



AUDITED GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2016

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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COMPANY INFORMATION

DIRECTORS	H Adams (Executive Chairman) A Abercrombie WD Geach R Hargey AE Keet (Chief Executive Officer) T Karriem (appointed 9 September 2016) NV Maharaj N Mlambo CM Priem D Pienaar (Group Financial Director)
NATURE OF BUSINESS	Investment holding company
COMPANY SECRETARY	LC Parton
PUBLIC OFFICER	D Pienaar
PREPARER OF THE FINANCIAL STATEMENTS	The Annual Financial Statements were prepared under supervision of GPI's Group Financial Director, D Pienaar CA(SA).
TRANSFER SECRETARIES	Computershare Investor Services (Pty) Ltd PO Box 61051 Marshalltown 2107
AUDITORS	Ernst & Young Inc. PO Box 656, Cape Town, 8000
ATTORNEYS	Bernadt Vukic Potash & Getz PO Box 252, Cape Town, 8000
BANKERS	The Standard Bank of South Africa Ltd
SPONSORS	PSG Capital (Pty) Ltd PO Box 7403 Stellenbosch 7599
REGISTERED OFFICE	10th Floor, 33 on Heerengracht Heerengracht Street Cape Town 8001
REGISTRATION NUMBER	1997/003548/06
DOMICILE AND COUNTRY OF INCORPORATION	South Africa

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STATEMENT OF RESPONSIBILITY BY THE DIRECTORS AND
COMPANY SECRETARY

for the year ended 30 June 2016

DIRECTORS APPROVAL

The Directors are responsible for the preparation of the Annual Financial Statements (AFS) and other information contained in this report. In their opinion, the AFS set out in this report fairly represent the state of affairs of the Group and of the Company. The AFS have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, No. 71 of 2008 (Companies Act).

The external auditors are responsible for conducting an independent audit of the AFS of the Company and its subsidiaries in accordance with International Standards on Auditing (ISA) and reporting their opinion to shareholders. Their report is presented on page 3.

The Directors have reviewed the Group's and Company's budget and cash flow forecast for the year to 30 June 2017. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Directors are satisfied that the Group and Company are going concerns and have continued to adopt the going-concern basis in preparing the AFS.

The AFS were approved by the Board on 9 September 2016 and are signed on its behalf by



HASSEN ADAMS
Executive Chairman



ALAN KEET
Chief Executive Officer

DECLARATION BY THE COMPANY SECRETARY
to the members of Grand Parade Investments Limited

Pursuant to section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, all returns required of the Company, in terms of said Act, have been duly lodged with the Companies Intellectual Property Commission (CIPC), and all such returns are true, correct and are up to date.



LAZELLE PARTON
Company Secretary

9 September 2016

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The AFS have been prepared under the supervision of the Group Financial Director.



DYLAN PIENAAR CA(SA)
Group Financial Director

9 September 2016

INDEPENDENT AUDITOR'S REPORT to the shareholders of Grand Parade Investments Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Grand Parade Investments Limited set out on pages 13 to 102, which comprise the statements of financial position as at 30 June 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Grand Parade Investments Limited as at 30 June 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2016, we have read the Report of the Directors, the Report of the Audit and Risk Committee and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Grand Parade Investments Limited for 20 years.

Ernst & Young Inc.

ERNST & YOUNG INC.

Director: Christopher Clyde Sickle
Registered Auditor
Chartered Accountant (SA)

ERNST & YOUNG
35 Lower Long Street
Cape Town

9 September 2016

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REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 30 June 2016

The Audit and Risk Committee is a formally constituted committee of the Board. It is appointed by the shareholders to assist the Board with its corporate governance oversight duties. The Committee operates independently of management and acts in accordance with its statutory duties and the delegated authority of the Board as documented in a formal Charter.

During the reporting period, the Committee attended to the following:

- considered the nomination of the independent external auditor, their terms of engagement, fees for audit services, the extent and scope of the audit as well as the timing thereof, and prior to commencement of the audit, considered and approved the audit fees payable;
- considered and pre-approved the scope of non-audit services performed by the external auditors and the fees relating to such services;
- evaluated the independence, effectiveness and performance of the internal audit function and approval and review of the internal audit annual work plan, as well as the quarterly internal audit report;
- reviewed and made recommendations to the Board in respect of the publicly disclosed financial information including the interim results for the six months ended 31 December 2015 and the audited annual results for the 2016 financial year;
- reviewed the Annual Financial Statements, including the valuation of unlisted investments and loans, prior to submission to the Board. In the course of the review the Audit and Risk Committee ensured that the AFS are prepared in accordance with IFRS and the Companies Act, and considered and made recommendations, where appropriate, on internal controls;
- reviewed the adequacy of the systems of internal control and any legal matters which could significantly impact on the Group's financial statements;
- legislative and regulatory compliance within the scope of its mandate; and
- reviewed the risk management framework and made recommendations, where appropriate, to the Board.



COLIN PRIEM
Chairman
Audit and Risk Committee

9 September 2016

REPORT OF THE DIRECTORS for the year ended 30 June 2016

The Directors present their report on the activities of the Group and Company for the year ended 30 June 2016.

NATURE OF THE BUSINESS

The Company is an investment holding company and derives its income mainly from dividends and interest.

The consolidated Annual Financial Statements of the Company and its subsidiaries also incorporate the equity-accounted attributable income of associated companies and joint ventures.

The Group's interest consist mainly of investments in gaming and food as well as property, electronic manufacturing and information technology.

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.

GROUP EARNINGS

Year ended	Note	30 June 2016	30 June 2015
Headline earnings (R'000s)	9	9 385	49 387
Continuing (R'000s)		9 385	(47 648)
Discontinued (R'000s)		–	97 035
– Headline earnings per share (cents)	9	1.99	10.53
Continuing (cents)		1.99	(10.17)
Discontinued (cents)		–	20.70
– Diluted headline earnings per share (cents)	9	1.98	10.40
Continuing (cents)		1.98	(10.03)
Discontinued (cents)		–	20.43
Basic earnings – net profit for the year (R'000s)	9	202 809	669 092
Continuing operations (R'000s)		202 809	(47 892)
Discontinued operations (R'000s)		–	716 984
– Basic earnings per share (cents)	9	43.01	142.72
Continuing (cents)		43.01	(10.21)
Discontinued (cents)		–	152.93
– Diluted earnings per share (cents)	9	42.80	140.87
Continuing (cents)		42.80	(10.08)
Discontinued (cents)		–	150.95
Dividends (R'000s)		71 455	108 041
– Ordinary dividend per share (cents)		15.00	20.00

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 and 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 – 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 licences 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 80 corporate-owned restaurants and 210 franchised restaurants over 10 years.

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REPORT OF THE DIRECTORS (continued)

for the year ended 30 June 2016

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 and 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 and 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 Sun Gaming (Pty) Ltd (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 re-classified a number of investments as non-core investments. Essentially these are all the investments which do not fall into either the food or gaming and 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 an agreement to sell its office building in Gauteng to GPI Slots.

GROUP FINANCIAL REVIEW

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

REPORT OF THE DIRECTORS (continued)

for the year ended 30 June 2016

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. GPI showed a significant improvement in its headline earnings from continuing operations for the year, which increased by R57.0 million from a loss of R47.6 million last year to earnings of R9.4 million this year. The increase is due to a strong improvement in Burger King's earnings and large reduction in the central costs. No headline earnings from discontinued operations were recognised during the year, whereas last year headline earnings from discontinued operations of R97.0 million were recognised as a result of the disposal of 25.1% of GPI Slots on the consequential deconsolidation of that investment. The combined result of continuing and discontinued operations results in a decrease in the headline earnings of R40.0 million from R49.4 million last year to R9.4 million this year.

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

	30 June 2016 R'000s	Restated* 12 months ended 30 June 2015 R'000s	Movement R'000s	%
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)	–
Mac Brothers	7 493	(5 727)	13 220	231
Spur	(5 816)	(5 886)	70	1
Grand Foods Meat Plant	(65)	(767)	702	92
Gaming	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
GPI Properties	(6 241)	(6 467)	226	3
Central costs	(67 267)	(76 261)	8 994	12
Non-core investments	(13 421)	(16 169)	2 748	17
GTM	(5 118)	(3 746)	(1 372)	(37)
Grand Sport	(7 455)	(8 168)	713	9
Grand Linkstate	(848)	(4 255)	3 407	80
Headline earnings from continuing operations	9 385	(47 648)	57 033	120
Gaming	–	97 035	(97 035)	
Dolcoast	–	5 030	(5 030)	
GPI Slots	–	92 005	(92 005)	
Headline earnings from discontinued operations	–	97 035	(97 035)	
Headline earnings	9 385	49 387	(40 002)	(81)

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

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REPORT OF THE DIRECTORS (continued)
for the year ended 30 June 2016**INTRINSIC NET ASSET VALUE (iNAV) AT 30 JUNE 2016**

As at 30 June 2016, GPI's 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 closing share 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 values of most of the investments held by GPI are not regarded as complex valuations. Other than for general market conditions, the value of Burger King appears to be responsible for the deep discount currently being attributed to the share. The GPI Management team are confident that the forecasts used in determining the discounted cash flows for Burger King are both conservative and achievable.

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				1 102 747	(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%	—	—	—	—
Traded							
Spur	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	Recent						
(19.9%) ³	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%
Recent							
Grand Linkstate ⁴	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 assets⁵						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.

REPORT OF THE DIRECTORS (continued) for the year ended 30 June 2016

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 among 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 R'000s	30 June 2015 R'000s	Movement 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%)
Grand Foods 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 Services	Finance leases	139	–	139	100%
Burger King	Related-party loan	–	30 000	(30 000)	(100%)
Total debt		642 862	821 752	(178 890)	(22%)
Debt/equity		27.1%	35.5%	8.4%	24%

REVIEW OF INVESTMENT 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 R17.8 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 R25.3 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 intergroup 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.

REPORT OF THE DIRECTORS (continued)

for the year ended 30 June 2016

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 intergroup profits of R12.5 million (2015: R0.1 million) and intergroup 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 intergroup 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 King's 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. Depreciation 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 intergroup profits for the year; increased by R1.3 million to eliminate the intergroup interest expense and by R4.5 million to eliminate the tax charge related to the intergroup 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% 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 million (2015: R2 152 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 was 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.

REPORT OF THE DIRECTORS (continued)

for the year ended 30 June 2016

GPI Slots

Stand-alone results for the year

GPI Slots increased their revenue by 16% from R799.6 million last year to R934.7 million this year. This was as a result of an addition of 155 limited payout 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 R662.00 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 R217.2 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 an optimisation of the Group's head office costs.

Share capital

The Company issued no shares during the year and the total number of shares in issue at 30 June 2016 remained the same at 488.8 million shares. Details of the share and the share capital of the Company both authorised and issued have been disclosed in note 23.1 of the consolidated Annual Financial Statements.

Treasury shares

At 30 June 2016 a total of 27.07 million GPI shares were held as treasury shares by the Grand Parade Share Incentive Trust, GPI Management Services and the GPI Women's BBBEE Empowerment Trust. These entities are controlled by the Group, with the Grand Parade Share Incentive Trust holding 6.99 million treasury shares, GPI Management Services holding 5.27 million shares and the GPI Women's BBBEE Empowerment Trust holding 14.82 million treasury shares. Details of the Group's treasury shares have been disclosed in note 23.2 of the consolidated Annual Financial Statements.

Preference shares

No preference shares were issued by the Group during the year and the Group voluntarily redeemed 133 193 preference shares owing to Depfin and Standard Bank on 21 June 2016. As a result, at 30 June 2016, the Group had 90 000 "A" preference shares and 60 000 "B" preference shares issued to Standard Bank and 72 328 "C" preference shares issued to Spur Corporation Limited. The terms of the respective preference shares have been disclosed in note 25.2 and note 25.3 of the consolidated Annual Financial Statements.

Borrowings

The terms of the Group's borrowings are fully disclosed in note 26 of the consolidated Annual Financial Statements.

In terms of the Memorandum of Incorporation of the Company and its subsidiaries, the borrowing powers of the Directors of these companies are unlimited.

Capital commitments and contingent liabilities

Details of the Group's capital commitments are disclosed in note 37 of the consolidated Annual Financial Statements.

Subsidiary companies and investments

Particulars of subsidiary companies, equity-accounted investments and other investments are disclosed in Appendix 1 and Appendix 2 of the consolidated Annual Financial Statements.

REPORT OF THE DIRECTORS (continued)

for the year ended 30 June 2016

Directors and Company Secretary

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 finance activities in her capacity as Executive Director.

Particulars of the present Directors and Company Secretary are given on page 1.

Directors' interest in contracts

Details of the directors' interests in contracts and transactions with the Group are disclosed in note 36 of the consolidated Annual Financial Statements.

Directors' shareholding

Details of the directors' interests in the shares of the Company are disclosed in Appendix 3 of the consolidated Annual Financial Statements.

Going concern

These Annual Financial Statements have been prepared on the going concern basis.

Subsequent events

The details of events occurring subsequent to the reporting date but prior to the date of issue of this report are detailed in note 38 of the consolidated Annual Financial Statements.

Related parties

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	2016 R'000s	2015 R'000s
Continuing operations			
Revenue	5	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	10, 11	144 168	134 894
Profit on disposal of investments	10, 11, 3	270 565	–
Reversal of impairment of investment	10	21 362	–
Impairment of investment	12	(3 468)	–
Remeasurement of investments	4	18 687	405
Depreciation	15	(45 876)	(23 638)
Amortisation	16	(2 975)	(2 039)
Profit/(loss) from continuing operations before finance costs and taxation	6	326 790	(32 722)
Finance income	5	23 660	21 236
Finance costs	7	(72 537)	(57 092)
Profit/(loss) before taxation from continuing operations		277 913	(68 578)
Taxation	8	(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	3	–	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	24.1	(37 009)	45 064
Reclassification of realised gain, net of tax	24.1	–	(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	13	(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	13	(10 290)	(7 354)
		155 510	705 746
		Cents	Cents
Basic earnings per share		43.01	142.72
Continuing operations	9	43.01	(10.21)
Discontinued operations	9	–	152.93
Diluted basic earnings per share		42.80	140.87
Continuing operations	9	42.80	(10.08)
Discontinued operations	9	–	150.95
Headline earnings per share		1.99	10.53
Continuing operations	9	1.99	(10.17)
Discontinued operations	9	–	20.70
Diluted headline earnings per share		1.98	10.40
Continuing operations	9	1.98	(10.03)
Discontinued operations	9	–	20.43
Ordinary dividend per share		15.00	20.00

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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	10	629 635	1 342 715
Investments in associates	11	327 768	–
Available-for-sale investment	12	307 355	350 064
Investment properties	14	69 798	84 010
Property, plant and equipment	15	626 045	431 578
Intangible assets	16	40 599	13 959
Goodwill	17	92 885	38 975
Deferred tax assets	8	95 241	53 707
Assets classified as held-for-sale	3	192 479	386 139
Current assets		842 970	621 956
Inventory	18	91 231	76 452
Deferred proceeds	19	528 445	–
Trade and other receivables	20.1	106 794	65 429
Related-party loans	21.1	36 452	224 555
Cash and cash equivalents	22.1	65 594	242 309
Income tax receivable	34.2	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	23.1	859 517	859 517
Treasury shares	23.2	(105 971)	(76 222)
Accumulated profit		1 626 255	1 494 635
Available-for-sale reserve at fair value	24.1	8 055	45 064
Share-based payment reserve	24.2	9 636	10 289
Capital redemption reserve fund	24.3	–	301
Non-controlling interest	13	(28 038)	(17 575)
Total shareholder's equity		2 369 454	2 316 009
Non-current liabilities		381 448	469 056
Preference shares	25	232 560	332 424
Interest-bearing borrowings	26	102 096	102 136
Finance lease liabilities	27	38 103	17 895
Deferred tax liabilities	8	6 245	16 041
Provisions	28	2 444	560
Liabilities associated with assets held-for-sale	3	16 690	31 379
Current liabilities		457 183	506 659
Trade and other payables	29	149 955	112 680
Provisions	28	16 636	11 341
Bank overdraft	22.2	7 919	–
Preference shares	25	2 111	27 787
Interest-bearing borrowings	26	254 903	309 433
Finance lease liabilities	27	13 089	2 077
Related-party loans	21.2	–	30 000
Dividends payable	34.3	8 826	8 276
Income tax payable	34.2	3 744	5 065
Total equity and liabilities		3 224 775	3 323 103

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Ordinary share (note 23.1) R'000s	Treasury shares (note 2 and 3.2) R'000s	Accumu- lated profits R'000s	Available- for-sale reserve at fair value (note 24.1) R'000s	Share- based payment reserve (note 24.2) R'000s	Capital redemp- tion reserve fund (note 24.3) R'000s	Non- controlling interest (note 13) 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 discontinued 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
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

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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	34.1	(86 697)	(176 663)
Income tax paid	34.2	(145 145)	(21 780)
Finance income	5	23 660	21 236
Net cash from operating activities of discontinued operations	3	–	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	15	(23 027)	(13 417)
Acquisition of investment properties	14	(7 127)	(40 160)
Acquisition of intangibles	16	(30 269)	(9 955)
Proceeds from disposal of property, plant and equipment		1 724	714
Loans advanced	34.6	(4 842)	(23 100)
Loan repayment received	34.7	192 367	112 123
Cash paid through business combinations	34.8	(39 259)	(50 579)
Investments made	34.9	(35 906)	(316 436)
Consideration received from the disposal of investment	34.10	382 760	155 055
Dividends received	34.11	170 855	142 174
Net cash from investing activities of discontinued operations	3	–	28 898
Net cash inflow/(outflow) from investing activities		427 350	(177 367)
Cash flows from financing activities			
Dividends paid	34.3	(70 905)	(107 458)
Consideration on exercise of employee options		1 658	–
Treasury shares acquired	23	(40 330)	(3 650)
Acquisition of minority interest		(2 000)	–
Loans received	34.4	400 000	584 520
Repayment of loans	34.5	(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	3	–	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 of:		57 675	242 309
Cash and cash equivalents	22.1	65 594	242 309
Overdraft	22.2	(7 919)	–

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial results

The consolidated and separate Annual Financial Statements have been prepared on the historical cost basis, except where otherwise stated or disclosed, and as a going concern. The consolidated Annual Financial Statements are presented in South African rands, which is also the functional currency of the entity, and all values are rounded to the nearest thousand (R000's), except where otherwise indicated.

