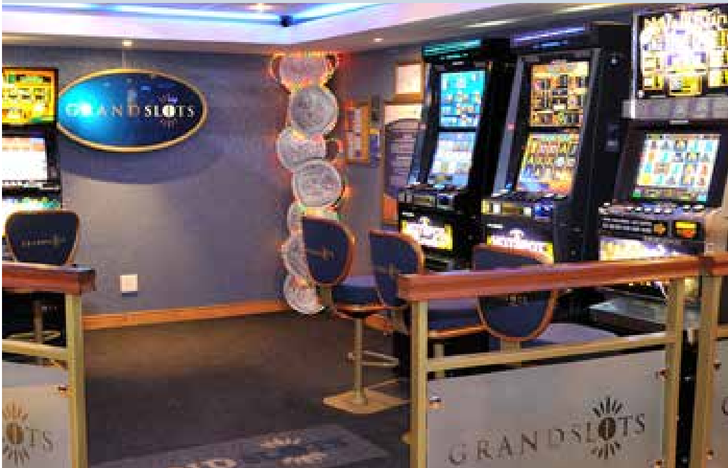
UNAUDITED INTERIM RESULTS

OF GRAND PARADE INVESTMENTS LIMITED (GPI) FOR THE SIX MONTHS ENDED 31 DECEMBER 2012



Highlights

- ↑ 18% increase in Slots group GGR
- ↑ 11% increase in group revenue
- ↑ 12% increase in adjusted headline earnings per share
- ↑ Increase in dividend paid, in respect to the previous financial year, to 20.0 cents per share (12.5 cents ordinary and 7.5 cents special)
- Burger King Master Franchise for Southern Africa acquired
- Rights to manufacture gaming machines locally aquired



	Notes	Unaudited 31 December 2012 R'000s	Unaudited 31 December 2011 R'000s	Audited 30 June 2012 R'000s
Revenue	1	240 937	216 301	430 651
Cost of sales	2	(136 642)	(114 518)	(231 248)
Gross profit		104 295	101 783	199 403
Operating costs		(68 210)	(57 947)	(107 599)
Operating profit		36 085	43 836	91 804
Profit from equity-accounted investments	3	54 830	76 530	131 072
Profit on disposal of investments	4	–	60 239	60 248
Realisation of fair value reserve	5	–	35 588	35 588
Reversal of impairment of investment	6	–	336	336
Depreciation and amortisation		(17 499)	(18 342)	(38 610)
Net profit before finance costs and taxation		73 416	198 187	280 438
Finance income	7	3 070	3 084	6 797
Finance costs	8	(6 907)	(15 595)	(24 225)
Net profit before taxation		69 579	185 676	263 010
Taxation	9	(6 796)	(4 214)	(11 598)
Net profit for the period		62 783	181 462	251 412
Other comprehensive income				
Realisation of fair value reserve		–	(35 588)	(35 588)
Unrealised fair value losses on available-for-sale investments, net of tax		(79)	(4 193)	(5 676)
Total comprehensive income for the period		62 704	141 681	210 148
Profit for the period attributable to:				
Ordinary shareholders		62 783	181 462	251 412
Total comprehensive income attributable to:				
Ordinary shareholders		62 704	141 681	210 148

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
at 31 December 2012

	Notes	Unaudited 31 December 2012 R'000s	Unaudited 31 December 2011 R'000s	Audited 30 June 2012 R'000s
ASSETS				
Non-current assets	11	1 443 279	1 360 037	1 406 521
Current assets	12	399 292	741 217	461 805
Total assets		1 842 571	2 101 254	1 868 326
EQUITY AND LIABILITIES				
Total equity		1 588 554	1 851 649	1 617 477
Non-current liabilities				
– Deferred tax liability		11 525	11 640	11 525
– Cumulative redeemable preference shares	13	101 670	131 235	101 670
– Interest-bearing borrowings	13	24 000	40 000	36 000
– Provisions		620	156	173
– Finance lease liability		165	1 260	1 134
Current liabilities	14	116 037	65 314	100 347
Total equity and liabilities		1 842 571	2 101 254	1 868 326
Net asset value (before deducting treasury shares) (cents)		345	394	312
Net asset value (after deducting treasury shares) (cents)		346	396	314
Tangible net asset value per share (cents)		306	356	351
Adjusted tangible net asset value per share (cents)		306	358	352

