
GRAND PARADE

INVESTMENTS LIMITED

*Annual Report*
*2010*

GRAND PARADE
INVESTMENTS LIMITED

# *Annual Report Contents*



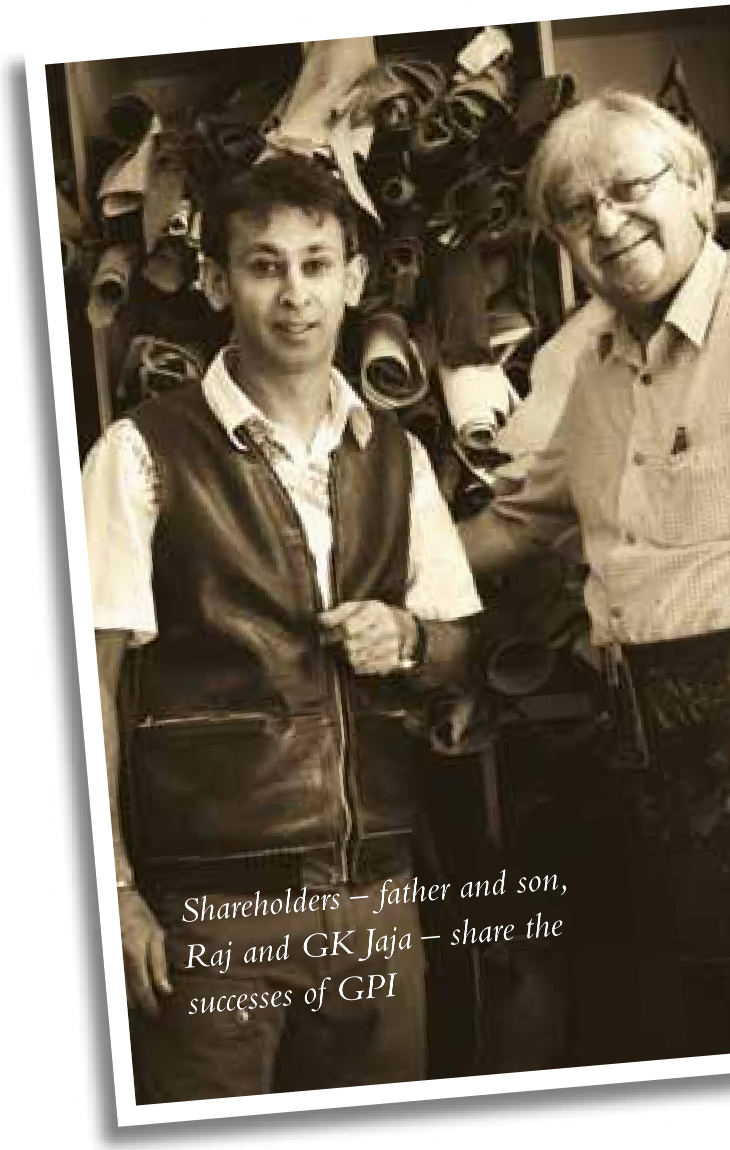
## *Broadening our corporate focus to include gaming operations to our gaming and leisure investments*

GPI's vision of becoming a major and respected force in the gaming and leisure industry in Africa has always been underpinned by its commitment to promote Broad-based Black Economic Empowerment (BBBEE) in a meaningful way. This commitment is well aligned to a key objective of the current National Gaming Legislation in that it too actively drives the upliftment of previously disadvantaged communities.

Since its establishment in 1997, GPI had always been purely an investment company and subsequent to the acquisition, on 30 June 2010 – a watershed moment in the history of GPI, of the Grandslots and Kingdomslots Limited Payout Machine (LPM) operations, we have now joined the relatively small Group of South African gaming operators.

In 1999 GPI had a net asset value of approximately R1 million which has grown, in just over 10 years, to R1,8 billion as at 30 June 2010. It is this growth, and the expertise and know-how acquired over the last decade, that afforded us the above opportunity to take another major step in becoming masters of our own destiny.