The accounting policies applied are consistent with those applied in the prior year.

Company financial statements

Investments in subsidiaries, associates and joint ventures in the separate Annual Financial Statements presented by the Company are recognised at cost less accumulated impairment loss.

Recognition of assets and liabilities

Assets are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost or fair value can be measured reliably.

Liabilities are recognised if it is probable that an outflow of resources embodying economic benefits will result from the settlement of the present obligation and the amount at which the settlement will take place can be reliably measured. Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument.

1.2 Statement of compliance

These Group Annual Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), Interpretations issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, No. 71 of 2008 of South Africa.

1.3 Basis of consolidation

The consolidated Annual Financial Statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016 and the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intragroup balances, transactions, income, expenses and unrealised profits and losses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

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

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

a) **Business combinations and goodwill**

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.3 Basis of consolidation (continued)

a) *Business combinations and goodwill (continued)*

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

If a business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

A contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, that is a financial instrument, is measured at fair value with changes in fair value being recognised in profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled in equity.

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

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

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

b) *Interest in joint ventures and associates*

The Group has interests in joint ventures, whereby the joint ventures have a contractual arrangement that establishes control over the economic activities of the entity. The contractual arrangement implies unanimous agreement for financial and operating decisions among the joint ventures.

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

The Group recognises its interests in joint ventures and associates using the equity method. The financial statements of the joint ventures and associates are prepared for the same reporting period as the parent company.

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

Losses of a joint venture or associates in excess of the Group's interest therein (which includes any long-term interest that, in substance, forms part of the Group's net investment in the joint venture and associate) are not recognised unless the Group has a legal or constructive obligation in respect of those joint ventures or associates. If a joint venture or associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

After application of the equity method, the Group assesses whether there is any objective evidence that the investment in joint ventures and associates is impaired. If any such indicators exist, the entire carrying amount of the investment in joint ventures and associates is tested for impairment by comparing the recoverable amount with its carrying amount, to determine whether it is necessary to recognise any impairment losses.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.3 Basis of consolidation (continued)

b) Interest in joint ventures and associates (continued)

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

The statement of comprehensive income reflects the share of the results of operation of joint ventures and associates. Where there has been a change recognised directly in the other comprehensive income or equity of the joint venture or associates, the Group recognises its share of any changes and discloses this, where applicable, in other comprehensive income or in the statement of changes in equity.

Where a Group entity transacts with a joint venture or associate, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture or associate. Joint ventures and associates are equity-accounted until the date on which the Group ceases to have joint control or significant influence over the investment. Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retaining investments at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. Upon derecognition of the investment in a joint venture or associate, previously recognised gains or losses in other comprehensive income will be released to profit or loss for the period.

1.4 Significant accounting judgements and estimates

In the preparation of the Annual Financial Statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities, the accompanying disclosure and the disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements within the next financial period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements concerning the future. Estimates and judgements are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable.

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

Estimates and assumptions

1.4.1 Depreciation rates and residual values

The depreciation method reflects the pattern in which economic benefits attributable to the asset flow to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programmes, refurbishments, product life cycles and the intention of management.

The estimation of the useful life and residual value of an asset is a matter of judgement based on the past experience of the Group with similar assets and the intention of management (refer to note 15).

Based on management's valuation, the residual amounts of the buildings exceed their carrying amounts and therefore no depreciation has been accounted for during the current year. An annual assessment is done in this regard.

1.4.2 Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax is provided for on unutilised assessed losses of the Group based on forecasts made by management that provide convincing evidence that the utilisation thereof is probable. Management has prepared a forecast for each statutory entity in an assessed loss position, based on the up-to-date market assumptions as well as using the experience gained in the prior years.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.4 Significant accounting judgements and estimates (continued)

1.4.2 Deferred tax assets (continued)

The most significant factors in achieving forecasted profits, and therefore the utilisation of the deferred tax assets reflected in the consolidated Annual Financial Statements are:

- continued revenue growth per Burger King store;
- maintaining the expected rate of store openings;
- improved cost control, achieved through the benefit of economies of scale from the larger Group as well as efficiencies gained from experience;
- the closure of stores that are loss-making and not expected to become profitable within a reasonable period of time; and
- the requisite profit-generating stores being opened in such a way as to utilise assessed losses within the relevant statutory entities within a reasonable period of time.

1.4.3 Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the forecast for the next five years and do not include significant future investments that will enhance the asset's performance of the CGU tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGU's are disclosed and further explained in note 17.2.

1.4.4 Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of share-based awards requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 24.2.

1.4.5 Discontinued operations and assets held-for-sale

At 30 June 2016, 19.9% of the Group's 49.9% holding in GPI Slots has been recognised as an asset held-for-sale. The Group committed to sell this holding when it entered into a disposal agreement with Sun International in the previous year. In recognising the investment as an asset held-for-sale, management was required to use their judgement to determine whether or not there was any indication that the disposal transaction would not be concluded. Factors such as the likelihood of regulatory approvals being received were also considered.

1.4.6 Jointly controlled entities and associates

The Group has classified its 51.0% voting interest in GTM and its 49.89% voting interest in SunWest as jointly controlled entities based on contractual agreements with the other shareholders in those investments to manage and control the business jointly.

In assessing the level of influence held by GPI in respect of Worcester Casino, the voting rights in Worcester Casino as well as the extent of Board representation are evaluated. With 15.1% of votes and two of four Board members, management considers their relationship to be one of significant influence as they are able to participate in the policy-making processes, including participation in decisions about dividend distribution. Therefore, the Group's investment in Worcester Casino is considered to be an associate.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, rebates and related taxes, with the exception of gaming taxes which are treated as a cost of sale. Revenue for material revenue streams are recognised on the bases set out below:

Food sales

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

Dividend income

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

Equipment sales

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

Interest income

Interest income is recognised in profit or loss on an accrual basis using the effective interest method.

Management fees

Management fees are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of actual services provided as a proportion of the total services to be provided.

Royalties

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

Government grant income

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

1.6 Cost of sales

Food and equipment

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

1.7 Investment properties

Investment property is recognised as an asset when it is probable that the future economic benefits associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and cost incurred subsequently to add to, or to replace a part of property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation less any accumulated impairment losses. Depreciation is provided to write down the cost of the property to the estimated residual value by equal instalments over the useful life of the property of 20 years.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.7 Investment properties (continued)

Cost model (continued)

Transfers are made to (or from) investment property only when there is a change in the use of the property and the property is transferred at its carrying value. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated in note 1.8: Property, plant and equipment up to the date of change.

1.8 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises directly attributable costs and any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent costs are included in the asset's carrying amount or are recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

Maintenance and repairs, which do not meet these criteria, are charged against profit or loss as incurred. Property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets to the current values of their expected residual values. The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at each reporting date.

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

The useful lives are as follows:

Computer equipment	– 3 years
Furniture and fittings	– 5 to 6 years
Leasehold improvements	– 4 to 10 years
Motor vehicles	– 5 years
Plant and equipment	– 5 years
Premises soft furnishings	– 5 to 10 years
Land and buildings	– 20 years
Plant and equipment: Food group	– 5 to 10 years
Lift, generators and security systems	– 5 to 15 years

1.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets excluding capitalised development costs, are not capitalised and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are included in profit or loss in the year that the asset is derecognised.

Computer software costs

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.9 Intangible assets (continued)

Master franchise licence

Expenditure incurred by the Group in acquiring the Master franchise licences in respect of Burger King®, Dunkin' Donuts® and Baskin-Robbins® are measured at the original cost to acquire the licence less accumulated amortisation. The intangible is amortised over its expected useful life of 20 years, which represents a period over which GPI has the right to trade under the brand names of Burger King®, Dunkin' Donuts® and Baskin-Robbins®.

Franchise licence fee

Expenditure incurred by the Group in acquiring franchisee licences in respect of the right to operate Burger King restaurants at the various locations and the intangibles are measured at the original cost to acquire the license less accumulated amortisation. The intangible is amortised over its expected useful life of five to 10 years, which represents the licence period over which the Group has the right to operate the Burger King restaurant.

1.10 Impairment of non-financial assets

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

Impairment losses are recognised in profit or loss. A previously recognised impairment loss, other than a loss related to the impairment of goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case then the asset's carrying amount is increased to its recoverable amount. The recoverable amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

1.11 Financial instruments – initial recognition and subsequent measurement

1.11.1 Financial assets

i) Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 are classified as loans and receivables and available-for-sale investments. The Group determines the classification on initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and receivables, listed and unlisted equity instruments (classified as available-for-sale).

ii) Subsequent measurement of financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include related-party loans receivable. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity date of three months or less.

Trade and other receivables

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.11 Financial instruments – initial recognition and subsequent measurement (continued)

1.11.1 Financial assets (continued)

ii) Subsequent measurement of financial assets (continued)

Available-for-sale investments

Available-for-sale investments consist of investments in unlisted and listed equity instruments. After initial recognition available-for-sale investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

iii) Derecognition of financial assets

A financial asset or portion of a financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a pass through arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and has either (i) transferred substantially all rights and rewards of the asset or (ii) has neither transferred nor retained substantially all the rights and rewards of the asset but has transferred control of the asset.

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

iv) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of assets is impaired. Where the carrying value of these instruments exceeds the recoverable amount, the asset is written down to the recoverable amount. Impairment losses are recognised in profit or loss.

Impairment of financial assets carried at amortised cost

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

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

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; and
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets:
 - (a) adverse changes in the payment status of borrowers in the portfolio; and
 - (b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.11 Financial instruments – initial recognition and subsequent measurement (continued)

1.11.1 Financial assets (continued)

iv) Impairment of financial assets (continued)

The Group first assesses whether objective evidence of impairment exists individually for the financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment of available-for-sale investments

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

If in a subsequent period, the fair value of an equity investment classified as available-for-sale increases, the impairment losses recognised in profit or loss are not reversed through profit or loss.

1.11.2 Financial liabilities

i) Initial recognition and measurement of financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at amortised cost. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. The Group's financial liabilities include trade and other payables, loans and preference shares.

ii) Subsequent measurement of financial liabilities

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

Loans and borrowings

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

Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the trade and other payables are derecognised and through interest based on the effective interest method. Trade and other payables are short-term in nature and are classified as current liabilities in the statement of financial position. Related-party loans are payable on demand and are classified as current liabilities in the statement of financial position.

Preference shares

Preference shares that are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are held at amortised cost using the effective interest method. The dividends on these preference shares are recognised in profit or loss as interest expense.

iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognised as a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.11 Financial instruments – initial recognition and subsequent measurement (continued)

1.11.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously or settle on a net basis.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is measured using standard costing, and revised in light of current conditions as necessary. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials: purchased cost on a first-in, first-out basis; and
- finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

1.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised. All other borrowing costs are expensed in the period they occur.

1.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases where substantially all the risks and rewards associated with ownership have transferred from the lessor to the lessee. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

All other leases are treated as operating leases and the relevant rentals are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognised as incurred.

The Group leases certain property, plant and equipment and motor vehicles.

1.15 Taxes

Current normal tax

Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.15 Taxes (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates/laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case it is recognised in other comprehensive income or equity respectively.

Dividend withholding tax

Dividend withholding tax (DWT) payable is included as part of trade and other payables in the statement of financial position. The gross amount of dividends declared is accounted for in equity.

1.16 Dividends payable

Dividends payable and the related taxation or withholding tax thereon are recognised as liabilities in the period in which the dividends are declared. A dividend declared subsequent to period-end is not charged against total equity at the reporting date as no liability exists.

1.17 Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts that are due to be paid when the liabilities are settled.

Long-service leave provision

The liability for long-service leave is recognised in provisions and measured using the projected unit credit method calculated by an independent actuary and is based on a minimum service period of five years and accumulates up to a maximum of 35 years' continuous service. Consideration is given to the current wage and salary levels and the number of employees expected to qualify for the award. Movements in the provision are taken to profit or loss.

Retirement benefit obligations

The Group has a defined contribution plan which is governed by the Pension Fund Act, No. 24 of 1956. The defined contribution plan receives fixed contributions from the Group and its legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short-term incentive plan

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation, the amount can be measured reliably and the Directors are of the opinion that it is probable that such bonuses will be paid.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.17 Employee benefits (continued)

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or
- providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

1.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date.

1.19 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

1.20 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, foreign currency:

- monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.21 Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense (note 24.2). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (note 6).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

When these services are rendered in an associate or jointly controlled venture the fair value of these costs are capitalised to the carrying value of the investment.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified reward. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (note 9).

1.22 Non-current assets held-for-sale and discontinued operations

The Group classifies non-current assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held-for-sale.

Assets and liabilities classified as held-for-sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of the Group that has either been disposed of or is classified as held-for-sale and:

- (i) represents a separate major line of business or geographical area of operations,
- (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- (iii) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in profit or loss.

Additional disclosures are provided in Note 3. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

When the Group changes its intention to sell or makes a formal decision not to sell an asset (or disposal group) classified as held-for-sale (other than associates, joint ventures or subsidiaries), the asset (or disposal group) no longer meets the recognition criteria to be classified as an asset held-for-sale. The Group measures the asset at the lower of:

- (i) its carrying amount before the asset (or disposal group) was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held-for-sale, and
- (ii) its recoverable amount at the date of the subsequent decision not to sell.

If the asset (or disposal group) is a subsidiary, joint venture or an associate the Group restates the results for all periods since the initial classification as held-for-sale to no longer recognise the asset (or disposal group) as held-for-sale in those periods.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

1. ACCOUNTING POLICIES CONTINUED

1.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's corporate finance department is responsible for the fair value measurement procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operations. External valuers are involved for significant valuations and for the annual and half-yearly net asset valuation. The corporate finance department present the results of the valuations to the Financial Director, Board, Audit and Risk Committee and independent auditors on a quarterly basis.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

2. STANDARDS AND INTERPRETATIONS

2.1 Standard issued and effective for the current reporting period

The accounting policies adopted by the Group are consistent with the previous financial year.

2.2 Standards issued not yet effective

At the date of authorisation of these annual financial statements, these are standards and interpretations in issue but not effective and will be adopted when they become effective.

Standard	Effective date – annual periods commencing on or after	Effect of change
IFRS 9 – Financial instruments	1 January 2018	The available-for-sale category will no longer be able to be utilised as a result of IFRS 9. Management are currently assessing the classification and impairment implications of the standard.
IFRS 15 – Revenue from contracts from customers	1 January 2018	The likely impact of this standard is currently being assessed by management.
Amendment to IAS 1 – Presentation of financial statements	1 January 2016	The amendment is not expected to have a material impact on the Group; however, it might require changes to disclosure.
Amendment to IAS 7 – Cash flow – Disclosure initiative	1 January 2017	The amendment is not expected to have a material impact on the Group; however, it might require expanded disclosure.
Amendment to IFRS 16 – Leases	1 January 2019	IFRS 16 will likely impact the majority of the leases where the Group is a lessee. This is currently being assessed by management.
Annual improvement	Effective date – annual periods commencing on or after	Effect of change
IFRS 5 – Annual improvements 2012 – 2014 cycle	1 January 2016	The amendment is not expected to have a material impact on the Group, but may impact future transactions.

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

3. DISCONTINUED OPERATIONS AND ASSETS HELD-FOR-SALE

3.1 Discontinued operations

These relate to the disposal of the National Manco, Dolcoast and GPI Slots gambling operations in the prior year. The income and expense items included in profit after tax for discontinued operations are as follows:

	GPI Slots		Dolcoast		National Manco		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Revenue	–	393 276	–	5 030	–	–	–	398 306
Cost of sales	–	(235 415)	–	–	–	–	–	(235 415)
Gross profit	–	157 861	–	5 030	–	–	–	162 891
Operating costs	–	(67 070)	–	–	–	–	–	(67 070)
Profit from operations	–	90 791	–	5 030	–	–	–	95 821
Profit on disposal of investment	–	5 364	–	8 717	–	1 381	–	15 462
Gain on loss of control of GPI Slots	–	611 421	–	–	–	–	–	611 421
Profit before finance costs and taxation	–	707 576	–	13 747	–	1 381	–	722 704
Finance income	–	2 898	–	–	–	–	–	2 898
Finance costs	–	(1 755)	–	–	–	–	–	(1 755)
Profit before taxation	–	708 719	–	13 747	–	1 381	–	723 847
Taxation	–	(21 876)	–	15 013	–	–	–	(6 863)
Profit/(loss) for the year from discontinued operations	–	686 843	–	28 760	–	1 381	–	716 984
							Cents	Cents
Earnings per share								
Basic earnings per share							–	152.93
Diluted basic earnings per share							–	150.95

The cash flows disclosed under operating, investing and financing activities from discontinued operations are as follow:

	GPI Slots		Dolcoast		National Manco		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Net cash generated by operations	–	80 813	–	–	–	–	–	80 813
Income tax paid	–	(61 910)	–	–	–	–	–	(61 910)
Finance income	–	3 625	–	–	–	–	–	3 625
Net cash inflow from operating activities	–	22 528	–	–	–	–	–	22 528

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

3. DISCONTINUED OPERATIONS AND ASSETS HELD-FOR-SALE CONTINUED

3.1 Discontinued operations (continued)

	GPI Slots		Dolcoast		National Manco		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Acquisition of plant, equipment and intangibles	–	(54 803)	–	–	–	–	–	(54 803)
Proceeds from disposal of property, plant and equipment	–	3 070	–	–	–	–	–	3 070
Investments made	–	(55 780) ⁽ⁱ⁾	–	–	–	–	–	(55 780)
Consideration from the disposal of investment	–	–	–	130 000	–	1 381	–	131 381
Dividends received	–	–	–	5 030	–	–	–	5 030
Net cash (outflow)/inflow from investing activities	–	(107 513)	–	135 030	–	1 381	–	28 898
Increase in loans	–	1 378	–	–	–	–	–	1 378
Finance costs	–	(165)	–	–	–	–	–	(165)
Net cash inflow from financing activities	–	1 213	–	–	–	–	–	1 213

⁽ⁱ⁾ During the prior year and while it was recognised as a discontinued operation, GPI Slots acquired 100% of KZN Slots for a purchase consideration of R78.5 million. On the date of the acquisition, KZN Slots' total identifiable net liabilities at fair value amounted to R1.4 million and the carrying value of its shareholder loan to R41.0 million. The R38.7 million difference between the purchase consideration, the shareholder loan and identifiable net liabilities were recognised by GPI Slots as goodwill. R15.8 million of the purchase consideration was settled by way of an issue of new GPI shares and the balance of consideration of R62.7 million by way of cash. KZN Slots had a cash balance of R6.9 million, on the acquisition date and when netted off against the cash portion of the purchase consideration amounts to net cash paid through the business combination of R55.8 million.