	Notes	Unaudited 31 December 2012 R'000s	Unaudited 31 December 2011 R'000s	Audited 30 June 2012 R'000s
Cash flows from operating activities				
Cash generated from operations	15	48 684	13 893	48 344
Income tax paid		(7 722)	(11 076)	(25 704)
Finance income		3 070	3 084	6 797
Net cash inflow from operating activities		44 032	5 901	29 437
Cash flows from investing activities				
Acquisition of plant and equipment		(20 713)	(18 989)	(35 647)
Acquisition of land and buildings		(35 675)	–	(25 002)
Acquisition of intangibles		(2 939)	(2 707)	(3 672)
Consideration from disposal of property, plant and equipment		6	74	117
Proceeds from the sale of investments		–	733 589	733 935
Dividends received		66 203	144 193	182 686
Net cash inflow from investing activities		6 882	856 160	852 417
Cash flows from financing activities				
Dividend paid		(90 382)	(43 891)	(322 405)
Shares bought back		–	–	(24 321)
Decrease in loans	16	(8 053)	(173 817)	(178 494)
Finance costs		(6 907)	(15 595)	(20 735)
Net cash outflow from financing activities		(105 342)	(233 303)	(545 955)
Net (decrease)/increase in cash and cash equivalents		(54 428)	628 758	335 899
Cash and cash equivalents at the beginning of the period		405 147	69 248	69 248
Cash and cash equivalents at the end of the period		350 719	698 006	405 147

GROUP STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2012

	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	Total R'000s
Balance at 30 June 2011	301	117	754 047	(4 451)	49 396	957 382	1 756 792
Total comprehensive income for the period	–	–	–	–	(39 781)	181 462	141 681
Ordinary dividends declared	–	–	–	–	–	(46 824)	(46 824)
Balance at 31 December 2011	301	117	754 047	(4 451)	9 615	1 092 020	1 851 649
Total comprehensive income for the period	–	–	–	–	(1 483)	69 950	68 467
Dividends declared	–	–	–	–	–	(280 944)	(280 944)
Share buy-back	–	(2)	(24 319)	–	–	–	(24 321)
Treasury shares issued to employees	–	–	521	2 105	–	–	2 626
Balance at 30 June 2012	301	115	730 249	(2 346)	8 132	881 026	1 617 477
Total comprehensive income for the period	–	–	–	–	(79)	62 783	62 704
Dividends declared	–	–	–	–	–	(91 902)	(91 902)
Conversion of par value shares to non-par value shares	–	730 249	(730 249)	–	–	–	–
Treasury shares issued to employees	–	–	–	275	–	–	275
Balance at 31 December 2012	301	730 364	–	(2 071)	8 053	851 907	1 588 554

SEGMENTAL ANALYSIS

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.

During the current period the group acquired the Master Franchise of Burger King for Southern Africa. The view of management is that this business will operate independently from the other businesses in the group and have therefore created a new Food segment under which this business will be monitored.

Listed below is a detailed analysis:

	Unaudited 31 December 2012 R'000s	Unaudited 31 December 2011 R'000s	Audited 30 June 2012 R'000s	Unaudited 31 December 2012 R'000s	Unaudited 31 December 2011 R'000s	Audited 30 June 2012 R'000s
	Revenue			Inter-segment revenue		
Casinos	1 218	18 391	18 821	–	–	–
Gaming	233 666	197 832	403 583	–	–	–
Services	108	78	96	34 375	31 240	63 095
Property	–	–	–	–	–	–
Food	–	–	–	–	–	–
Other	5 945	–	8 151	–	–	–
	240 937	216 301	430 651	34 375	31 240	63 045
	Interest income			Interest expense		
Casinos	–	–	–	–	–	–
Gaming	883	672	1 500	(74)	(98)	(195)
Services	111	90	281	(2 071)	(2 657)	(5 429)
Property	–	–	–	–	–	–
Food	10	–	–	(1)	–	–
Other	2 066	2 322	5 016	(4 761)	(12 840)	(18 601)
	3 070	3 084	6 797	(6 907)	(15 595)	(24 225)
	Depreciation and amortisation			Equity-accounted earnings		
Casinos	–	–	–	54 830	76 530	131 072
Gaming	(7 962)	(7 534)	(15 661)	–	–	–
Services	(9 531)	(10 650)	(22 785)	–	–	–
Property	–	–	–	–	–	–
Food	–	–	–	–	–	–
Other	(6)	(158)	(164)	–	–	–
	(17 499)	(18 342)	(38 610)	54 830	76 530	131 072
	Taxation			Profit after tax		
Casinos	–	–	–	54 928	191 085	231 639
Gaming	(7 597)	(4 440)	(9 826)	15 883	11 262	24 026
Services	1 405	(2 078)	(3 015)	2 652	6 109	7 741
Property	(83)	–	55	(398)	–	(141)
Food	(2)	–	–	(9 098)	–	–
Other	(519)	2 304	1 188	(1 184)	(26 994)	(11 853)
	(6 796)	(4 214)	(11 598)	62 783	181 462	251 412
	Total assets			Total liabilities		
Casinos	1 102 756	1 083 957	1 109 667	(1 848)	(1 428)	(1 769)
Gaming	266 059	265 616	273 278	(40 992)	(39 171)	(38 982)
Services	76 842	67 634	72 270	(65 787)	(66 473)	(70 570)
Property	63 865	–	28 574	169	–	(216)
Food	13 554	–	–	(42)	–	–
Other	319 495	684 047	384 537	(145 517)	(142 533)	(139 312)
	1 842 571	2 101 254	1 868 326	(254 017)	(249 605)	(250 849)

Revenue under the "other" segment comprises the dividends received from preference share investments.

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 AC 500 Standards as issued by the Accounting Practices Board or its Successor and the Companies Act of South Africa, as amended. The interim report has not been audited and therefore no review opinion has been obtained. The accounting policies and methods of computation are consistent with those applied in the financial results for the year ended 30 June 2012, except for applying IFRS10: Consolidated Financial Statements, IFRS11: Joint arrangements and IFRS12: Disclosure of Interests in Other Entities, as well as IAS 28(R): Investments in Associates and Joint Ventures. The application of these standards as well as the revised IAS 28 has not resulted in changes in the previous treatments of subsidiaries, joint ventures or associates.

It is important to note that the prior period results include the effects of the transaction concluded with Sun International Limited (Sun International) on 2 December 2011, which resulted in once-off gains of no less than R128.1 million. These once-off gains include R60.2 million profit from the disposal of investments, R35.6 million realisation of fair value gains relating to disposed investments and net cancelation fee income from the restructure of the SunWest (Pty) Ltd management fee of R32.3 million. In this context management considers adjusted headline earnings per share as a more meaningful measure of performance as it adjusts for the effect of these once-off gains.

1. REVENUE

Revenue comprises gross gaming revenue (GGR) from GPI's limited payout machine (LPM) business, dividends received from National Casino Resort Manco (Pty) Ltd (National Manco), Winelands Manco (Pty) Ltd (Winelands Manco) and preference share investments held with Grindrod Bank Limited (Grindrod).

GGR is the term used for the net revenue generated by an LPM from the amount of cash played through the LPM less pay-outs to players. GGR increased by 18.1% on the prior period.

	Revenue Unaudited 31 December 2012 R'000s	Revenue Unaudited 31 December 2011 R'000s	Revenue 30 June 2012 R'000s
Gaming revenue	233 773	197 910	403 680
– Grandslots	139 830	122 901	249 634
– Kingdomslots	71 306	59 603	119 259
– Grand Gaming Slots	19 092	11 932	26 713
– Other	3 545	3 474	8 074
Dividend income	7 164	18 391	26 971
Total revenue	240 937	216 301	430 651

The dividend income of R7.2 million for the current period consists of R5.9 million from the Grindrod preference shares, R0.4 million from the National Manco and R0.9 million from the Winelands Manco. The prior period dividend income of R18.4 million included a R13.4 million dividend from Real Africa Holdings Limited (RAH), which was disposed on 2 December 2011 as part of the restructure deal with Sun International.

2. COST OF SALES

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 19.3% as a result of an increase in GGR and contributions to the National Responsible Gaming Programme and CSI contributions.