3.2 Assets held-for-sale

GPI Slots

On 5 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 a 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 a 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE CONTINUED

3.2 Assets held-for-sale (continued)

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 30 June 2016

4. BUSINESS COMBINATION

4.1 Current year business combination

Grand Foods Meat Plant

On 26 October 2015, the Group acquired a further 65% shareholding of Grand Foods 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, Grand Foods 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 Grand Foods 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	<u>7 190</u>
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	<u>(7 190)</u>
Goodwill	<u>53 910</u>
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	(3 459)
Cash paid in respect of acquisition	<u>(35 800)</u>
Net cash outflow	<u>(39 259)</u>

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

4. BUSINESS COMBINATION CONTINUED

4.2 Prior year business combination

In the prior year, the Group acquired a further 42.8% of Mac Brothers Catering Equipment (MBCE) for R42.8 million, increasing its holding to 65.0%. The increased holding gave the Group control of the investment and as a result MBCE was consolidated into the Group with effect from 28 July 2014. At the date of acquisition, the Group held an existing 22.2% investment, which was increased to its fair value of R23.0 million, resulting in a fair value gain of R0.4 million being recognised in loss from continuing operations. All assets purchased and liabilities assumed in the acquisition were identified at their fair values and were recognised separately from goodwill. No intangibles were recognised during the identification process. Goodwill of R38.6 million was recognised as part of the business combination and represents the expected value creation within MBCE as a result of the opportunity to trade with Burger King during their expansion. The non-controlling interest was recognised at fair value of the business which was determined using a discounted cash flow method. The key unobservable inputs were a discount rate of 20.3% and a terminal growth rate of 5%.

	2016 R'000s	2015 R'000s
5. REVENUE		
Food sales	485 162	307 766
Equipment sales	198 342	142 034
Meat sales	44 739	–
Dividends received	15 235	12 050
Other revenue	3 362	24 436
IT fees	9 501	5 881
Rental income	14 946	9 404
Gross gaming revenue – Sport betting	1 057	441
Revenue	772 344	502 012
Finance income	23 660	21 236
Total revenue and finance income	796 004	523 248
6. PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE FINANCE COSTS AND TAXATION		
Profit/(loss) before finance and taxation costs is stated after:		
Income		
Remeasurement of investment	18 687	405
Gain on disposal of investments	270 565	–
Expenses		
Depreciation (note 15)	45 876	23 638
Amortisation (note 16)	2 975	2 039
Operating lease rentals of premises	38 640	27 695
– Contingent leases	3 069	3 561
– Straight-lined leases	35 571	24 134
Loss on disposal of plant and equipment	412	75
Loss on disposal of intangibles	654	–
Auditors' remuneration		
Audit fees	4 351	5 005
– Current year	3 906	3 188
– Prior year under provision	445	1 817
Staff costs	211 751	185 238
– Salaries and wages	193 869	147 677
– Directors' remuneration (note 35)	15 967	32 150
– Share-based payments expense	1 915	5 411
Number of employees	2 295	2 008

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
7. FINANCE COSTS		
Bank loans and overdraft	984	1 031
Short-term borrowings	22 117	20 962
Preference shares – interest	33 302	25 353
Interest on finance lease liabilities	4 238	1 498
Term loans	11 896	8 248
	72 537	57 092
8. TAXATION		
South African normal tax		
– Current year	146 863	15 496
– Prior year under provision	(4 282)	14
Movement in deferred tax liability associated with assets held-for-sale disposed during the year	(14 689)	–
Deferred tax	(42 498)	(28 842)
	85 394	(13 332)
Standard rate	28.00	28.00
Exempt income	(20.26)	59.94
Non-deductible expenses	9.45	(63.02)
Prior year over provision	(1.57)	(1.11)
Difference in tax rate of a trust	0.03	(0.14)
Change in CGT rate	1.00	–
Tax rate on differential on disposals of Group entities	13.03	–
Assessed loss not recognised	1.05	(4.23)
Effective tax rate	30.73	19.44
Deferred taxation		
Deferred tax assets	95 241	53 707
Deferred tax liabilities	(6 245)	(16 041)
	88 996	37 666
The deferred tax balance is made up as follows:		
Operating lease	1 656	320
Assessed losses	94 684	49 719
Provisions and accruals	5 573	4 538
Pre-payments	(1 121)	(716)
Foreign currency adjustments	(113)	–
Property, plant and equipment	(9 359)	(5 852)
Available-for-sale investment	(2 324)	(10 343)
	88 996	37 666

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
8. TAXATION CONTINUED		
Reconciliation of net deferred tax asset		
Opening balance	37 666	7 796
Tax expense for the period recognised in profit or loss	42 498	28 842
Operating lease	1 861	791
Assessed losses	37 497	18 502
Provisions and accruals	558	1 488
Prepayments	(419)	(619)
Foreign currency adjustment	(113)	–
Property, plant and equipment	3 114	8 680
Tax expense for the period recognised in other comprehensive income	8 019	(10 100)
Liability recognised through business combination	813	(6 830)
Tax released through discontinued operation	–	17 958
Closing balance	88 996	37 666

9. 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
9. BASIC AND DILUTED EARNINGS PER SHARE CONTINUED		
9.1 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
9.2 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, equipment and intangibles	769	75
Remeasurement of investment	(17 023)	(405)
<i>Adjustments by jointly-controlled entities</i>	122	574
– Loss on disposal of plant and equipment	122	574
Headline earnings	9 385	49 387
	000s	000s
9.3 Reconciliation of WANOS – net of treasury shares		
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
	000s	000s
9.4 Reconciliation of diluted WANOS – net of treasury shares		
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
	Cents	Cents
9.5 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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

10. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

The Group's investments that have been classified as jointly controlled entities are:

Investment	Effective holding		Description of business
	2016	2015	
SunWest	15.10%	25.10%	SunWest holds 100% of GrandWest Casino and Entertainment World and 100% of the Table Bay Hotel
Grand Tellumat Manufacturing (GTM)	51.00%	51.00%	GTM manufactures and assembles electronic equipment

SunWest

On 29 June 2016, the Group sold a 10% economic interest in SunWest to Tsogo Sun Gaming (Pty) Ltd (Tsogo) for R642.5 million. In terms of the disposal agreement, Tsogo made a R107.1 million upfront payment of the proceeds on 29 June 2016 and the remaining R535.4 million will be paid over 15 equal monthly instalments of R35.7 million, between 15 July 2016 and 1 September 2017. As a result of the deferred payment of the proceeds, the proceeds on sale have been based on the present value of these amounts, at R610.1 million, and the difference of R32.4 million will unwind as interest over the settlement period. The carrying value of the portion sold was R408.4 million and a profit of R201.7 million has been recognised in profit from continuing operations for the year. At 30 June 2016, the Group's economic interest is 15.1% (2015: 25.1%) and its voting interest is 49.89% (2015: 49.89%).

Worcester Casino

On 16 October 2015, the Group acquired an additional 2.6 million shares in Worcester Casino for R30.1 million as part of a rights issue. Prior to the rights issue the Group held 25.1% interest in Worcester Casino and this remained unchanged after the rights issue as Sun International, the only other shareholder, also took up their rights issue. Worcester Casino raised a total of R120.0 million in the rights issue and utilised the proceeds to reduce its debt facilities. Historically, Worcester Casino's operating profits have not covered its debt servicing charges; however, the elimination of the debt facility has removed the debt service charges which has allowed the investment to report a profit after tax. As a result of the change in the investments profitability, the Group reversed R21.4 million of impairments previously recognised and recognised previously unrecognised losses of R9.1 million in the profit from continuing operations for the year. On 29 June 2016, the Group sold 10% of Worcester Casino and the investment was classified as an investment in associate.

GPI Slots

The investment was transferred to investment in associates.

Grand Tellumat Manufacturing

There has been no movement in its holding during the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

10. INVESTMENT IN JOINTLY CONTROLLED ENTITIES CONTINUED

10.1 Reconciliation of carrying value

	SunWest		Worcester Casino		GPI Slots		Grand Tellumat Manufacturing		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Carrying amount of the investment – beginning of the year	1 055 751	1 056 924	–	–	268 850	–	18 114	–	1 342 715	1 056 924
Investment in jointly controlled entity	–	–	30 120	–	–	258 587	–	21 784	30 120	280 371
Profit/(loss) from jointly controlled entities	124 980	129 347	945	–	24 351	9 671	(5 118)	(3 746)	145 158	135 272
Dividends received	(155 620)	(130 520)	–	–	–	–	–	–	(155 620)	(130 520)
Sale of portion of jointly controlled entity	(408 396)	–	(17 247)	–	–	–	–	–	(425 643)	–
Reversal of impairment	–	–	21 362	–	–	–	–	–	21 362	–
Recognition of previously unrecognised losses	–	–	(9 135)	–	–	–	–	–	(9 135)	–
Transferred to investment in associate	–	–	(26 045)	–	(293 201)	–	–	–	(319 246)	–
IFRS 2 reserve	–	–	–	–	–	592	(76)	76	(76)	668
Carrying amount of the investment – end of the year	616 715	1 055 751	–	–	–	268 850	12 920	18 114	629 635	1 342 715

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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10. INVESTMENT IN JOINTLY CONTROLLED ENTITIES CONTINUED

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount of the Group's jointly controlled entities which are accounted for using the equity method.

10.2 Investment in jointly controlled entities' financial results

	SunWest		Grand Tellumat Manufacturing	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Summarised statement of comprehensive income				
Revenue	2 488 044	2 404 223	127 973	84 347
Operating costs	(1 546 249)	(1 460 694)	(130 171)	(87 288)
Finance income	809	812	381	295
Finance cost	(93 748)	(82 496)	(2 170)	(3)
Depreciation and amortisation	(145 595)	(139 167)	(6 049)	(4 696)
Profit before tax	703 261	722 678	(10 036)	(7 345)
Taxation	(205 333)	(207 352)		
Profit for the year	497 928	515 326	(10 036)	(7 345)
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	497 928	515 326	(10 036)	(7 345)
Summarised statement of financial position				
Non-current assets	1 331 796	1 309 875	21 525	25 119
Current assets excluding cash and cash equivalents	62 187	58 182	42 904	62 596
Cash and cash equivalents included in current assets	43 241	70 100	1 296	7 613
Non-current liabilities (excluding trade and other payables and provisions)	(339 704)	(354 883)	–	–
Current liabilities (excluding trade and other payables and provisions)	(709 104)	(541 412)	(69 073)	(72 714)
Current trade and other payables and provisions	(201 185)	(232 566)	(14 831)	(29 883)
Equity	187 231	309 296	(18 179)	(7 269)

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10. INVESTMENT IN JOINTLY CONTROLLED ENTITIES CONTINUED

10.3 Reconciliation between investment in jointly controlled entities' equity and carrying value

	SunWest		Worcester Casino		GPI Slots		Grand Tellumat Manufacturing		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Jointly controlled entities' total equity	187 231	309 296	—	25 765	—	258 964	(18 179)	(7 269)	169 052	586 756
Group's proportionate interest	15.1%	25.1%	0.0%	25.1%	0.0%	30.0%	51.0%	51.0%	—	—
Groups' proportionate share of equity	28 272	77 633	—	—	—	77 689	(9 271)	(3 707)	19 001	151 615
Goodwill	588 443	978 118	—	—	—	191 012	—	—	588 443	1 169 130
Proportionate share of IFRS 2 reserve	—	—	—	—	—	149	(76)	37	(76)	186
Loans	—	—	—	—	—	—	22 267	21 784	22 267	21 784
Carrying amount of the investment	616 715	1 055 751	—	—	—	268 850	12 920	18 114	629 635	1 342 715

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11. INVESTMENTS IN ASSOCIATES

The Group's investments that have been classified as associates are:

Investment	Effective holding		Description of business
	2016	2015	
GPI Slots	30.00%	30.00%	GPI Slots operates limited payout machines throughout the country under different brands
Worcester Casino	15.10%	25.10%	Worcester Casino holds 100% of the Golden Valley Casino situated in Worcester

Grand Foods Meat Plant

The Group's share of cumulative losses incurred by Grand Foods Meat Plant was greater than the carrying value of the investment and as a result the carrying value was reduced to zero. During the year the Group acquired control of Grand Foods Meat plant and this was subsequently reclassified as a subsidiary. Refer to note 4 of the consolidated notes.

GPI Slots

During the year, the Group sold an additional 25% in tranche two, bringing its total investment to 49.9%. However, the Group has committed to sell a further 19.9% to Sun International and as a result the 19.9% portion committed for sale has been classified as an asset held-for-sale with only 30.0% of the investment being equity-accounted and transferred from investment in jointly controlled entity to investment in associate. Refer to Note 3 of the consolidated notes.

Worcester Casino

On 29 June 2016, the Group sold 10% of Worcester Casino to Tsogo for R32.5 million. In terms of the disposal agreement Tsogo made a R5.4 million upfront payment of the proceeds on 29 June 2016 with the remaining R27.1 million to be paid over in 15 equal instalments of R1.8 million between 15 July 2016 and 1 September 2017. As a result of the deferred payment, the proceeds on sale have been based on the present value of these amounts at R30.9 million and the difference of R1.6 million will unwind as interest over the settlement period. The carrying value of the portion sold was R17.2 million and therefore a profit on the disposal of R14.1 million has been recognised in profit from continuing operations for the year.

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for the year ended 30 June 2016

11. INVESTMENTS IN ASSOCIATES CONTINUED

11.1 Reconciliation of carrying value of investment in associates

	GPI Slots		Worcester Casino		Grand Foods Meat Plant		Mac Brothers		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Carrying amount of the investment – beginning of the year	–	–	–	–	–	–	–	22 246	–	22 246
Transferred from jointly controlled entities	293 201	–	26 045	–	–	–	–	–	319 246	–
Additions	–	–	–	–	–	–	–	–	–	–
Profit/(loss) from associates	8 117	–	–	–	28	(767)	–	389	8 145	(378)
Reclassified as a payable	–	–	–	–	(28)	767	–	–	(28)	767
IFRS 2 reserve	405	–	–	–	–	–	–	–	405	–
Reclassified as a subsidiary	–	–	–	–	–	–	–	(22 635)	–	(22 635)
Carrying amount of the investment – end of the year	301 723	–	26 045	–	–	–	–	–	327 768	–

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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11. INVESTMENTS IN ASSOCIATES CONTINUED

11.2 Investment in associates' financial results

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount of the Group's associates which are accounted for using the equity method.

	GPI Slots		Worcester Casino		Grand Foods Meat Plant		Mac Brothers	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Summarised statement of comprehensive income								
Revenue	934 667	406 297	165 130	149 135	-	31 350	-	233 924
Operational costs	(717 445)	(315 010)	(135 140)	(123 896)	-	(31 639)	-	(225 117)
Finance income	3 895	1 451	137	149	-	-	-	-
Finance cost	(25 923)	(14 339)	(4 710)	(10 498)	-	(1 743)	-	(2 543)
Depreciation and amortisation	(74 792)	(31 386)	(18 037)	(16 159)	-	-	-	(2 528)
Profit/(loss) before tax	120 402	47 013	7 380	(1 269)	-	(2 032)	-	3 736
Taxation	(12 175)	(14 775)	(3 615)	(1 589)	-	568	-	408
Profit/(loss) for the year	108 227	32 238	3 765	(2 858)	-	(1 464)	-	4 144
Summarised statement of financial position								
Non-current assets	556 709	526 411	174 960	180 718	-	38 841	-	28 322
Current assets	49 733	58 333	2 814	2 254	-	12 163	-	84 933
Current assets (excluding cash and cash equivalents)	98 084	23 172	3 355	3 761	-	1	-	5 837
Non-current liabilities (excluding trade and other payables and provisions)	(31 783)	(31 387)	(7 359)	(5 747)	-	(46 286)	-	(17 602)
Current liabilities (excluding trade and other payables and provisions)	(220 815)	(255 955)	(6 664)	(135 319)	-	(4 998)	-	(44 191)
Current trade and other payables and provisions	(87 971)	(61 610)	(21 199)	(19 902)	-	(3 194)	-	(31 820)
Equity	363 957	258 964	145 907	25 765	-	(3 473)	-	25 479

11.3 Reconciliation between investment in associates' equity and carrying value

	GPI Slots		Worcester Casino		Grand Foods Meat Plant		Mac Brothers		Total
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	
Investment in associates' equity	363 957	258 964	145 907	25 765	-	(3 473)	509 864	306 735	
Group's proportionate interest	30.00%	0.00%	15.10%	0.00%	100.00%	35.00%	100.00%	-	
Groups' proportionate share of equity	109 187	-	22 032	-	-	(1 216)	131 219	21 419	
Goodwill	191 012	-	4 013	-	-	-	195 025	-	
Proportionate share of IFRS 2 reserve	1 524	-	-	-	-	-	1 524	-	
Reclassified as a subsidiary	-	-	-	-	-	-	-	(22 635)	
Trade and other payable	-	-	-	-	-	1 216	-	1 216	
Carrying amount of the investment	301 723	-	26 045	-	-	-	327 768	-	

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12. AVAILABLE-FOR-SALE INVESTMENT

Investment	Effective holding		Description of business
	2016	2015	
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

	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 (note 24.1)	(45 028)	55 407	–	–	(45 028)	55 407
	305 036	350 064	2 319	–	307 355	350 064

13. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST

The financial information of subsidiaries that have material non-controlling interests is provided below:

	2016 R'000s	2015 R'000s
13.1 Non-controlling interest		
Accumulated balances of non-controlling interests		
Burger King South Africa (Pty) Ltd – Group	(21 439)	(17 575)
Other non-controlling interests	(6 599)	–
	(28 038)	(17 575)
Loss allocated to non-controlling interest		
Burger King South Africa (Pty) Ltd – Group	(8 564)	(6 416)
Other non-controlling interests	(1 726)	(938)
	(10 290)	(7 354)

During the year, the Group acquired the non-controlling interest of Burger King North for R2.0 million.

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13. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST CONTINUED

13.2 Summarised financial information of subsidiaries with material non-controlling interest

Burger King South Africa (Pty) Ltd

The Group holds a 91.1% investment in Burger King South Africa (Pty) Ltd with the remaining 8.9% held by Burger King Europe. Burger King South Africa (Pty) Ltd holds the master franchise licence of Burger King for South Africa.

	%	%
Portion of equity interest held by non-controlling interests		
Burger King South Africa (Pty) Ltd	8.90	8.90

The summarised financial information of the Burger King South Africa – Group is provided below. This information is based on amounts before inter-company eliminations.

	2016 R'000s	2015 R'000s
Summarised statement of comprehensive income		
Revenue	485 162	303 883
Operating costs and cost of sales	(568 014)	(400 707)
Operating loss	(82 852)	(96 824)
Finance income	1 029	1 566
Finance expense – intercompany	(20 405)	–
Finance expense – third party	(416)	(613)
Loss before tax	(102 644)	(95 871)
Tax	26 794	23 786
Loss after tax	(75 850)	(72 085)
Total loss attributable to		
– Ordinary shareholder	(67 286)	(65 669)
– Non-controlling interests	(8 564)	(6 416)
Summarised statement of financial position		
Non-current assets	477 554	320 909
Current assets	94 644	69 541
Non-current liabilities	(493 821)	(263 172)
Current liabilities	(110 968)	(83 549)
Equity	(32 591)	43 729
Total equity attributable to:		
– Ordinary shareholder	(11 152)	58 568
– Non-controlling interest	(21 439)	(17 575)
Summarised cash flow information		
Operating	(47 006)	(64 084)
Investing	(194 830)	(183 799)
Financing	220 281	261 893
Net increase in cash and cash equivalents	(21 555)	14 010

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14. INVESTMENT PROPERTY

The Group's investment properties consist of office buildings in Cape Town and Johannesburg, a manufacturing facility in Atlantis and a vacant plot in Goodwood. The investment properties have been classified into two classes of assets, being office buildings and industrial buildings.

	Office buildings R'000s	Industrial buildings R'000s	Total R'000s
2016			
Cost	61 193	22 817	84 010
Accumulated depreciation	–	–	–
Carrying value at 1 July 2015	61 193	22 817	84 010
Additions	306	6 821	7 127
Transferred to assets held-for-sale	(21 339)	–	(21 339)
Carrying value at 30 June 2016	40 160	29 638	69 798
Made up of:			
Cost	40 160	29 638	69 798
Accumulated depreciation	–	–	–
2015			
Cost	–	–	–
Accumulated depreciation	–	–	–
Carrying value at 1 July 2014	–	–	–
Additions	40 160	–	40 160
Transfers from property, plant and equipment	21 033	22 817	43 850
Carrying value at 30 June 2015	61 193	22 817	84 010
Made up of:			
Cost	61 193	22 817	84 010
Accumulated depreciation	–	–	–

On 18 January 2016, the Group acquired an industrial building in Goodwood, Cape Town for R6.8 million. The building was acquired as a vacant property and remained vacant at 30 June 2016. The Group is actively seeking tenants for the property.

Management have assessed the residual values and are satisfied that the residual values exceed the carrying values of these properties.

Fair value of investment properties carried at cost

The fair values of the investment properties carried at cost are as follows:

Property	Class	Location	2016		2015	
			Fair value R'000s	Carrying value R'000s	Fair value R'000s	Carrying value R'000s
Erf 117, Roggebaai	Office building	Cape Town	51 500	40 160	48 000	40 160
Portion 21, Erf 13, Westfield Township	Office building	Edenvale	–	–	23 000	21 033
Portion 128 and 206 of the farm 1183, City of Cape Town	Industrial building	Atlantis	35 000	22 817	25 200	22 817
Erf 33997, Goodwood	Industrial building	Goodwood	6 821	6 821	–	–
			93 321	69 798	96 200	84 010

The fair value are based on recent purchase offers from third-party buyers.

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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	Computer equipment R'000s	Furniture and fittings R'000s	Leasehold improvements R'000s	Motor vehicles R'000s
15. PROPERTY, PLANT AND EQUIPMENT				
Cost	12 375	18 565	2 156	7 502
Accumulated depreciation	(5 152)	(3 601)	(594)	(2 905)
Carrying value at 1 July 2015	7 223	14 964	1 562	4 597
Additions	11 879	9 573	7 395	4 103
Disposals	(182)	(589)	(6)	(919)
Depreciation	(6 753)	(4 053)	(262)	(1 239)
Business combination	467	461	–	–
Transfers	1 772	–	–	–
Carrying value at 30 June 2016	14 406	20 356	8 689	6 542
<i>Made up of:</i>				
Cost	25 417	27 747	9 551	10 074
Accumulated depreciation	(11 011)	(7 391)	(862)	(3 532)
Cost	6 526	6 689	2 066	1 192
Accumulated depreciation	(1 451)	(1 078)	(320)	(83)
Carrying value at 1 July 2014	5 075	5 611	1 746	1 109
Additions	5 214	11 177	90	1 356
Disposals	(155)	(9)	–	(45)
Depreciation	(3 326)	(2 383)	(274)	(1 031)
Business combination	415	568	–	3 208
Transfers	–	–	–	–
Carrying value at 30 June 2015	7 223	14 964	1 562	4 597
<i>Made up of:</i>				
Cost	12 375	18 565	2 156	7 502
Accumulated depreciation	(5 152)	(3 601)	(594)	(2 905)

Land and buildings include land, buildings, generators, air conditioners, lifts and security systems.

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Plant and equipment R'000s	Premises soft furnishings R'000s	Projects under development R'000s	Land and buildings R'000s	Plant and equipment: Food group R'000s	Total R'000s
32 323	110 414	25	174 383	113 415	471 158
(6 414)	(7 814)	–	(2 296)	(10 804)	(39 580)
25 909	102 600	25	172 087	102 611	431 578
8 766	59 355	476	23 027	81 529	206 103
(172)	(99)	(25)	–	(144)	(2 136)
(2 152)	(13 405)	–	(1 027)	(16 985)	(45 876)
33 676	–	–	–	–	34 604
(1 343)	–	–	1 413	(70)	1 772
64 684	148 451	476	195 500	166 941	626 045
82 152	169 786	476	198 823	194 658	718 684
(17 468)	(21 335)	–	(3 323)	(27 717)	(92 639)
854	40 163	798	155 624	41 754	255 666
(125)	(1 964)	–	(1 679)	(2 293)	(8 993)
729	38 199	798	153 945	39 461	246 673
15 180	70 229	25	13 417	70 927	187 615
(311)	(90)	–	–	(121)	(731)
(1 539)	(5 840)	–	(791)	(8 454)	(23 638)
11 850	102	–	49 366	–	65 509
–	–	(798)	(43 850)	798	(43 850)
25 909	102 600	25	172 087	102 611	431 578
32 323	110 414	25	174 383	113 415	471 158
(6 414)	(7 814)	–	(2 296)	(10 804)	(39 580)

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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	Franchise licences R000's	Master franchise licence R000's	Computer software R000's	Total R000's
16. INTANGIBLE ASSETS				
Cost	8 759	2 572	7 194	18 525
Accumulated amortisation	(748)	(290)	(3 528)	(4 566)
Carrying value at 1 July 2015	8 011	2 282	3 666	13 959
Additions	6 595	15 529	8 145	30 269
Disposals	–	–	(654)	(654)
Amortisation	(1 124)	(140)	(1 711)	(2 975)
Carrying value at 30 June 2016	13 482	17 671	9 446	40 599
<i>Made up of:</i>				
Cost	15 354	18 101	12 135	45 590
Accumulated amortisation	(1 872)	(430)	(2 689)	(4 991)
Cost	1 575	2 572	4 401	8 548
Accumulated amortisation	(181)	(150)	(2 174)	(2 505)
Carrying value at 1 July 2014	1 394	2 422	2 227	6 043
Additions	7 184	–	2 771	9 955
Amortisation	(567)	(140)	(1 332)	(2 039)
Carrying value at 30 June 2015	8 011	2 282	3 666	13 959
<i>Made up of:</i>				
Cost	8 759	2 572	7 194	18 525
Accumulated amortisation	(748)	(290)	(3 528)	(4 566)

At 30 June 2016, the Group intangible assets are made up of franchise licences, a master franchise licence and computer software and no internally generated or indefinite useful life intangibles have been recognised.

Franchise licences

In terms of the Burger King Master franchise development agreement, the Group is required to pay a franchise licence fee to Burger King Europe of USD20 000 per store that is opened in South Africa. The licence fees are amortised over the periods of the respective stores' lease which range between five and 10 years.

Master franchise licence

The master license fee of R2.5 million paid to Burger King Europe is for the rights to the master franchise for South Africa and is being amortised over 20 years, which commenced on 1 April 2013. The addition in the current year is cost incurred to acquire a master franchise development agreement for the right to trade under the brand names of Dunkin' Donuts and Baskin-Robbins in South Africa and is being amortised over 20 years.

Computer software

Computer software has a useful life of three years and is amortised using the straight-line method.

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	Grand Foods Meat Plant R'000s	Mac Brothers R'000s	Grand Linkstate R'000s	Total R'000s
17. GOODWILL				
17.1 Reconciliation of goodwill				
Cost	–	38 598	377	38 975
Accumulated impairment	–	–	–	–
Carrying value at 1 July 2015	–	38 598	377	38 975
Additions	53 910	–	–	53 910
Carrying value at 30 June 2016	53 910	38 598	377	92 885
<i>Made up of:</i>				
Cost	53 910	38 598	377	92 885
Accumulated impairment	–	–	–	–
Cost		–	377	377
Accumulated impairment		–	–	–
Carrying value at 1 July 2014		–	377	377
Additions		38 598	–	38 598
Carrying value at 30 June 2015		38 598	377	38 975
<i>Made up of:</i>				–
Cost		38 598	377	38 975
Accumulated impairment		–	–	–

17.2 Goodwill impairment testing

An annual impairment test is performed to assess whether goodwill has been impaired. Goodwill has been allocated for impairment testing purposes to individual cash-generating units (CGUs). The recoverable amount of every CGU has been determined based on a value-in-use calculation using five-year cash flow projections approved by the senior management of each CGU.

Grand Linkstate

The annual impairment test was performed on the CGU and it was determined that the recoverable amount was higher than the carrying amount and therefore no impairment loss has been recognised. The assumptions used are not material to the financial statement of the Group.

Mac Brothers and Grand Foods Meat Plant

The annual impairment test was performed on the CGUs and it was determined that the recoverable amounts were higher than the carrying amounts and therefore no impairment loss has been recognised. The calculation of the value-in-use is most sensitive to the following assumptions:

	2016 %	2015 %
Average revenue growth rates	23.40	10.45
Discount rates	19.5 – 22.1	19.10
Terminal growth rates	4 – 5.85	6.50

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17. GOODWILL CONTINUED

17.2 Goodwill impairment testing (continued)

Mac Brothers and Grand Foods Meat Plant (continued)

Revenue growth rates – The revenue growth rates used in the cash flow projections have been based on the growth rates of the preceding two years. The growth rates have also been adjusted to take into account the impact of annual inflation.

Discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow projections. The discount rate calculation is based on specific circumstances of the Group and its CGUs and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's shareholders. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Specific risks associated with the CGU is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rates – The terminal growth rates have been based on the growth rates of revenues and expenses for the preceding two years. These rates have been adjusted to take into account the impact of inflation.

Management believes that any reasonable possible change in the key assumptions on which the CGU's recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

	2016 R'000s	2015 R'000s
18. INVENTORY		
Work in progress	5 043	3 885
Spare parts	2 366	6 380
Consumables	7 239	3 298
Stock of food and packaging	13 590	5 456
Gaming machines	4 499	4 256
Catering equipment	58 494	53 177
	91 231	76 452

At year-end all items of inventory are carried at cost and no items have been written down to their net realisable value. Included in the inventory balance above is inventory acquired through a business combination of R6.7 million (2015: R50.8 million). During the current year there was no allowance made in respect of slow-moving or damaged stock (2015: Rnil).

	SunWest R'000s	Worcester Casino R'000s	Total R'000s
19. DEFERRED PROCEEDS			
2016			
Net proceeds	642 462	32 538	675 000
Imputed interest	(32 413)	(1 642)	(34 055)
Consideration	610 049	30 896	640 945
Instalments received at 30 June 2016	(107 077)	(5 423)	(112 500)
Deferred proceeds	502 972	25 473	528 445

Refer to notes 10 and 11 of the consolidated notes for the details on the terms of the sale.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
20. TRADE AND OTHER RECEIVABLES		
20.1 Reconciliation of trade and other receivables		
Trade receivables	46 309	21 471
Less: provision for doubtful debts	(2 104)	(1 392)
	44 205	20 079
Other receivables	20 278	20 380
Pre-payments	37 187	3 870
VAT receivable	5 124	21 100
	106 794	65 429

The fair value of trade and other receivables approximates their carrying value.

Group receivables are considered overdue 30 days from the invoice date. Refer to Note 32 for the maturing analysis of financial assets.

20.2 Past due and impaired accounts receivable

The individually impaired receivables mainly relate to customers that are long overdue.

	2016 R'000s	2015 R'000s
0 to 30 days	–	–
30 to 60 days	–	–
60 to 120 days	314	15
Over 120 days	1 790	1 377
	2 104	1 392
Opening balance	1 392	12
Charge to profit or loss	868	1 392
Impairment utilised	(156)	(12)
Closing balance	2 104	1 392

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

21. RELATED-PARTY LOANS

GPI and its subsidiary companies, in the ordinary course of business, entered into various service and investment transactions.

	2016 R'000s	2015 R'000s
21.1 Related-party loans receivable		
– Directors ⁽¹⁾	20 323	11 550
Interest-free loans⁽²⁾		
– Grand Foods Meat Plant	–	7 800
– Grand Tellumat	–	15 300
Interest-bearing loans⁽³⁾		
– GPI Slots	–	189 905
– Grand Tellumat	12 838	–
– Atlas Gaming ⁽⁴⁾	3 291	–
Total current assets	36 452	224 555

⁽¹⁾ Employee loans are secured by GPI shares purchased by employees under the rules of the GPI Employee Share Scheme. During the year the Group issued loans with a value of R8.8 million (2015: Rnil) to Directors to fund their acquisition of GPI shares under the GPI Employee Share Scheme. During the year no loans were redeemed by the Group (2015: R1.9 million). The market value of the shares held as security at 30 June 2016 amounted to R20.9 million (2015: R23.2 million).

⁽²⁾ The loan to GTM was interest-free during the prior years; however, during the year interest was charged at prime less 3.5%. The loan from Grand Foods Meat Plant was acquired by the Group and is subsequently eliminated.

⁽³⁾ Interest was charged on the shareholder loan granted to GPI Slots at the prime interest rate and the loan was repaid in full during the year.

⁽⁴⁾ The loan is denominated in Australian dollars.

	2016 R'000s	2015 R'000s
21.2 Related-party loans payable		
Interest-free loans⁽⁵⁾		
– Fledge Capital (Pty) Ltd	–	15 000
– Mayfair Speculators (Pty) Ltd	–	15 000
Total current liabilities	–	30 000

⁽⁵⁾ The loans from Fledge and Mayfair were interest-free, had no fixed repayment terms and were repayable on demand. During the current year the Group acquired these loans when the Group acquired the minority interests in Burger King North.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
22. CASH AND CASH EQUIVALENTS		
22.1 Cash and cash equivalents	65 594	242 309
22.2 Bank overdraft	65 594	242 309
	(7 919)	–
Total cash and cash equivalents	57 675	242 309

Cash and cash equivalents include Money Market call accounts with floating interest rates that fluctuated between 5.85% and 6.50% during the year (2015: between 5.25% and 5.85%). At year-end the Group had unused overdraft facilities of R65.0 million (2015: R15.0 million). This is made up of a R12 million overnight facility in Mac Brothers attracting interest at prime less half a percentage point. Furthermore, there is a unutilised R50.0 million overdraft facility in Burger King with Nedbank Ltd attracting interest at prime less 0.75% and with a monthly commitment fee of 0.5% and an unutilised R15.0 million facility held by GPI with Standard Bank Ltd attracting interest at prime and with a monthly commitment fee of 0.65%.

The cash and cash equivalents included a preference share-linked investment entered into by the Group via The Grayston Investment Trust. The investment was repaid in full during the year and the balance of the investment at 30 June 2016 is Rnil (2015: R100.0 million).

	2016 R'000s	2015 R'000s
23. STATED CAPITAL		
23.1 Ordinary share capital		
Authorised share capital		
2 000 000 000 ordinary shares of no par value	–	–
Opening balance – 1 July	859 517	830 230
Share issue expense	–	(79)
Shares issued	–	29 366
Closing balance (issued and fully paid) – 30 June	859 517	859 517
Reconciliation of number of shares in issue	000s	000s
Opening balance – 1 July	488 806	484 404
Shares issued	–	4 402
Closing balance – 30 June	488 806	488 806

The Company issued no additional shares and no shares were bought back or cancelled during the year.

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
23. STATED CAPITAL CONTINUED		
23.2 Treasury shares		
Opening balance – 1 July	(76 222)	(72 709)
Treasury shares allocated to employees	10 581	137
Shares acquired	(40 330)	(3 650)
Closing balance – 30 June	(105 971)	(76 222)
Reconciliation of number of shares in issue	000s	000s
Opening balance – 1 July	(18 730)	(18 233)
Shares allocated to employees	2 930	68
Shares acquired	(11 274)	(565)
Closing balance – 30 June	(27 074)	(18 730)

At 30 June 2016, the Grand Parade Share Incentive Trust holds 6.99 million GPI shares (2015: 3.91 million GPI shares) in treasury for the purpose of hedging GPI's Employee Share Scheme. During the year the Grand Parade Share Incentive Trust repurchased 6.00 million GPI shares (2015: 0.57 million GPI shares) and allocated 2.93 million GPI shares (2015: 0.07 million GPI shares) to employees under the GPI Employee Share Scheme. At 30 June 2016, the GPI Women's BBBEE Empowerment Trust holds 14.82 million GPI shares (2015: 14.82 million GPI shares) in treasury to maintain the Company's minimum black female ownership. The trust did not repurchase any GPI shares during the year. At 30 June 2016, GPI Management Services holds 5.27 million GPI shares (2015: Rnil GPI shares) in treasury; all these shares were repurchased during the year.

Therefore in total the Group bought back 11.27 million GPI shares to be held in treasury for R40.3 million (2015: 0.57 million shares for R3.7 million). The shares were acquired at an average price of 357 cents per share (2015: 646 cents per share).