3. PROFIT FROM EQUITY-ACCOUNTED INVESTMENTS

Profit from equity-accounted investments is made up of profits from jointly-controlled entities, SunWest International (Pty) Ltd (SunWest), and profits from associate, Akhona Gaming Portfolio Investments (Pty) Ltd (Akhona GPI).

The 28.4% decrease in the equity-accounted earnings from the prior period results from the cancellation fees paid by SunWest and received by Western Cape Casino Resort Manco (Pty) Ltd (Western Cape Manco) as part of the restructure with Sun International being included in the prior year earnings.

4. PROFIT ON DISPOSAL OF INVESTMENTS

There were no disposal of investments in the period under review. In the prior period a profit of R60.2 million was recognised on the sale of a 4.9% interest in SunWest, a 21.2% interest in Worcester Casino (Pty) Ltd (Golden Valley) and the entire investment of 30.6% in RAH, which were sold as part of the deal with Sun International concluded on 2 December 2011 and disclosed in the 2012 Integrated Annual Report.

5. REALISATION OF FAIR VALUE RESERVE

There was no realisation of fair value reserves in the period under review. In the prior period the group released in terms of IAS 39: Financial Instruments – Recognition and Measurement, R35.6 million of fair value adjustments previously recognised through the statement of comprehensive income, as a result of disposing its interest in RAH in the statement of comprehensive income.

6. REVERSAL OF IMPAIRMENT OF INVESTMENT IN ASSOCIATE

There was no reversal of impairment of investment in associates in the period under review. In the prior period in terms of IAS 36: Impairment of Assets, the group reversed R0.3 million of previously recognised impairments of the investment in Golden Valley when a portion of the investment was sold to Sun International.

7. COMPARATIVE RECLASSIFICATION

The finance income generated from investments has been reallocated from revenue to finance income during the period under review. As a result of this reallocation, the comparative figures have been restated.

8. FINANCE COSTS

Finance costs have decreased significantly by 55.7% when compared to the prior period as a result of the lower level of debt. During the current period R8.0 million was repaid on the term loan with Sanlam Capital Markets (SCM) whilst in the prior period the group repaid its R40.0 million term loan with Grindrod and redeemed R125.7 million of preference shares held by SCM.

9. TAXATION

The tax charge in the statement of comprehensive income has increased by 61.3% when compared to the prior period. The increase is as a result of the increase in the profitability of the Slots group.

10. HEADLINE EARNINGS, HEPS AND ADJUSTED HEPS

Headline earnings per share (HEPS) for the six-month period ended December 2012, when compared to the prior period, decreased by 31.2%, while adjusted HEPS increased by 12.3%. HEPS decreased mainly as a result of the prior period non-recurring income and adjustments arising from the Sun International deal. The increase in the adjusted HEPS figure is as a result of higher dividends from Winelands Manco and National Manco, as well as the improved profitability of the Slots group combined with the effect of the reduced weighted average number of shares in issue.

	Unaudited 31 December 2012 R'000s	Unaudited 31 December 2011 R'000s	Audited 30 June 2012 R'000s
Basic and diluted earnings per share (cents)	13.63	38.57	53.58
Headline earnings per share (cents)	13.68	19.87	34.88
Adjusted headline earnings per share (cents)	15.86	14.12	29.23
Dividends per share paid (cents)*	20.00	10.00	70.00
Headline earnings reconciliation			
Earnings attributable to ordinary shareholders	62 783	181 462	251 412
Reversal of impairment of investment	–	(336)	(336)
Profit on disposal of investment	–	(60 239)	(60 248)
Realisation of fair value reserve	–	(35 588)	(35 588)
Loss on sale of property, plant and equipment	351	145	447
Tax effect on above	(98)	8 036	7 950
Headline earnings	63 036	93 480	163 637
Reversal of employee share trust	(75)	(200)	75
Preference share early redemption fee	–	2 100	2 100
Change in intended recovery of investments	–	(10 918)	(10 918)
Reversal of cancellation fee	–	(32 271)	(32 271)
Reversal of transaction costs	9 905	13 907	13 907
Adjusted headline earnings	72 866	66 098	136 530
Reconciliation of shares			
Shares in issue (before deducting treasury shares) (000s)	460 680	470 459	460 678
Shares in issue (after deducting treasury shares) (000s)	459 648	468 239	459 508
Weighted average number of shares in issue (000s)	460 680	470 459	469 195
Adjusted weighted average number of shares in issue (000s)	459 541	468 239	467 166

* Final dividend declared in respect of the previous financial year and paid in October.