24. RESERVES**24.1 Available-for-sale reserve at fair value**

The movements in the unrealised gains relating to the Group's available-for-sale investments are as follows:

	Spur		National Manco		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Opening balance	45 064	–	–	1 056	45 064	1 056
Movement during the year:	(37 009)	45 064	–	(1 056)	(37 009)	44 008
Unrealised fair value (losses)/gains on available-for-sale investments (note 12)	(45 028)	55 408	–	–	(45 028)	55 408
Unrealised fair value loss recognised in profit or loss for the year	–	–	–	(1 300)	–	(1 300)
Deferred tax	8 019	(10 344)	–	244	8 019	(10 100)
Closing balance	8 055	45 064	–	–	8 055	45 064

Spur

The Group acquired a 10.0% holding in Spur during the prior year.

National Manco

The Group disposed its investment in National Manco during the prior year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

24. RESERVES CONTINUED

24.2 IFRS 2 share-based payment reserve

The IFRS 2 share-based payment reserve has been recognised in line with the Group share-based payment accounting policy detailed in note 1.21 of the consolidated Annual Financial Statements.

The Group established a share option incentive scheme in which options to acquire GPI shares have been granted to key employees of the Group. All options have been granted with an exercise price equal to the 30-day VWAP of the shares on the date of the grant and are conditional on the participant remaining in service with the Group. The maximum aggregate number of shares in terms of the Group share options scheme that may be utilised for the purposes of the GPSIT shall not exceed 46.9 million. The following are the salient features of the share options granted:

- Five-year vesting period commencing on the grant date and vests in four equal tranches.
- The first tranche vests on the second anniversary of the option grant date and annually thereafter for three years in equal tranches.
- Share options exercised are settled on a net settlement share basis.
- No dividend rights will be attached to the share options until such time as the shares are registered in the recipient's name.
- In the event of death, retirement or retrenchment any exercisable options will only be capable of conversion for a 12-month period.
- Upon resignation or termination of employment, all unexercised options will immediately lapse.

Share options outstanding at the end of the year have the following vesting dates and exercise prices:

	Number '000s	Weighted exercise price R	Total value R'000s
2016			
Outstanding at beginning of the year	20 616	4.40	90 733
Granted during the year	620	5.32	3 300
Exercised during the year	(4 163)	3.61	(15 029)
Forfeited during the year	(2 727)	4.70	(12 823)
Outstanding at end of the year	14 346	4.61	66 181
Exercisable at the end of the year	87	4.72	411

	Exercise within one year R'000s	Exercise date from two to five years R'000s	Exercise date after five years R'000s	Total R'000s
Outstanding options				
Options with exercise price from R3.61	3 127	6 254	–	9 381
Options with exercise price from R4.72	87	261	–	348
Options with exercise price from R6.33	412	1 235	–	1 647
Options with exercise price from R7.21	587	1 763	–	2 350
Options with exercise price from R5.32	155	465	–	620

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

24. RESERVES CONTINUED

24.2 IFRS 2 share-based payment reserve (continued)

	Number	Weighted exercise price	Total value
	'000s	R	R'000s
2015			
Outstanding at beginning of the year	20 095	3.63	72 930
Granted during the year	4 993	6.80	33 944
Exercised during the year	(286)	3.61	(1 031)
Forfeited during the year	(4 186)	3.61	(15 110)
Outstanding at end of the year	20 616	4.40	90 733
Exercisable at the end of the year	459	3.61	1 658

	Exercise within one year	Exercise date from two to five years	Exercise date after five years	Total
	R'000s	R'000s	R'000s	R'000s
Outstanding options				
Options with exercise price from R3.61	4 163	11 110	–	15 273
Options with exercise price from R4.72	89	261	–	350
Options with exercise price from R6.33	–	1 753	584	2 337
Options with exercise price from R7.21	–	1 992	664	2 656

Information on options granted during the year

During the year the Group granted 0.62 million options to a key employee of the Group. These options were granted on 20 October 2015. The tables below provide details of the options granted during the year.

Fair value was determined by the Black-Scholes-Merton model. The following inputs were used for the share options granted 20 October 2015:

	20-Oct-17	20-Oct-18	20-Oct-19	20-Oct-20
– Weighted fair value per option granted (cents)	82	106	133	152
– Weighted average share price per GPI share (cents)	535.00	535.00	535.00	535.00
– Exercise price (cents)	532.00	532.00	532.00	532.00
– Expected volatility	24.54%	26.23%	29.75%	31.75%
– Dividend yield	4.00%	4.00%	4.00%	4.00%
– Risk-free interest rate	6.88%	7.14%	7.42%	7.56%

Method and the assumptions to incorporate the effects of expected early exercise

The historic volatility was measured at the standard deviation of price changes over an identified historic period. Expected volatility generally cannot be taken from a single objective source and therefore it is subjective to estimate this model input. The following factors were considered in assessing the volatility:

- *Ernst & Young Inc.* volatility from traded share options on the entities' shares;
- historical volatility of the GPI share price over the most recent period that is commensurate with the expected term of the option;
- the length of time the entity's shares have been publicly traded;
- the tendency of volatility to revert to its mean; and
- appropriate and regular intervals for price observations.

Total expenses of R1.9 million (2015: R5.4 million) relating to equity-settled share-based payments transactions were recognised during the year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

24. RESERVES CONTINUED

24.3 Capital redemption reserve fund

The capital redemption reserve fund was recognised when the Group issued preference shares to Standard Bank and Depfin (note 25.1) and represents the capital portion of the preference shares. The reserve is recognised in equity when the Group redeems the preference shares and in proportion to the number of shares redeemed against the total number of issued shares. The preference shares were redeemed in full during the year and as a result the reserve was released from the reserve to retained earnings.

	Note	2016 R'000s	2015 R'000s
25. PREFERENCE SHARES			
Standard Bank/Depfin (SunWest)	25.1	–	132 880
Standard Bank (Spur) – Class “A”	25.2	83 955	88 611
Standard Bank (Spur) – Class “B”	25.2	67 135	62 323
Spur (Vendor funding)	25.3	83 581	76 397
		234 671	360 211
Balance made up as follows:			
Short-term portion		2 111	27 787
Long-term portion		232 560	332 424
		234 671	360 211
Balance below including interest accrual approximates fair value:			
Short-term portion interest accrual classified under trade and other payables	29	–	3 033
Short-term portion – Capital		2 111	27 787
Long-term portion		232 560	332 424
Fair value		234 671	363 244
25.1 Preference shares – Standard Bank/Depfin (SunWest)			
Authorised			
203 356 authorised preference shares of R1 per share (2015: 203 356)			
Issued			
133 193 redeemable preference shares of R1 per share (2015: 133 193)			
Balance at beginning of year – 1 July		132 880	132 691
Amortisation of debt issue cost capitalised		313	189
Redemption of preference shares		(133 193)	–
Closing balance – 30 June		–	132 880

The preference shares were voluntarily redeemed by the Group, in full, during the year. Interest was paid semi-annually on 31 March and 30 September at a rate of 90% of the prime interest rate. The SunWest shares that were sold were held as security against the preference shares and have been unconditionally released as security.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

25. PREFERENCE SHARES CONTINUED

25.2 Preference shares – Standard Bank (Spur)

Authorised

90 000 authorised A-preference shares of R1 000 per share (2015: 90 000)

60 000 authorised B-preference shares of R1 000 per share (2015: 60 000)

Issued

90 000 redeemable A-preference shares of R1 000 per share (2015: 90 000)

60 000 redeemable B-preference shares of R1 000 per share (2015: 60 000)

	A-preference shares		B-preference shares	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Balance at beginning of year – 1 July	88 611	–	62 323	–
New issue of cumulative redeemable preference shares	–	90 000	–	60 000
Capitalised raising fee – net of related amortisation	189	(667)	68	(444)
Redemption	(5 000)	(2 000)	–	–
Interest accrued	8 484	1 278	5 078	2 993
Interest paid	(8 329)	–	(334)	(226)
Closing balance – 30 June	83 955	88 611	67 135	62 323

A-cumulative redeemable preference shares

The A-cumulative redeemable preference shares are partially amortised with a bullet payment at their maturity date of 31 October 2019 and currently attract a rate of 95.0% of the prime interest rate. The rate, however, reduces to 90.0% of the prime interest rate, when market capitalisation of the Group's investment in Spur is greater than four times the outstanding balance on the A-preference shares. Interest is payable semi-annually on 31 October and 30 April.

The Group is required to maintain the following cash reserves during the first 36 months from the issue date:

- between 12 and 24 months: R2.0 million less any voluntary redemptions,
- between 24 and 36 months: R5.0 million less any voluntary redemptions; and
- at 36 months: R9.0 million less any voluntary redemptions.

The shares have the following mandatory redemptions:

- 9 000 shares on 30 October 2017;
- 9 000 shares on 30 October 2018; and
- 72 000 shares on 30 October 2019.

As additional security the Group ceded its shares in Spur and provided a performance guarantee to Standard Bank. The carrying value of GPI's holding in Spur at 30 June 2016 is R305.0 million (2015: R350.1 million).

B-cumulative redeemable preference shares

The B-cumulative redeemable preference shares are redeemable in full on their maturity date of 31 October 2019. The unpaid dividends are capitalised semi-annually on 31 October and 30 April, with mandatory redemptions required to maintain the total balance outstanding below R78.0 million. The shares have a rate of 80.0% of the prime interest rate. The only security provided on the shares is a performance guarantee provided by GPI to Standard Bank.

The fair value of the A and B-class preference shares approximate their carrying value as their terms are market related.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

25. PREFERENCE SHARES CONTINUED

25.3 Preference shares – Spur

Authorised

72 328 authorised preference shares of R1 000 per share (2015: 72 328)

Issued

72 328 redeemable preference shares of R1 000 per share (2015: 72 328)

	2016 R'000s	2015 R'000s
Balance at beginning of year – 1 July	76 397	–
New issue of cumulative redeemable preference shares	–	72 328
Dividends accrued	7 184	4 069
Closing balance – 30 June	83 581	76 397

The shares are redeemable in full on their maturity date of 31 October 2019 and have a rate of 90.0% of the prime interest rate. The interest is calculated monthly and capitalised semi-annually on 31 October and 30 April. A reversionary cession over the Spur shares ceded to Standard Bank as security for the A-preference shares has been given to Spur Corporation. No other security has been provided.

The fair value of the preference shares approximate their carrying value as their terms are market-related.

	2016 R'000s	2015 R'000s
26. INTEREST-BEARING BORROWINGS		
Sanlam Capital Markets – Term loan 1	52 241	59 703
Sanlam Capital Markets – Term loan 2	49 863	49 866
Sanlam Capital Markets – Term loan 3	29 895	–
SBSA – Revolving loan facility	225 000	125 000
Investec – Credit facility 1	–	100 000
Investec – Credit facility 2	–	77 000
	356 999	411 569
Balance made up as follows:		
Short-term portion	254 903	309 433
Long-term portion	102 096	102 136
	356 999	411 569

26.1 Sanlam Capital Markets – Term loan 1

The SCM term loan 1 bears interest at the three-month JIBAR rate plus 3.15% and interest is paid quarterly on 30 June, 30 September, 31 December and 31 March annually. The interest rate at 30 June 2016 is 10.28% (2015: 9.26%). The loan is repayable in 40 quarterly instalments of R1.9 million each, with the final instalment being due in June 2023. The proceeds from the loan were used to acquire an office building in the Cape Town central business district, which is occupied by Group companies and recognised under property, plant and equipment (note 15). The carrying value of the office building is R83.5 million (2015: R83.5 million).

The Group has also provided the following security in respect of the loan:

- a cession in security of any lease agreements in respect of the property;
- a cession of all material cash flows payable by any tenant under any lease agreements relating to the property;
- a mortgage bond to the value of R100.0 million registered over the property in favour of SCM;
- a cession of all the Group's rights under the insurance policy over the property; and
- a cession of GPI Properties' bank account.

The loan has the following financial covenant:

- Group must maintain a debt to tangible net worth ratio of no greater than 40.0%. The ratio was 26% at 30 June 2016 (2015: 24%).

The fair value of the term loan approximates its carrying value as the terms are market-related.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

26. INTEREST-BEARING BORROWINGS CONTINUED

26.2 Sanlam Capital Markets – Term loan 2

The loan bears interest at the three-month JIBAR rate plus 2.50% which equalled 9.73% (2015: 8.608%) at 30 June 2016. The interest is payable quarterly on 30 June, 30 September, 31 December and 31 March each year. There are no capital repayments during the term of the loan; however, the total outstanding capital amount is repayable on the maturity date of the loan on 30 November 2019.

The carrying value of the properties for which the funds were used at 30 June 2016 amounted to R51.4 million (2015: R51.4 million).

The Group has provided the following security in respect of the loan:

- a cession in security of any lease agreements in respect of the two properties;
- a cession of all material cash flows payable by any tenants under any lease agreements relating to the two properties;
- a mortgage bond to the value of R50 million, registered over the two properties in favour of SCM;
- cession of GPI Properties' bank account; and
- an unconditional demand guarantee in favour of SCM issued by the Group.

The loan is subject to the following covenants:

- Group must maintain a debt to tangible net worth ratio of no greater than 40.0%. The ratio was 26% at 30 June 2016 (2015: 24%); and
- Group must maintain an interest cover ratio of greater than four times. The interest cover ratio is calculated as EBITDA divided by net interest and was eight times at 30 June 2016 (2015: 10 times). The fair value of the term loan approximates its carrying value as the terms of the loan are market-related.

26.3 Sanlam Capital Markets – Term loan 3

On 26 January 2016, the Group entered into a new-term facility agreement with SCM for a R30.0 million term loan with a five-year term (term loan 3). The loan bears interest at the three-month JIBAR rate plus 3% which equalled 10.23% at 30 June 2016. The interest is payable quarterly on 30 June, 30 September, 31 December and 31 March each year. There are no capital repayments during the term of the loan; however, the total outstanding capital amount is repayable on the maturity date of the loan on 31 December 2020.

The proceeds from the new term loan funds were used to fund the acquisition of two properties situated in Goodwood, Erf 33996 and Erf 33997 (note 14). Properties consist of a vacant land and a meat processing plant tenanted by Group companies and have been recognised in property, plant and equipment. The combined carrying value of the properties at 30 June 2016 is R29.0 million.

The Group has provided the following security in respect of the loan:

- a cession in security of any lease agreements in respect of the two properties;
- a cession of all material cash flows payable by any tenants under any lease agreements relating to the two properties;
- a mortgage bond to the value of R30 million, registered over the two properties in favour of SCM;
- cession of GPI Properties' bank account; and
- an unconditional demand guarantee in favour of SCM issued by the Group.

The loan is subject to the following covenants:

- the GPI Group must maintain a debt to tangible net worth ratio of no greater than 40.0%. The ratio was 26% at 30 June 2016; and
- the GPI Group must maintain an interest cover ratio of greater than 4 times. The interest cover ratio is calculated as EBITDA divided by net interest and was 8 times at 30 June 2016. The fair value of the term loan approximates its carrying value as the terms of the loan are market-related.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

26. INTEREST-BEARING BORROWINGS CONTINUED

26.4 SBSA revolving credit facility

On 30 October 2015, the revolving credit facility agreement with SBSA was amended to increase the total value of the facility to R300.0 million and to extend the maturity date of the facility to 30 June 2016. During the year the Group withdrew R100.0 million from the facility which increased the facility value to R225.0 million at 30 June 2016. On 29 June 2016, the facility agreement was further amended to extend the maturity date of the facility to 30 June 2017. In addition the repayment profile of the facility was amended to 12 equal monthly repayments of R18.75 million to be made between 7 July 2016 and 30 June 2017. The facility rate was also amended to the three-month JIBAR rate plus 3.90% (2015: three-month JIBAR plus 2.5%), with the interest payable monthly. The amendment released the Group's investment in SunWest as security for the obligations towards SBSA under the facility agreement. As a result of the amendments the facility was unsecured at 30 June 2016, and carried an interest rate of 11.23% (2015: 8.45%). The only financial covenant attached to the facility is that the Group's net assets value must exceed R1 600.0 million (2015: R1 600.0 million) and the net asset value at 30 June 2016 is R2 369.0 million (2015: R2 316.0 million).

The fair value of the facility approximates its carrying value as its terms are market-related.

26.5 Investec – Credit facility 1

The facility was repaid in full during the current year.

26.6 Investec – Credit facility 2

The facility was repaid in full during the current year.

	2016 R'000s	2015 R'000s
27. FINANCE LEASE LIABILITY		
Non-current liabilities		
Finance leases – gross payables	42 883	21 269
Unrecognised future finance expenses	(4 780)	(3 374)
	38 103	17 895
Current liabilities		
Finance leases – gross payables	17 380	2 866
Unrecognised future finance expenses	(4 291)	(789)
	13 089	2 077
	51 192	19 972
Gross liabilities from finance leases		
Not later than one year	17 380	2 866
Later than one year and not later than five years	42 883	21 269
	60 263	24 135
Unrecognised future finance expense on finance leases	(9 071)	(4 163)
	51 192	19 972
The net liability from finance leases made up as follows		
Not later than one year	13 089	2 077
Later than one year and not later than five years	38 103	17 895
	51 192	19 972

The finance leases consist of the following material instalment sale agreements:

- Leases with Nedbank for the acquisition of motor vehicles by Burger King. The lease liability is secured by the underlying leased motor vehicles with a carrying value of R2.1 million (2015: R1.4 million).
- A lease with Absa Bank for the acquisition of a motor vehicle by Mac Brothers. The lease liability is secured by the underlying leased motor vehicle with a carrying value of R3.5 million (2015: Rnil).
- A lease with Mercantile Bank for the acquisition of machinery by Mac Brothers. The lease liability is secured by the underlying lease machinery and motor vehicles with a carrying value of R16.5 million (2015: R17.4 million) and a performance guarantee provided by GPI in favour of Mercantile Bank.

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

	Long-service leave 2016 R'000s	Employee bonuses 2016 R'000s	Total 2016 R'000s
28. PROVISIONS			
At beginning of the year	560	11 341	11 901
Provision raised during the year	2 094	19 688	21 782
Amount utilised	(210)	(14 393)	(14 603)
At end of the year	2 444	16 636	19 080
	2015 R'000s	2015 R'000s	2015 R'000s
At beginning of the year	490	9 791	10 281
Provision raised during the year	85	28 533	28 618
Amount utilised	(15)	(26 983)	(26 998)
At end of the year	560	11 341	11 901
	2016 R'000s	2015 R'000s	2015 R'000s
Balance made up as follows:			
Non-current provisions	2 444	560	
Current provisions	16 636	11 341	
	19 080	11 901	
29. TRADE AND OTHER PAYABLES			
Trade payables	59 229	55 150	
Preference dividends accrual	–	3 033	
Other payables and accruals	90 726	54 497	
Annual leave accrual	8 627	7 700	
Audit fee accrual	3 975	2 979	
Deferred income	5 413	–	
Payroll accruals	6 683	4 660	
Sundry accruals – Property, plant and equipment	–	9 315	
Sundry accruals	46 480	20 036	
Operating lease straight-lining liability	14 310	1 091	
Equity-accounted investment losses (note 11)	–	1 216	
Other payables	5 238	7 500	
	149 955	112 680	

Trade payables are repaid on average of 30 days from the invoice date. The trade and other payables carrying amount approximates fair value. Property, plant and equipment accruals include directly owned stores that were still under construction. The values are accrued based on percentage completion as at 30 June 2016.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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30. COMMITMENTS AND CONTINGENCIES

30.1 Operating lease commitments – Group as lessee

The Group has entered into operating leases on certain properties. The leases have terms of five years with an option at the election of the lessee to extend for a further five years. All leases include a clause to enable upward revision of the rental charge on an annual basis of 8.0%. Rental comprise minimum monthly payments and additional payments based on turnover levels. Turnover rentals, where applicable, averaged 7% for the year.

The future minimum lease payments under non-cancellable operating leases are as follow:

	2016 R'000s	2015 R'000s
Rentals due within one year	28 376	31 552
Due within one to five years	109 116	100 020
Due after five years	118 651	57 364
	256 143	188 936

30.2 Operating lease commitments – Group as lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office buildings. The leases have terms of five years with an option at the election of the lessee to extend for a further five years. All leases include a clause to enable upward revision of the rental charge on an annual basis of 8.0%.

The future minimum rentals receivables under non-cancellable operating leases are as follow:

Rentals due within one year	7 527	9 038
Due within one to five years	16 172	19 868
Due after five years	–	–
	23 699	28 906

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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31. 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 cost (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 and Leisure, Group costs and Non-core. The prior year results in the segment report have been restated to reflect these changes.

Listed below is a detailed segment analysis:

	External revenue		Inter-segment revenue ⁽¹⁾		Operating costs ⁽²⁾	
	2016 R000's	Restated 2015 R000's	2016 R000's	Restated 2015 R000's	2016 R000's	Restated 2015 R000's
Food	743 106	462 441	69 361	63 318	(378 995)	(278 437)
Gaming and leisure	–	–	–	–	(3 891)	–
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)
Continuing	772 344	502 012	326 965	510 493	(462 788)	(386 460)
Dolcoast	–	5 030	–	–	–	–
National Manco	–	–	–	–	–	–
21 Friesland	–	–	–	–	–	–
GPI Slots	–	393 276	–	–	–	(67 070)
Held-for-sale/discontinuing	–	398 306	–	–	–	(67 070)

⁽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.

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Equity-accounted earnings		EBITDA		Net profit/(loss) after tax		Total assets		Total liabilities	
2016 R000's	Restated 2015 R000's	2016 R000's	Restated 2015 R000's	2016 R000's	Restated 2015 R000's	2016 R000's	Restated 2015 R000's	2016 R000's	Restated 2015 R000's
28	(378)	2 709	(70 132)	(26 193)	(81 021)	1 063 457	849 387	(458 493)	(379 117)
149 258	139 018	136 866	139 018	83 014	126 197	1 472 928	1 513 325	–	(135 997)
–	–	249 073	(61 164)	150 856	(84 006)	464 910	531 998	(377 619)	(458 509)
(5 118)	(3 746)	(13 007)	(14 767)	(15 158)	(16 416)	31 001	42 254	(2 519)	(2 092)
144 168	134 894	375 641	(7 045)	192 519	(55 246)	3 032 296	2 936 964	(838 631)	(975 715)
–	–	–	13 747	–	28 760	–	–	–	–
–	–	–	1 381	–	1 381	–	–	–	–
–	–	–	–	–	–	21 339	–	–	–
–	–	–	707 576	–	686 843	171 140	386 139	(16 690)	(31 379)
–	–	–	722 704	–	716 984	192 479	386 139	(16 690)	(31 379)

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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32. FINANCIAL INSTRUMENTS

32.1 Classification of financial instruments

The Group's and Company's principal financial liabilities are preference shares, interest-bearing borrowings, trade and other payables and related-party loans payable. The main purpose of these instruments is to raise finance for the Group's operations and investments. The Group's principal financial assets are available-for-sale investments, trade and other receivables, related-party loans and cash. The main risks arising from financial instruments are market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The fair values of each class of the financial instrument approximate the carrying amounts.

	Note	Loans and receivables R'000s	Available- for-sale R'000s	Non-financial assets R'000s	Total R'000s
Financial assets					
2016					
Cash and cash equivalents	22	65 594	–	–	65 594
Deferred proceeds	19	528 445	–	–	528 445
Related-party loans	21.1	36 452	–	–	36 452
Trade and other receivables	20.1	64 483	–	42 311	106 794
Available-for-sale investment	12	–	307 355	–	307 355
Total		694 974	307 355	42 311	1 044 640
2015					
Cash and cash equivalents	22	242 309	–	–	242 309
Related-party loans	21.1	224 555	–	–	224 555
Trade and other receivables	20.1	40 459	–	24 970	65 429
Available-for-sale investment	12	–	350 064	–	350 064
Total		507 323	350 064	24 970	882 357

The non-financial assets are made up of the year-end prepayments and VAT receivables balances.

	Note	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities				
2016				
Trade and other payables	29	129 232	20 723	149 955
Dividends payable	34.3	8 826	–	8 826
Preference shares	25	234 671	–	234 671
Interest-bearing borrowings	26	356 999	–	356 999
Finance lease liabilities	27	51 192	–	51 192
Total		780 920	20 723	801 643
2015				
Trade and other payables	29	100 320	12 360	112 680
Dividends payable	34.3	8 276	–	8 276
Preference shares	25	360 211	–	360 211
Related-party loans	21.2	30 000	–	30 000
Interest-bearing borrowings	26	411 569	–	411 569
Finance lease liabilities	27	19 972	–	19 972
Total		930 348	12 360	942 708

The non-financial liabilities are made up of the year-end payroll accruals and deferred income.

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32. FINANCIAL INSTRUMENTS CONTINUED

32.2 Fair value of financial instruments

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 value.

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

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
2016				
Available-for-sale investment – Spur (i)	–	–	305 036	305 036
Available-for-sale investment – Atlas Gaming			2 319	2 319
Total	–	–	307 355	307 355
2015				
Available-for-sale investment – Spur (i)	–	–	350 064	350 064
Total	–	–	350 064	350 064

i) *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) (note 12). 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).

32.3 Financial risk management

The Group and Company have exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring these risks, and the Group's and Company's management of capital. Further quantitative disclosures are included throughout these consolidated and Company Annual Financial Statements. The Group's and Company's objective is to effectively manage each of the above risks associated with its financial instruments, in order to limit the Group's and Company's exposure as far as possible to any financial loss associated with these risks.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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32. FINANCIAL INSTRUMENTS CONTINUED

32.3 Financial risk management (continued)

32.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Group and Company are not exposed to any significant currency risks.

Market risk: Interest rate risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in interest rates relates to the Group's obligation in terms of the preference shares, interest-bearing borrowings, finance leases and bank accounts. The Group manages this risk by factoring in forecast movements in the market interest rates into its cash flow projections and by ensuring that sufficient available funds are maintained in bank accounts to cover the cash flows affected by the movements in the forecast market interest rate. The Group does not have fixed rate financial instruments. The table below reflects the interest rate sensitivity analysis. The analysis was calculated by increasing or decreasing the Group's interest rate by 100 basis points assuming all other variables remain constant.

	Increase in basis points	Effect on pre-tax profit R'000s	Decrease in basis points	Effect on pre-tax profit R'000s
2016	100	(5 852)	(100)	5 852
2015	100	(5 494)	(100)	5 494

Market risk: Other price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group is exposed to other price risk through its investment in Spur.

At the reporting date, the exposure to listed equity securities at fair value was R305.1 million (2015: R350.1 million). A increase or decrease of 10% on the JSE market index would have an impact of approximately R25.9 million (2015: R28.5 million) on other comprehensive income to the Group.

32.3.2 Credit risk

Credit risk is the risk of financial loss caused by the inability or unwillingness of a counterparty to a financial instrument to discharge contractual obligations. There is no independent rating procedure for customers as the credit quality for customers is assessed by taking into account their financial position, past experience and other factors are used in evaluating the acceptability of clients.

Cash and cash equivalents

The Group and Company only deposits cash surpluses with major banks of high-quality and credit standing. At year-end, the Group did not consider there to be any significant concentration of credit risk and all assets that have been identified as impaired, after taking the Groups credit policy into account, have been appropriately provided for. The cash and cash equivalents are deposited with three financial institutions.

The Group's and Company's maximum exposure to credit risk in terms of cash and cash equivalents, loans and receivables equals the carrying amounts of these instruments are as disclosed above.

Deferred proceeds

The Group's and Company's maximum exposure to credit risk in terms of deferred proceeds is limited to one debtor. Management has assessed and rated the debtor and considers them to be low risk.

Trade receivables, other receivables and related-party loans

Related-party credit risk is managed by each business unit in terms of the Group's policy. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date based on payment history and the financial position of the counterparty.

Employee loans

Loans are issued to key employees to fund the acquisition of GPI shares allocated to employees under the GPI Employee Share Scheme. The employee loan credit risk is managed by employees ceding GPI shares to the Group as security for the loan. The terms of the employee loans state that the value of the shares ceded to the Group may not be less than 120% of the employee loan value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

32. FINANCIAL INSTRUMENTS CONTINUED

32.3 Financial risk management (continued)

32.3.2 Credit risk (continued)

The following table presents the maturity analysis of related-party loans and trade and other receivables.

	Current R'000s	30 to 60 days R'000s	60 to 120 days R'000s	Over 120 days R'000s	Total R'000s
2016					
Related-party loans	36 452	–	–	–	36 452
Trade and other receivables	36 203	13 472	3 981	10 827	64 483
Total	72 655	13 472	3 981	10 827	100 935
2015					
Related-party loans	224 555	–	–	–	224 555
Trade and other receivables	30 310	357	8 865	927	40 459
Total	254 865	357	8 865	927	265 014

32.3.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The Group and Company monitors its risk of a shortage of funds based on future cash flow commitments. The Group's and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group and Company manage the liquidity risk by considering all future cash flows associated with financial liabilities in the cash flow projections and ensure that adequate funds are held to meet their commitments. In addition, the short-term risks are managed by ensuring that adequate banking facilities are in place.

The following table presents the contractual maturity analysis of financial liabilities.

	On demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	>2 years R'000s	Total R'000s
2016						
Trade and other payables	–	129 232	–	–	–	129 232
Preference shares	–	–	–	–	234 671	234 671
Interest-bearing borrowings	–	20 601	211 802	7 403	117 193	356 999
Finance leases	683	1 917	10 489	17 257	20 846	51 192
Interest on preference shares	–	–	8 279	7 832	68 733	84 844
Interest on interest-bearing borrowings	–	7 191	18 314	12 268	29 348	67 121
Interest on finance leases	258	685	3 348	3 544	1 236	9 071
Dividends payable	8 826	–	–	–	–	8 826
Total	9 767	159 626	252 232	48 304	472 027	941 956
2015						
Trade and other payables	–	100 320	–	–	–	100 320
Preference shares	–	–	–	28 044	325 109	353 153
Interest-bearing borrowings	–	177 000	132 500	7 500	95 000	412 000
Related-party loans	30 000	–	–	–	–	30 000
Finance leases	–	1 050	3 304	4 719	10 899	19 972
Interest on preference shares	–	9 588	9 614	19 202	37 238	75 642
Interest on interest-bearing borrowings	–	–	12 731	8 883	23 342	44 956
Interest on finance leases	–	393	1 207	1 245	1 318	4 163
Dividends payable	8 276	–	–	–	–	8 276
Total	38 276	288 351	159 356	69 593	492 906	1 048 482

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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32. FINANCIAL INSTRUMENTS CONTINUED

32.4 Gains and losses on financial instruments

The table below summarises the gains and losses on financial instruments.

	Fair value movement R'000s	Interest income R'000s	Interest expense R'000s	Total R'000s
2016				
Loans and receivables	–	23 660	–	23 660
Available-for-sale investments	(45 028)	–	–	(45 028)
Financial liabilities at amortised cost	–	–	(72 537)	(72 537)
Total	(45 028)	23 660	(72 537)	(93 905)
2015				
Loans and receivables	–	21 236	–	21 236
Available-for-sale investments	55 408	–	–	55 408
Financial liabilities at amortised cost	–	–	(57 092)	(57 092)
Total	55 408	21 236	(57 092)	19 552

32.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group carefully manages its capital structure and makes adjustments to it in light of changes in economic conditions and the Group investment strategy. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, repurchase shares or issue new shares. The primary source of capital is issued ordinary share capital and preference share capital. Acquisitions may be geared to those levels which investments may support and the funders will allow. The entity is subject to an externally imposed maximum debt-to-equity ratio of 40% and this is monitored by management on an ongoing basis. Refer to note 26.1 and 26.2. Furthermore the Group needs to ensure that its asset value exceeds R1 600.0 million; refer to note 26.4. The Group has complied with all external capital requirements imposed.

	2016 R'000s	2015 R'000s
33. DIVIDENDS DECLARED AND PAID		
Final dividend declared and paid in respect of the 2015 financial year of 15 cents (2015: 20 cents per share in respect of the 2014 financial year).	71 455	108 041

No final ordinary dividend was declared in respect of the 2016 financial year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
34. NOTES TO THE CASH FLOW STATEMENT		
34.1 Cash generated from operations		
Profit/(loss) before taxation from continuing operations	277 913	(68 578)
Adjustments for:		
– Depreciation	45 876	23 638
– Amortisation	2 975	2 039
– Finance income	(23 660)	(21 236)
– Finance costs	72 537	57 092
– Dividends received	(15 235)	(12 050)
– Loss/(profit) on disposal of property, plant and equipment	412	(75)
– Loss on disposal of intangibles	654	–
– Share-based payments expense	1 915	5 411
– Remeasurement of investment	(18 687)	(405)
– Reversal of impairment of investment	(21 362)	–
– Profit on sale of investments	(270 565)	–
– Impairment of investments	3 468	–
– Foreign currency losses	2 332	–
– Treasury shares allocated to employees	–	425
– Profit from equity-accounted investments	(144 168)	(134 894)
Operating cash flows before working capital changes	(85 595)	(148 633)
Increase in inventory	(8 104)	(16 206)
Increase in trade and other receivables	(36 272)	(11 183)
Increase/(decrease) in trade and other payables	43 274	(641)
Net cash utilised by operations	(86 697)	(176 663)
34.2 Taxation paid		
Taxation – beginning of the year	(8 146)	(2 778)
Amount per statement of comprehensive income (note 8)		
– Current year	146 863	15 496
– Prior year under/(over) provision	(4 282)	14
Business combination (note 4)	–	902
Taxation – closing balance	10 710	8 146
Taxation paid during the year	145 145	21 780
The closing tax balances comprise the following:		
– Income tax refunds	14 454	13 211
– Income tax liabilities	(3 744)	(5 065)
	10 710	8 146
34.3 Dividends paid		
Opening balance	8 276	7 693
Dividends declared	71 455	108 041
Closing balance	(8 826)	(8 276)
	70 905	107 458

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
34. NOTES TO THE CASH FLOW STATEMENT CONTINUED		
34.4 Loans received		
Preference shares	–	227 520
Investec – Credit facility 1	–	75 000
Investec – Credit facility 2	–	77 000
SBSA – Revolving loan facility	370 000	125 000
Sanlam Capital Markets – Term loan 2	–	50 000
Sanlam Capital Markets – Term loan 3	30 000	–
Related-party loan – Fledge	–	15 000
Related-party loan – Mayfair	–	15 000
	400 000	584 520
34.5 Repayment of loans		
Preference shares	(138 193)	–
Investec – Credit facility 2	(177 000)	–
SBSA – Revolving loan facility	(270 000)	–
Sanlam Capital Markets – Term loan 1	(7 500)	(7 627)
Related-party loan repaid	(30 000)	–
Finance lease liabilities	(8 746)	(2 461)
	(631 439)	(10 088)
34.6 Loans advanced		
Related-party loans – Grand Tellumat Manufacturing	–	(15 300)
Related-party loans – Grand Foods Meat Plant	–	(7 800)
Related-party loans – Atlas Gaming	(3 287)	–
Related-party loans – Employee loans	(1 555)	–
	(4 842)	(23 100)
34.7 Loan repayments received		
Related-party loan – GPI Slots	189 905	37 450
Sale of 25.1% of GPI Slots related-party loan	–	72 749
Related-party loans – Grand Tellumat Manufacturing	2 462	–
Employee loans	–	1 924
	192 367	112 123
34.8 Cash paid through business combination		
Acquisition of 42.8% of Mac Brothers	–	(50 579)
Acquisition of 65% of Grand Foods Meat Plant (note 4)	(39 259)	–
	(39 259)	(50 579)
34.9 Investment made		
Jointly controlled entities		
Acquisition of 51% of Grand Tellumat	–	(21 779)
Investments		
Acquisition of 10% of Spur (note 12)	–	(294 657)
Acquisition of Atlas Gaming	(5 786)	–
Associates		
Rights issue in Worcester Casino (note 10)	(30 120)	–
	(35 906)	(316 436)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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	2016 R'000s	2015 R'000s
34. NOTES TO THE CASH FLOW STATEMENT CONTINUED		
34.10 Consideration from disposal of investment		
Proceeds from the disposal of 25.1% of GPI Slots (tranche 1)	–	215 934
Cash held by GPI Slots on derecognition as a subsidiary	–	(60 879)
Proceeds from the disposal of 25.0% of GPI Slots (tranche 2)	270 260	–
Proceeds from the disposal of 10% of SunWest and Worcester Casino	112 500	–
	382 760	155 055
34.11 Dividends received		
SunWest	155 620	130 520
Spur	14 862	6 726
Preference shares – Investec	373	4 928
	170 855	142 174

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
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35. DIRECTORS' EMOLUMENTS

	Salary R'000s	Short-term benefits ⁽¹⁾ R'000s	Long-term benefits R'000s	Bonuses R'000s	Directors' fees R'000s
2016					
Executive Directors					
H Adams	3 097	916	465	3 500	–
AE Keet	2 046	256	307	1 688	–
D Pienaar	1 339	51	196	550	–
Sub-total	6 482	1 223	968	5 738	–
Non-executive Directors					
NV Maharaj	–	–	–	–	209
N Mlambo	–	–	–	–	180
CM Priem	–	–	–	–	180
A Abercrombie	–	–	–	–	180
R Hargey ⁽²⁾	–	–	–	–	138
WD Geach	–	–	–	–	180
Sub-total	–	–	–	–	1 067
Total	6 482	1 223	968	5 738	1 067

⁽¹⁾ Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.⁽²⁾ R Hargey was appointed on 1 September 2015 as a Non-executive Director.