11. NON-CURRENT ASSETS

The increase in the non-current assets is mainly due to the redevelopment of the landmark building in Heerengracht Street, Cape Town, which will be used as the group's headquarters. In addition, GPI Management Services (Pty) Ltd continued to invest in new generation LPMs which it leases to the Slots group.

12. CURRENT ASSETS

Current assets have decreased mainly as a result of a decrease in cash and cash equivalents. Since December 2011 the group paid special dividends in January 2012 of R282.3 million and in October 2012 of R34.6 million. Current assets for the current period consist of cash and cash equivalents of R351.0 million, trade and other receivables of R27.8 million, loans of R15.6 million, income tax receivables of R3.3 million and inventories of R1.9 million.

13. NON-CURRENT LIABILITIES

The cumulative redeemable preference shares have decreased when compared to the prior period due to R30.7 million being reclassified to current liabilities, which is the amount to be redeemed in March 2013. The terms of the preference shares are under negotiation with the funders, Standard Bank of South Africa Limited (SBSA) and Nedbank Limited (Nedbank). R16.0 million has been repaid on the SCM term loan since the prior period.

14. CURRENT LIABILITIES

Current liabilities comprise trade and other payables of R51.2 million, the current portion of the cumulative redeemable preference shares of R30.7 million, the current portion of the term loan with SCM of R16.0 million, dividends payable of R12.2 million, income tax payable of R1.2 million and the current portion of finance leases of R1.1 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 2012 R'000s	Unaudited 31 December 2011 R'000s	Audited 30 June 2012 R'000s
Net profit after tax	62 783	181 462	251 412
Tax for the period as per the statement of comprehensive income	6 796	4 214	11 598
Depreciation and amortisation	17 499	18 342	38 610
Finance income	(3 070)	(3 084)	(6 797)
Finance costs	6 907	15 595	24 225
Shares issued to employees	276	–	–
Loss on sale of property, plant and equipment	351	145	447
Dividends received	(7 164)	(18 391)	(26 971)
Equity-accounted earnings	(54 830)	(76 530)	(131 072)
Profit on sale of investment	–	(60 239)	(60 248)
Realisation of expenses previously recognised against share premium	–	–	1 189
Impairment of loans	–	–	217
Reversal of impairment of investment	–	(336)	(336)
Realisation of fair value reserve	–	(35 588)	(35 588)
Net cash generated from operations before working capital movements	29 548	25 590	66 686
Decrease in inventories	136	201	296
Decrease/(increase) in accounts receivable	5 237	17 860	(11 843)
Increase/(decrease) in accounts payable	13 763	(29 758)	(6 795)
Net cash generated from operations	48 684	13 893	48 344

16. DECREASE IN LOANS

Loans receivable recovered	2 805	–	–
Loans receivable advanced	–	–	(1 250)
Employee loans receivable recovered	1 692	–	1 110
Employee loans receivable advances	–	–	(7)
Redemption of preference shares	–	(125 726)	(125 726)
Finance leases advanced	–	–	424
Finance leases repaid	(550)	(91)	(1 045)
Term loans repaid	(12 000)	(48 000)	(52 000)
Decrease in loans	(8 053)	(173 817)	(178 494)

OPERATIONAL HIGHLIGHTS

The first half of this year saw GPI announcing two very exciting new investments.

The frenzy that greeted us with our announcement of concluding a deal to acquire the Master Franchise of Burger King for Southern Africa was nothing short of incredible and it confirmed that the South African public are ready for a world-class competitive option in the quick service restaurant (QSR) market. We are well on track to meeting our development plans and will have opened our first restaurant before our June year-end.

Our venture into machine manufacturing, facilitated by our partnership with another world-class leader in their field, Merkur Gaming, has the role of both reducing our costs in our LPM business, as well as allowing us to diversify our asset base.

On the LPM front, we have concluded the acquisition of a route operator licence in Mpumalanga and continue to increase our number of licensed LPMs nationally. We believe the industry is ready for consolidation and we should be at the forefront thereof.