	Salary R'000s	Short-term benefits ⁽¹⁾ R'000s	Long-term benefits R'000s	Bonuses R'000s
2015				
Executive Directors				
H Adams	3 043	615	457	12 500
A Abercrombie ⁽²⁾	1 009	51	143	2 335
AE Keet	1 948	90	292	6 250
S Petersen ⁽³⁾	296	22	44	292
D Pienaar ⁽⁴⁾	638	–	96	750
Sub-total	6 934	778	1 032	22 127
Non-executive Directors				
A Bedford ⁽⁵⁾	–	–	–	–
NV Maharaj	–	–	–	–
N Mlambo	–	–	–	–
CM Priem	–	–	–	–
A Abercrombie ⁽²⁾	–	–	–	–
WD Geach	–	–	–	–
Sub-total	–	–	–	–
Total	6 934	778	1 032	22 127

⁽¹⁾ Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.⁽²⁾ A Abercrombie retired as an Executive Director and was appointed as Non-executive Director on 27 February 2015.⁽³⁾ S Petersen resigned as an Executive Director on 1 November 2014.⁽⁴⁾ D Pienaar was appointed as an Executive Director on 1 November 2014.⁽⁵⁾ A Bedford resigned as a Non-executive Director on 1 February 2015.

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Audit and Risk Committee R'000s	Remuneration and Nomination Committee R'000s	Investment Committee R'000s	Social and Ethics Committee R'000s	Total remuneration R'000s	Loans advanced R'000s	Share-based payment expense R'000s
–	–	–	–	7 978	4 935	765
–	–	–	–	4 297	2 943	455
–	–	–	–	2 136	895	289
–	–	–	–	14 411	8 773	1 509
82	52	–	–	343	–	–
–	38	–	–	218	–	–
150	38	9	–	377	–	–
–	20	9	9	218	–	–
–	–	–	–	138	–	–
82	–	–	–	262	–	–
314	148	18	9	1 556	–	–
314	148	18	9	15 967	8 773	1 509

Directors' fees R'000s	Audit and Risk Committee R'000s	Remuneration and Nomination Committee R'000s	Investment Committee R'000s	Total remuneration R'000s	Share-based payment expense R'000s
–	–	–	–	16 615	1 482
–	–	–	–	3 538	37
–	–	–	–	8 580	881
–	–	–	–	654	–
–	–	–	–	1 484	271
–	–	–	–	30 871	2 671
104	–	5	–	109	–
214	49	33	–	296	–
190	–	25	–	215	–
239	90	33	–	362	–
43	–	28	–	71	–
177	49	–	–	226	–
967	188	124	–	1 279	–
967	188	124	–	32 150	2 671

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

35. DIRECTORS' EMOLUMENTS CONTINUED

Equity-based remuneration (GPI share options granted in terms of the Grand Parade Share Incentive Trust)

	Number of unvested share options 30 June 2015 000s	Granted during the year 000s	Vested during the year 000s	Forfeited during the year 000s
2016				
Executive directors				
H Adams	4 501	–	(1 125)	–
AE Keet	2 674	–	(669)	–
D Pienaar	823	–	(206)	–
Sub-total	7 998	–	(2 000)	–
2015				
Executive directors				
H Adams	4 501	–	–	–
A Abercrombie ⁽¹⁾	1 837	–	(459)	(1 378)
AE Keet	2 674	–	–	–
S Petersen ⁽²⁾	921	–	–	(921)
D Pienaar ⁽³⁾	823	–	–	–
Sub-total	10 756	–	(459)	(2 299)

⁽¹⁾ On 27 February 2015, Mr A Abercrombie retired as an Executive Director of GPI. The scheme rules allow for all unvested options which vest within 12 months of the employee's retirement date to vest on the employee's retirement date. All options which vest after 12 months from the employee's retirement date are forfeited.

⁽²⁾ On 30 October 2014, Ms S Petersen resigned as an Executive Director and on 27 February 2015 resigned from the Group. All unvested share options are forfeited on an employee's resignation date.

⁽³⁾ On 1 November 2014, Mr D Pienaar was appointed as an Executive Director.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

Average market price per share on vesting date R	Vesting price per share R	Date granted	Number of unvested share options 30 June 2016 000s
5.50	3.61	1 Sep 2013	3 376
5.54	3.61	1 Sep 2013	2 005
5.42	3.61	1 Sep 2013	617
			5 998
–	3.61	1 Sep 2013	4 501
6.19	3.61	1 Sep 2013	–
–	3.61	1 Sep 2013	2 674
–	3.61	1 Sep 2013	–
–	3.61	1 Sep 2013	823
			7 998

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

36. RELATED-PARTY TRANSACTIONS

36.1 Transactions between Group companies

The Group in the ordinary course of business entered into various transactions with related parties. Any intragroup related-party transactions and balances are eliminated in the preparation of the consolidated Annual Financial Statements as presented. Details regarding related-party loans have been disclosed in note 21.1 and note 21.2 of the consolidated Annual Financial Statements.

During the year the Group entered into the following transactions with its investments that have been classified as jointly controlled entities or associates. These transactions have not been eliminated in the preparation of the consolidated Annual Financial Statements:

	2016 R'000s	2015 R'000s
GPI Slots		
– IT fees received	8 256	3 401
– Rental income received	3 255	2 519
– Interest received on related-party loan	15 525	10 265
	27 036	16 185
GTM		
– Rental income received	2 761	2 252
	2 761	2 252
Mac Brothers		
– Kitchen equipment (included in property, plant and equipment)	–	2 533
	–	2 533

36.2 Identity of related parties

A number of the Group's and Company's Directors (or parties related to them) hold positions in other entities, where they may have significant influence over the financial or operating policies of those entities. To the extent that the Group has any relationship or dealings with those entities, they are listed as follows:

Director	Entity	Relationship with entity
Hassen Adams	Afriserv (Pty) Ltd	40% shareholder (Indirect)
	Grand Foods Meat Plant (Pty) Ltd	4.19% shareholder (Indirect) – disposed on 26 October 2015
	Nadeson Consulting Services (Pty) Ltd	37.5% shareholder (Indirect)
	Nadesons Investments (Pty) Ltd	83.74% shareholder
	Proman Project Management Services (Pty) Ltd	37.5% shareholder (Indirect)
	RBS (Pty) Ltd	21.02% shareholder (Indirect)
Alan Keet	Grand Foods Meat Plant (Pty) Ltd	0.4% shareholder (Indirect) – disposed on 26 October 2015
	Nadesons Investments (Pty) Ltd	8% shareholder
	RBS (Pty) Ltd	2.01% shareholder (Indirect)
Colin Priem	Afriserv (Pty) Ltd	20% shareholder (Indirect)

Afriserv (Pty) Ltd

Afriserv provided office cleaning and security services to the Group to the value of R3 876 000 during the year (2015: R3 563 000). Afriserv charges the Group a fee for their services that is consistent with the fees charged to their other clients.

Nadeson Consulting Services (Pty) Ltd

Nadeson Consulting provided project management services to the Group during the year to the value of R246 000 (2015: R524 000). The services provided to the Group are for the development of properties including Burger King stores and the fees charged to the Group are in line with the fees Nadeson Consulting charges its other clients.

During the year, Nadesa Consulting paid rental fees to the Group amounting to R637 500 (2015: Rnil). This is in line with market rentals.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

36. RELATED-PARTY TRANSACTIONS CONTINUED

36.2 Identity of related parties (continued)

Nadeson Projects (Pty) Ltd

During the current year, the Group paid R368 220 (2015: R1 693 000) to Nadeson Projects for project management services. The services provided to the Group are for the development of properties including Burger King stores and the fees charged to the Group are in line with the fees Nadeson Projects charges its other clients.

Proman Project Management Services (Pty) Ltd

Proman Project Management Services provided project management services to the Group during the current year amounting to R3 090 540 (2015: R1 812 500). The services provided to the Group are for the development of properties including Burger King stores and the fees charged to the Group are in line with the fees Proman Project Management Services charges its other clients.

The key management personnel compensation is as follows:

	2016 R'000s	2015 R'000s
36.3 Key management		
– Short-term employee benefits	25 456	43 314
– Long-term employee benefits	1 419	1 119
– Share-based payment expense	2 171	3 942
	26 875	44 433
Interest-free loans		
– H Adams ⁽ⁱ⁾	14 078	9 143
– AE Keet ⁽ⁱⁱ⁾	4 222	1 279
– A Abercrombie ⁽ⁱⁱⁱ⁾	1 128	1 128
– D Pienaar ^(iv)	895	–
	20 323	11 550

⁽ⁱ⁾ H Adams has ceded 4 125 346 GPI shares as security for the loan at 30 June 2016 (2015: 3 000 000 GPI shares).

⁽ⁱⁱ⁾ AE Keet has ceded 1 178 504 GPI shares as security for the loan at 30 June 2016 (2015: 510 000 GPI shares).

⁽ⁱⁱⁱ⁾ A Abercrombie has ceded 450 000 GPI shares as security for the loan at 30 June 2016 (2015: 450 000 GPI shares).

^(iv) D Pienaar has ceded 205 679 GPI shares as security for the loan at 30 June 2016 (2015: no GPI shares).

The terms of the loans are disclosed under note 21.1 of the consolidated Annual Financial Statements.

36.4 Directors' fees from Group investments

Certain Directors received Director fees as a result of being Board members on the Board Committees of the underlying investment companies. These fees are paid directly to these Directors.

	2016 R'000s	2015 R'000s
SunWest		
H Adams	97	91
A Abercrombie	69	57
N Mlambo	69	61
	235	209
Worcester Casino		
H Adams	39	24
A Abercrombie	28	30
	67	54

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
37. CAPITAL COMMITMENTS		
Authorised but not contracted		
Property, plant and equipment	2 268	11 845

38. 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 intergroup lease which has market-related terms. The transfer of the title deeds has 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 Technologies 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 8 September 2016, the Group acquired 20.4 million GPI shares for R73.8 million. The shares are accounted for as treasury shares from acquisition date and were acquired under the general authority granted by the shareholders at the AGM held on 2 December 2015.

APPENDIX 1

Principal subsidiary companies at 30 June 2016

At year-end, the Group consisted of GPI and principal subsidiaries as listed below:

	Ordinary share capital and premium		Effective percentage holding	Percentage held
	2016 R	2015 R	2016 %	2015 %
Burger King South Africa (Pty) Ltd	180 000 000	180 000 000	91.1	91.1
GPI Investments 1 (Pty) Ltd	72 327 960	72 327 960	100.0	100.0
GPI Management Services (Pty) Ltd	–	–	100.0	100.0
GPI Properties (Pty) Ltd	100	100	100.0	100.0
GPI Women's BBBEE Empowerment Trust	–	–	100.0	100.0
Grand Capital Investment Holdings (Pty) Ltd	120	120	100.0	100.0
Grand Casino Investments (Pty) Ltd	1 000 000	1 000 000	100.0	100.0
Grand Casino Investments KZN (Pty) Ltd	28 582	28 582	100.0	100.0
Grand Foods (Pty) Ltd	–	–	100.0	100.0
Grand Parade Share Incentive Trust	–	–	100.0	100.0
Grand Sport (Pty) Ltd	100	100	100.0	100.0
Grand Linkstate (Pty) Ltd	–	–	51.0	100.0
Mac Brothers Catering Equipment (Pty) Ltd	102 041	102 041	100.0	100.0
Utish Investments (Pty) Ltd	100	100	100.0	100.0

APPENDIX 2

Principal investments, associates and joint ventures

	30 June 2016			30 June 2015		
	Shares held	Effective interest ⁽¹⁾	Voting interest	Shares held	Effective interest ⁽¹⁾	Voting interest
Food						
Grand Foods Meat Plant	100	96.90%	100.00%	35	31.89%	35.00%
Spur	10 848 093	10.00%	10.00%	10 848 093	10.00%	10.00%
Mac Brothers ⁽²⁾	102 041	100.00%	100.00%	102 041	100.00%	100.00%
Gaming						
SunWest	2 220 278	15.10%	Joint control ⁽³⁾	3 690 661	25.10%	Joint control ⁽³⁾
Worcester Casino	2 113 087	15.10%	15.10%	5 251 336	25.10%	Joint control ⁽³⁾
GPI Slots	749	49.90%	49.90%	749	74.90%	Joint control ⁽³⁾
Atlas Gaming	6 763 000	4.95%	4.95%	–	–	–
Non-core						
Grand Telumat Manufacturing	51	51.00%	Joint control ⁽³⁾	51	51.00%	Joint control ⁽³⁾

⁽¹⁾ The effective interest takes into consideration all non-controlling interests.

⁽²⁾ During the prior year, the Group acquired 100% of the issued capital of Mac Brothers and it has been reclassified as a subsidiary.

⁽³⁾ Refer to note 1.4.6 for assessment of joint control.

APPENDIX 3

Directors' interests in shares

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

As at 30 June 2016

Director	Direct beneficial 000s	Indirect beneficial 000s	Total shares beneficial 000s	Beneficial %
Ordinary shares				
H Adams	4 747	47 220	51 967	10.63
A Abercrombie	–	6 800	6 800	1.39
N Mlambo	20	43	63	0.01
AE Keet	–	5 687	5 687	1.16
NV Maharaj	–	10	10	–
D Pienaar	207	–	207	0.04
	4 974	59 760	64 734	13.23

As at 30 June 2015

Director	Direct beneficial 000s	Indirect beneficial 000s	Total shares beneficial 000s	Beneficial %
Ordinary shares				
H Adams	3 565	47 220	50 785	10.39
A Abercrombie	5 955	300	6 255	1.28
N Mlambo	20	43	63	0.01
AE Keet	510	4 508	5 018	1.03
NV Maharaj	–	10	10	–
D Pienaar	1	–	1	–
	10 051	52 081	62 132	12.71

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	2016 R'000s	2015 R'000s
Revenue	2	129 954	209 482
Operating costs		(50 269)	(63 733)
Profit from operations		79 685	145 749
Impairment of loans	14	(21 525)	–
Impairment of investment	8	(3 468)	–
Reversal of impairment	6	21 362	–
Profit on disposal of investment	6, 9	490 802	215 433
Depreciation		(18)	(10)
Profit before finance costs and taxation	3	566 838	361 172
Finance income	2	20 283	16 795
Finance costs	4	(22 117)	(20 966)
Profit before taxation		565 004	357 001
Taxation	5	(93 706)	(43 861)
Profit for the year		471 298	313 140

STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Note	2016 R'000s	2015 R'000s
ASSETS			
Non-current assets		489 184	235 369
Investments in jointly controlled entities	6	28 578	151 390
Investments in associates	7	32 688	–
Available-for-sale investment	8	2 319	–
Investments in subsidiaries	10	424 822	83 961
Property, plant and equipment	11	–	18
Deferred tax asset	5	777	–
Assets classified as held-for-sale	9	1 461	1 961
Current assets		1 281 678	1 212 215
Trade and other receivables	12	5 789	1 324
Deferred proceeds	13	298 917	–
Related-party loans	14	921 576	1 036 402
Cash and cash equivalents	15	46 216	163 869
Income tax receivable	21.2	9 180	10 620
Total assets		1 772 323	1 449 545
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity			
Stated capital	16	855 066	855 066
Accumulated profit		672 759	271 919
IFRS 2 share-based payment reserve		9 636	10 289
Total shareholders' equity		1 537 461	1 137 274
Current liabilities		234 862	312 271
Interest-bearing borrowings	17	225 000	302 000
Trade and other payables	18	1 036	1 995
Dividends payable	21.3	8 826	8 276
Total equity and liabilities		1 772 323	1 449 545

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Stated capital R'000s	Accumulated profits R'000s	IFRS 2 share- based payment reserve R'000s	Total equity R'000s
Balance at 30 June 2014	825 779	56 731	3 620	886 130
Total comprehensive income for the year	–	313 140	–	313 140
– Profit for the year	–	313 140	–	313 140
Dividends declared	–	(97 952)	–	(97 952)
Share-based payment reserve	–	–	6 669	6 669
Share issue expenses	(79)	–	–	(79)
Shares issued	29 366	–	–	29 366
Balance at 30 June 2015	855 066	271 919	10 289	1 137 274
Total comprehensive income for the year	–	471 298	–	471 298
– Profit for the year	–	471 298	–	471 298
Dividends declared	–	(73 355)	–	(73 355)
IFRS 2 charge relating to investments	–	–	2 244	2 244
Share options exercised by employees	–	2 897	(2 897)	–
Balance at 30 June 2016	855 066	672 759	9 636	1 537 461

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	21.1	(55 698)	(60 598)
Income tax paid	21.2	(93 043)	(54 524)
Finance income		20 726	16 795
Net cash outflow from operating activities		(128 015)	(98 327)
Cash flows from investing activities			
Acquisition of plant and equipment		–	(10)
Intergroup loans advanced	21.4	(800 891)	(718 522)
Intergroup loans repaid	21.5	623 031	315 008
Investments made	21.6	(103 706)	(72 328)
Dividends received	21.7	129 954	249 291
Proceeds on disposal of investment	21.8	333 896	215 933
Net cash outflow from investing activities		182 284	(10 628)
Cash flows from financing activities			
Dividends paid	21.3	(72 805)	(97 369)
Loans received	21.9	370 000	277 000
Loans repaid	21.10	(447 000)	
Issue of shares		–	(79)
Finance costs		(22 117)	(20 966)
Net cash (outflow)/inflow from financing activities		(171 922)	158 586
Net (decrease)/increase in cash and cash equivalents		(117 653)	49 631
Cash and cash equivalents at the beginning of the year		163 869	114 238
Total cash and cash equivalents at the end of the year		46 216	163 869

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2016

1. ACCOUNTING POLICIES

The Annual Financial Statements are prepared on a historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 71 of 2008, as amended. The accounting policies are consistent with those of the previous year and for detailed accounting policies refer to note 1 and note 2 of the consolidated Annual Financial Statements.

	2016 R'000s	2015 R'000s
2. REVENUE		
Dividends received	129 954	209 473
– Subsidiaries, jointly controlled entities	129 581	204 266
– Other	373	5 207
Other revenue	–	9
Revenue	129 954	209 482
Finance income	20 283	16 795
Total revenue	150 237	226 277
3. PROFIT BEFORE FINANCE COSTS AND TAXATION		
Profit before finance and taxation cost is stated after:		
Expenses		
Depreciation (note 11)	18	10
Auditors' remuneration		
Audit fees	715	1 524
– Current year	671	634
– Prior year under provision	44	890
Staff costs		
– Directors' remuneration	1 571	1 294
	1 571	1 294
The Company has no employees during the current and prior years.		
4. FINANCE COSTS		
Bank loans and overdraft	–	4
Interest on facilities	22 117	20 962
	22 117	20 966
5. TAXATION		
South African normal tax		
– Current year	94 483	43 861
Deferred tax	(777)	–
	93 706	43 861
	%	%
Standard rate	28.00	28.00
Exempt income	(7.51)	(19.55)
Non-deductible expenses	4.32	9.47
CGT tax differential	(8.22)	(5.63)
Effective tax rate	16.59	12.29

Deferred tax balance is made up of temporary differences relating to the available-for-sale investment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

6. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	SunWest		Worcester Casino		GPI Slots		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
Carrying amount of investment – beginning of the year	150 079	150 079	–	–	1 311	–	151 390	150 079
Disposal of investment	(121 501)	–	(20 510)	–	–	–	(142 011)	–
Reclassified as jointly controlled entity	–	–	–	–	–	720	–	720
Reversal of impairment	–	–	–	–	–	–	21 362	–
Rights issue	–	–	21 362	–	–	–	30 120	–
IFRS 2 expense capitalised	–	–	30 120	–	–	–	405	591
Transferred to investment in associate	–	–	–	–	(1 716)	–	(32 688)	–
Carrying amount of the investment – end of the year	28 578	150 079	–	–	–	1 311	28 578	151 390

Details on the reclassification of GPI Slots and Worcester Casino as an investment in an associate have been disclosed in note 10 of the consolidated Annual Financial Statements. Proceeds from the sale of SunWest and Worcester Casino amounted to R331.7 million and R30.9 million respectively resulting in a profit on sale of investments of R210.2 million and R10.4 million respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	Worcester Casino		GPI Slots		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
7. INVESTMENT IN ASSOCIATES						
Carrying amount – beginning of the year	–	–	–	–	–	–
Transfer from investment in jointly controlled entity	30 972	–	1 716	–	32 688	–
Disposal of investment	–	–	–	–	–	–
Carrying amount – end of the year	30 972	–	1 716	–	32 688	–

Details on the reclassification of GPI Slots and Worcester Casino as a investment in associate have been disclosed in note 10 and note 11 of the Consolidated Annual Financial Statements.

	Atlas Gaming		Total	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
8. AVAILABLE-FOR-SALE INVESTMENT				
Opening balance	–	–	–	–
Acquisitions	5 787	–	5 787	–
Impairment	(3 468)	–	(3 468)	–
	2 319	–	2 319	–

9. ASSET HELD-FOR-SALE

Details regarding the Company's investment in GPI Slots, recognised as an asset held-for-sale, have been disclosed in note 3 of the consolidated Annual Financial Statements and below.

The profit on sale of the asset is as follows:

	GPI Slots	
	2016 R'000s	2015 R'000s
Proceeds on disposal	270 760	215 933
Cost of share disposed	(500)	(500)
Profit on sale of investment	270 260	215 433

	GPI Slots	
	2016 R'000s	2015 R'000s
ASSETS		
Non-current assets		
Investment in jointly controlled entities	–	1 961
Investment in associates	1 461	–
Assets classified as held-for-sale	1 461	1 961

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
10. INVESTMENTS IN SUBSIDIARIES		
Grand Foods ^{(1), (2)}	341 489	2 224
Grand Property Management	140	–
Grand Capital ⁽¹⁾	657	499
Grand Sport ⁽¹⁾	203	85
GPI Management Services ⁽¹⁾	6 889	5 709
Grand Casino Investments	1 000	1 000
GPI Investments 1	72 328	72 328
Grand Casino Investments KZN	2 116	2 116
	424 822	83 961

⁽¹⁾ The movement in these investments represents the share options issued to employees of these subsidiaries; refer to note 24.2 of the Consolidated Annual Financial Statements.

⁽²⁾ During the year the R337.0 million of the loan owing from Grand Foods was capitalised as equity.

11. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	–	–	–	30	(12)	18
Total	–	–	–	30	(12)	18

Reconciliation of property, plant and equipment – 2016	Opening balance	Additions	Disposals	Depreciation	Impairment	Total
Computer equipment	18	–	–	(18)	–	–
	18	–	–	(18)	–	–

Reconciliation of property, plant and equipment – 2015	Opening balance	Additions	Disposals	Depreciation	Impairment	Total
Computer equipment	18	10	–	(10)	–	18
	18	10	–	(10)	–	18

	2016 R'000s	2015 R'000s
12. TRADE AND OTHER RECEIVABLES		
Trade receivables	5 501	–
Other receivables	65	974
Pre-payments	223	350
	5 789	1 324

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	SunWest R'000s	Worcester R'000s	Total R'000s
13. DEFERRED PROCEEDS			
2016			
Net proceeds	349 279	32 538	381 817
Imputed interest	(17 622)	(1 642)	(19 264)
Consideration	331 657	30 896	362 553
Instalments received at 30 June 2016	(58 213)	(5 423)	(63 636)
Deferred proceeds	273 444	25 473	298 917

Refer to note 19 of the consolidated Annual Financial Statements for the terms of the transaction where 10% of SunWest and Worcester were disposed of. The shareholding in SunWest was held through the Company and a subsidiary, while the shareholding in Worcester Casino was held by the Company.

14. RELATED-PARTY LOANS

GPI, in the ordinary course of business, entered into various service and investment transactions.

	2016 R'000s	2015 R'000s
Interest-free loans		
– GTM ⁽¹⁾	–	15 300
– Grand Capital ^{(2), (4)}	–	199 255
– Grand Linkstate ⁽⁴⁾	14 523	–
– GPI Management Services ⁽²⁾	729 229	37 547
– Grand Casino Investments	88 609	–
– Grand Foods ⁽²⁾	798	504 849
– Utish Investments ⁽²⁾	3 737	–
– GPI Investments 1 ⁽²⁾	–	1 287
– Grand Sport ^{(2), (3)}	17 002	10 100
– Grand Property Management ⁽²⁾	–	128
– Grand Parade Share Incentive Trust ⁽²⁾	31 892	20 731
– GPI Women's BBBEE Empowerment Trust ⁽²⁾	57 311	57 300
Interest-bearing loans		
– GPI Slots ⁽¹⁾	–	189 905
	943 101	1 036 402
Impairment of loans ^{(3), (4)}	(21 525)	–
Total current assets	921 576	1 036 402

⁽¹⁾ Details regarding the related-party loans have been disclosed in note 21.1 and note 21.2 of the consolidated Annual Financial Statements.

⁽²⁾ These related-party loans are interest-free, have no fixed repayment terms and are repayable on demand. However, post-year-end the Directors have proposed that these loans carry market-related interest.

⁽³⁾ The loan was impaired by R7.0 million based on decreased future cash flows.

⁽⁴⁾ The loan was impaired by R14.5 million based on decreased future cash flows.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include Money Market call accounts with floating interest rates that fluctuated between 5.85% and 6.50% during the year (2015: between 5.25% and 5.85%).

	2016 R'000s	2015 R'000s
Cash and cash equivalents	46 216	163 869
	46 216	163 869

At year-end, the Company had unused overdraft facilities of R15 million (2015: R15 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

16. STATED CAPITAL

Details regarding the Company's stated capital have been disclosed in note 23.1 of the consolidated Annual Financial Statements.

	2016 R'000s	2015 R'000s
Authorised share capital		
2 000 000 000 ordinary shares of no par value	–	–
Opening balance – 1 July	855 066	825 779
Share issue expense	–	(79)
Shares issued	–	29 366
Closing balance (issued and fully paid) – 30 June	855 066	855 066

	000s	000s
Reconciliation of number of shares in issue		
Opening balance – 1 July	488 806	484 404
Shares issued	–	4 402
Closing balance – 30 June	488 806	488 806

17. INTEREST-BEARING BORROWINGS

Investec – GPI credit facility 1	–	100 000
Investec – GPI credit facility 2	–	77 000
SBSA – GPI revolving loan facility	225 000	125 000
	225 000	302 000

Details regarding the Company's interest-bearing borrowings have been disclosed in note 26 of the consolidated Annual Financial Statements.

	000s	000s
Reconciliation of number of shares in issue		
Balance made up as follows:		
Short-term portion	225 000	302 000
	225 000	302 000

	2016 R'000s	2015 R'000s
18. TRADE AND OTHER PAYABLES		
Trade payables	365	47
Other payables and accruals	671	1 948
Audit fee accrual	671	634
Payroll accruals	–	97
Sundry accruals	–	1 052
Other payables	–	165
	1 036	1 995

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	Loans and receivables R'000s	Available- for-sale R'000s	Non-financial assets R'000s	Total R'000s
19. FINANCIAL INSTRUMENTS				
Financial assets				
2016				
Cash and cash equivalents	46 216	–	–	46 216
Available-for-sale investment	–	2 319	–	2 319
Related-party loans	921 576	–	–	921 576
Trade and other receivables	5 566	–	223	5 789
Total	973 358	2 319	223	975 900
2015				
Cash and cash equivalents	163 869	–	–	163 869
Related-party loans	1 036 402	–	–	1 036 402
Trade and other receivables	974	–	350	1 324
Total	1 201 245	–	350	1 201 595

	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities			
2016			
Trade and other payables	1 036	–	1 036
Interest-bearing borrowings	225 000	–	225 000
Dividends payable	8 826	–	8 826
Total	234 862	–	234 862
2015			
Trade and other payables	1 898	97	1 995
Interest-bearing borrowings	302 000	–	302 000
Dividends payable	8 276	–	8 276
Total	312 174	97	312 271

Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Market risk: Interest rate risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in interest rates relates to the Company's obligation in terms of interest-bearing borrowings and bank accounts. The Company partially mitigates this by holding interest-bearing assets in the form of cash. The table below reflects the interest rate sensitivity analysis. The analysis was calculated by increasing or decreasing the Company's interest rate by 100 basis points assuming all other variables remain constant.

	Increase in basis points	Effect on pre-tax profit	Decrease in basis points	Effect on pre-tax profit
2016	100	(1 788)	(100)	1 788
2015	100	(1 381)	(100)	1 381

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

19. FINANCIAL INSTRUMENTS CONTINUED

Credit risk

Credit risk is the risk of financial loss caused by the inability or unwillingness of a counterparty to discharge contractual obligations to a financial instrument. There is no independent rating procedure for customers as the credit quality for customers is assessed by taking into account their financial position, past experience and other factors used in evaluating the acceptability of clients.

Cash and cash equivalents

The Company only deposits cash surpluses with major banks of high-quality and credit standing. At year-end, the Company did not consider there to be any significant concentration of credit risk and all assets that have been identified as impaired, after taking the Company's credit policy into account, have been appropriately provided for. The cash and cash equivalents are deposited with two financial institutions. The Company's maximum exposure to credit risk in terms of cash and cash equivalents, loans and receivables equals the carrying amounts of these instruments as disclosed above.

Related-party loans receivables

Related-party credit risk is managed by each business unit in terms of the Company's policy. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date based on payment history and the financial position of the counterparty.

Liquidity risk

Refer to note 32 of the consolidated Annual Financial Statements for an explanation on liquidity risk and how it is managed.

The following table presents the contractual maturity analysis of financial liabilities.

	On demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	>2 years R'000s	Total R'000s
2016						
Trade and other payables	–	1 036	–	–	–	1 036
Interest-bearing borrowings	–	18 750	206 250	–	–	225 000
Interest on interest-bearing borrowings	–	3 970	8 818	–	–	12 788
Dividends payable	8 826	–	–	–	–	8 826
Total	8 826	23 756	215 068	–	–	247 650
2015						
Trade and other payables	–	1 898	–	–	–	1 898
Interest-bearing borrowings	–	177 000	125 000	–	–	302 000
Interest on interest-bearing borrowings	–	–	3 125	–	–	3 125
Dividends payable	8 276	–	–	–	–	8 276
Total	8 276	178 898	128 125	–	–	315 299

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

19. FINANCIAL INSTRUMENTS CONTINUED

Gains and losses on financial instruments

The table below summarises the gains and losses on financial instruments.

	Fair value movement R'000s	Finance income R'000s	Finance costs R'000s	Total R'000s
2016				
Financial liabilities at amortised cost	–	–	(22 117)	(22 117)
Available-for-sale investments	(3 468)	–	–	(3 468)
Loans and receivables	–	20 283	–	20 283
Total	(3 468)	20 283	(22 117)	(5 302)
2015				
Financial liabilities at amortised cost	–	–	(20 966)	(20 966)
Loans and receivables	–	16 795	–	16 795
Total	–	16 795	(20 966)	(4 171)

	2016 R'000s	2015 R'000s
20. DIVIDENDS DECLARED AND PAID		
Final dividend declared and paid in respect of 2015 financial year of 15 cents (2015: 20 cents per share in respect of the 2014 financial year)	73 355	97 761

No final dividend in respect of the 2016 financial year has been declared as yet.

	2016 R'000s	2015 R'000s
21. NOTES TO THE CASH FLOW STATEMENT		
21.1 Cash generated from operations		
Profit before taxation	565 004	357 001
Adjustments for:		
– Depreciation	18	10
– Impairment of investment	3 468	–
– Finance income	(20 283)	(16 795)
– Finance costs	22 117	20 966
– Dividends received	(129 954)	(209 473)
– Reversal of impairment of investment	(21 362)	–
– Impairment of loans	21 525	–
– Profit on disposal of investment	(490 802)	(215 433)
Operating cash flows before working capital changes	(50 269)	(63 724)
(Increase)/decrease in trade and other receivables	(4 465)	2 565
(Decrease)/increase in trade and other payables	(964)	561
Net cash utilised from operations	(55 698)	(60 598)
21.2 Taxation paid		
Taxation – beginning of the year	(10 620)	41
Amount per statement of comprehensive income		
– Current year	94 483	43 861
Taxation – closing balance	9 180	10 620
	93 043	54 524
The closing tax balances comprise of the following:		
– Income tax refunds	9 180	10 620
	9 180	10 620

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
21. NOTES TO THE CASH FLOW STATEMENT CONTINUED		
21.3 Dividends paid		
Opening balance	8 276	7 693
Dividends declared	73 355	97 761
Dividends previously prescribed	–	191
Closing balance	(8 826)	(8 276)
	72 805	97 369
21.4 Intergroup loans advanced		
– GPI Slots	–	(80 266)
– Grand Property Management	–	(18)
– GPI Management Services	(691 681)	(35 047)
– Grand Foods	(798)	(468 950)
– Grand Capital	–	(102 821)
– GPSIT	(12 889)	(500)
– GPI Women's BBBEE Empowerment Trust	(12)	–
– Grand Sport	–	(9 202)
– Grand Telumat Manufacturing	(6 902)	(20 431)
– Grand Casino Investment	(88 609)	–
– GPI Investments 1	–	(1 287)
	(800 891)	(718 522)
21.5 Intergroup loans repaid		
– GPI Slots	189 905	110 200
– Utish	–	183 276
– Grand Foods	231 893	–
– Grand Capital	162 862	11 701
– Grand Telumat Manufacturing	37 084	5 131
– GPI Investments 1	1 287	–
– Grand Casino Investments KZN	–	2 000
– GPI Women's BBBEE Empowerment Trust	–	2 700
	623 031	315 008
21.6 Investment made		
GPI Investments 1	–	72 328
Atlas Gaming	5 786	–
Worcester Casino	30 120	–
Grand Foods	67 800	–
	103 706	72 328
21.7 Dividends received		
Grand Casino KZN	–	134 500
Grand Casino Investments	80 000	68 000
SunWest	49 581	41 584
Other dividend	373	5 207
	129 954	249 291

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000s	2015 R'000s
21. NOTES TO THE CASH FLOW STATEMENT CONTINUED		
21.8 Profits on disposal of investment		
Proceeds from the disposal of 25.1% of GPI Slots (Tranche 1)		215 933
Proceeds from the disposal of 25.0% of GPI Slots (Tranche 2)	270 260	–
Proceeds from the disposal of 10% of SunWest and Worcester Casino	63 636	–
	333 896	215 933
21.9 Loans received		
Investec – GPI Credit facility 1	–	75 000
Investec – GPI Credit facility 1	–	77 000
SBSA – GPI revolving loan facility	370 000	125 000
	370 000	277 000
21.10 Loans repaid		
Investec – GPI Credit facility 1	(177 000)	–
SBSA – GPI revolving loan facility	(270 000)	–
	(447 000)	–
22. RELATED-PARTY TRANSACTIONS		

	Shares held as security against loans		Balance (owing)/ receivable		Receipts/ (payments)	
	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s	2016 R'000s	2015 R'000s
RBS	–	–	–	–	–	–

The Company in the ordinary course of business entered into various transactions with related parties. Any intragroup related-party transactions and balances are eliminated in the preparation of the AFS of the Group as presented.

Listed above are the related-party transactions identified and disclosed, other than those disclosed in Note 14.

Third parties

RBS Katz Breskal is a firm of insurance underwriters that provides insurance to the Group. AE Keet and H Adams are shareholders in the entity.

Certain Directors received Director fees due to them being Board members on the Board Committees of the underlying investment companies. These fees are paid directly to these Directors.

	2016 R'000s	2015 R'000s
SunWest		
H Adams	97	91
A Abercrombie	69	57
N Mlambo	69	61
	235	209
Worcester Casino		
H Adams	39	24
A Abercrombie	28	30
	67	54