REVIEW OF OPERATIONS

Casino group

The casino group consists of the group's equity investments in SunWest, Golden Valley and Akhona GPI. Whilst the South African economy takes time to emerge from the tough trading environment of the last few years, our casino investments have performed well, showing growth in revenues, earnings before interest, taxes, depreciation and amortisation (EBITDA) and net profit after tax.

SunWest

SunWest consists of GrandWest Casino and the Table Bay Hotel.

GrandWest's revenue increased by 5.3% when compared to the prior period and its EBITDA increased by 5.5% to R387.0 million. In addition to the growth in the absolute EBITDA value, the EBITDA percentage also increased by 0.1% to 41.7%. These increases have translated into a 30.5% increase in their profit after tax to R237.6 million. As our anchor investment we are very pleased with the results for the period and acknowledge the effort that GrandWest's management team has put in to achieve these results.

Unfortunately the Table Bay Hotel incurred a R26.9 million loss after tax for the period. The loss for the period is 20.0% lower than the loss reflected in the prior period, this negative sentiment is off-set by the fact that the current period EBITDA of R6.2 million is 577% higher than the prior period and that revenue of R77.4 million which has increased by 12.9% when compared to the prior period.

The board of SunWest is investigating several measures to significantly influence this performance, as the financial performance thereof is the only blight on an otherwise tremendous asset.

The dividend declared by SunWest of R235.0 million has increased by 10.6% when compared to the prior period.

Golden Valley

The Golden Valley Casino was negatively affected by the farm workers' strikes in its region and as a result was only able to increase its revenue by 3.1% to R66.0 million. Its EBITDA decreased by 3.6% to R14.5 million and its EBITDA percentage decreased by 0.7% to 22.7%. As a result the casino narrowly missed breakeven for this period and posted a loss after tax of R0.2 million, which is 92.0% lower than the prior period.

Akhona GPI

Through our investment in Akhona GPI we hold an indirect holding of 3.29% in Sibaya Casino.

We concluded a deal with our partners in Akhona GPI during the period, where we will acquire the remaining stake in Akhona GPI and gain full control of the investment. The deal will give us a greater exposure to Sibaya Casino, which is the second-best performing casino in the Sun International portfolio. The deal is yet to be finalised as we are waiting for one final condition precedent to be concluded.

Gaming group

GPI owns and operates three limited payout slot machine (LPM) route licences: Grandslots in the Western Cape, Kingdomslots in Kwazulu-Natal and Grand Gaming Slots in Gauteng.

The group's LPM GGR increased by 18.5% from R194.4 million to R230.3 million for the six-month period ended December 2012, whilst the number of active LPMs in South Africa increased by only 9.1% from 7 018 to 7 659.

The key highlights for the period were the opening of Gauteng's first Type B, 40-slot LPM site at the Royal Park Hotel in Joubert Park in mid-July, the approval in KwaZulu-Natal of the reallocation of 150 of Kingdomslots' LPMs from less profitable regions in the province to the Durban metropolitan and South Coast areas in August and the announcement at the end of November of our joint-venture agreement with German-based Merkur Gaming GmbH to establish Grand Merkur (Pty) Ltd to locally manufacture and distribute gaming equipment.

Grandslots (Western Cape)

The Western Cape remains the best-performing province in the country in terms of LPM GGR; similarly Grandslots remains our best-performing LPM operation generating GGR of R139.8 million, 13.8% up on the prior period. With only one competitor, Grandslots enjoyed a 56.1% GGR market share and a 54.2% (873) LPM market share in December 2012. Our average GGR/Machine/Day increased from R747 to R875 compared to the prior period.

Kingdomslots (KwaZulu-Natal)

Kingdomslots remained the market leader in KZN, generating GGR of R71.3 million, 19.6% up on the prior period. With three competitors, Kingdomslots enjoyed a 39.7% GGR market share and a 38.35% (808) LPM market share in December 2012. Despite the significant increase in our number of active machines from 704 in December 2011 to 808 in December 2012, our average GGR/Machine/Day increased from R463 to R510 compared to the prior period, further emphasising the value in our aforementioned successful application for the reallocation of 150 LPMs to the Durban metropole and KwaZulu-Natal South Coast.

Grand Gaming Slots (Gauteng)

Grand Gaming Slots, which is still in its relative infancy, generated GGR of R19.1 million, 60.0% up on the prior period. With four competitors in Gauteng, Grand Gaming Slots enjoyed a GGR market share of 15.7% at 31 December 2012 and a 17.3% (233) LPM market share. Despite the fact that this is still below fair market share of 20% the operation's GGR market share has shown steady growth from the 14.6% GGR and LPM (174) market share it had on the same date in the prior period. Our average GGR/Machine/Day increased from R400 to R449 over the same period.

Grand Gaming Slots, and the Gauteng Province as a whole, continues to have its LPM roll-out hampered by the fact that since May 2012 the Gauteng Gambling Board has not been in a position to approve any LPM site licences. That said, we continue to submit site licence applications and are confident that once the Gauteng Gambling Board is reconstituted we will benefit significantly from our increased number of active sites and LPMs.

Property group

The property group commenced with the redevelopment of the new GPI headquarters during the period. R35.7 million was spent on the redevelopment project during the period and the project is expected to be completed in March 2013. The decision to acquire our own property to reduce our occupancy costs and secure our tenure is justified through our continued growth and initial indications of increases in the property value. Once the redevelopment is completed we are confident that our headquarters will be a landmark building and the pride of Heerengracht Street in Cape Town.

Food group

The majority of the activity in the food group over the period related to the acquisition of the Burger King Master Franchise which resulted in R9.9 million in costs being incurred. These costs consist of deal success fees, legal fees, consulting fees and travel expenses.

RELATED PARTY TRANSACTIONS

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

DIVIDENDS

An ordinary dividend of 12.5 cents per share and a special dividend of 7.5 cents per share were declared and paid in October 2012. We will continue to be a dividend-active company.

SUBSEQUENT EVENTS

On 5 February 2013 we signed an offer to purchase 100% of the net assets and operations of Zimele Slots Mpumalanga (Pty) Ltd (Zimele). Zimele is one of two licensed LPM operators in the province, which currently makes allowance for 2 000 active LPMs. The purchase is subject to the fulfilment of certain conditions precedent, which include the approval of the purchase by the Mpumalanga Gambling Board.

PROSPECTS

The future for GPI is extremely bright with our exciting investments in Burger King and Grand Merkur. Both these businesses will become operational during the second half of our financial year.

Burger King South Africa is scheduled to open its flagship store in our newly completed building in Heerengracht Street before the end of our financial year, and will plan to have several more sites operational during the first half of the next financial year.

We also expect the first LPM to roll off the Grand Merkur production line before the end of the financial year.

Looking forward, our short-term goals for our LPM business remains to maintain our market leadership in both the Western Cape and KwaZulu-Natal and to pursue the same objective in Gauteng once its Gambling Board constraints have been resolved and we are able to roll out more LPMs. The group further continues to focus on its stated objective of attaining LPM route operator licences for 7 500 machines in the medium term and aggressively looking at entering the technology betting market. The opportunities in the sports-betting and on-line gaming sector (once it is legalised) are significant as is the case in the LPM sector where, at 31 December 2012, only 7 659 active LPMs were operational in South Africa out of a legislated total of 50 000. These objectives and opportunities all point towards, what we believe to be, a significant coup in the establishment of Grand Merkur, and we are confident that through Grand Merkur the group will be able to establish itself as a significant role-player in both the operations and manufacturing sectors of the gaming industry.

The foundation of our investment base has been our casino investments and whilst gaming assets are not freely available, we continue to look at opportunities to increase our exposure to cash-generative casino investments.

We will continue monitoring the progress of GrandWest's exclusivity in the Cape metropole and adapt our strategy accordingly.

Many of our opportunities and assets display remarkable synergies. Whilst we will not discard any opportunity that satisfies our investment criteria, we will concentrate on those from which we can extract the best values that these synergies have to offer.

Please note that we will be moving to our new building at 33 Heerengracht Street, Foreshore, Cape Town during the last week in February 2013. Our postal address and telephone numbers will remain the same.

For and on behalf of the board

H Adams

Executive Chairman

Cape Town

27 February 2013

A Keet

Chief Executive Officer

Cape Town

27 February 2013

Prepared by: D Pienaar CA(SA)

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