That said, we will continue to leverage our influence in growing our existing casino investments and their profitability, and our newly acquired LPM operations will afford our shareholders an exciting new avenue of growth with increased diversification and the opportunity to capitalise on less established newer gaming markets with low capital expenditure requirements.



*Shareholders – father and son, Raj and GK Jaja – share the successes of GPI*

## *Vision and Mission*

To become a major and respected force in the gaming and leisure industry in Africa.

To promote BBBEE in a meaningful way, by being as inclusive as possible.

Offering ordinary people a platform to enter the corporate environment in a sustainable and responsible manner, and fostering crucial human capacity and skills.

Our philosophy of empowerment is to create corrective action to allow people to graduate from an abnormal environment to an equitable one, and in so doing embrace all shareholders.

To fulfil the promise to its many shareholders, we will conduct operations in line with best business practice, uphold the highest legal, ethical and moral standards, and engage and develop the best managerial and operational skills.

It is through solid investment in the finest people and assets that GPI's shareholders will reap the highest rewards.

*GrandWest*

**SunWest** owns and operates the GrandWest Casino and the Table Bay Hotel. It also owns a stake in the Cape Town International Convention Centre.

**The Table Bay Hotel** provides its guests with a luxurious hotel experience in one of the most beautiful settings in the world, with convenient access to the V&A Waterfront.

**The Golden Valley Casino** is located in Worcester and provides guests with an intimate gaming, hotel and leisure experience.

CTICC

**Grandslots** is the trading brand of Thuo WC which is wholly-owned by GPI.

**Kingdomslots** is the trading brand of Thuo KZN. GPI owns 70% of Kingdomslots directly and a further 22.5% indirectly through Akhona GPI.

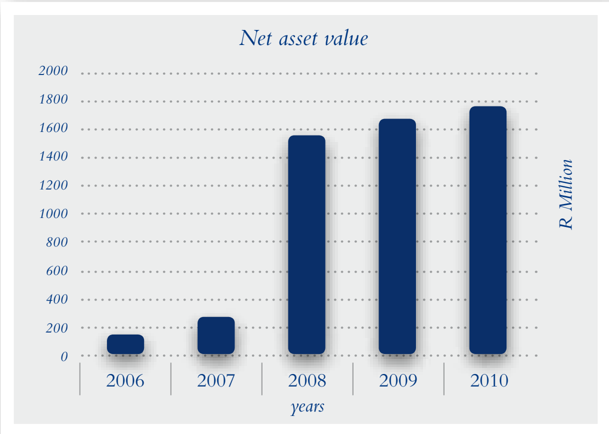
**Sibaya Casino, Boardwalk Casino and Carnival City.** Through RAH, GPI has exposure to other high-quality "urban casino" assets which include Carnival City in Gauteng, Sibaya Casino in KwaZulu-Natal and Boardwalk Casino in the Eastern Cape.

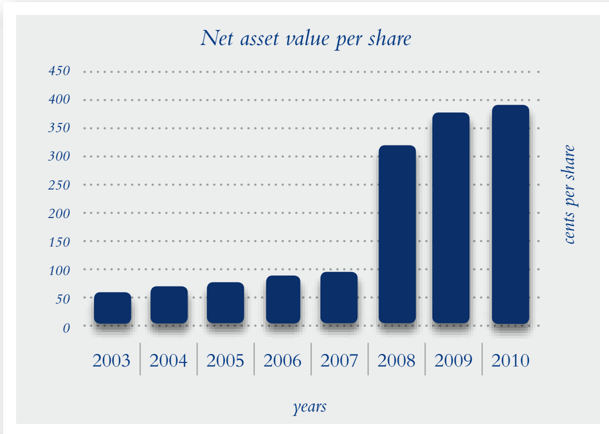
**The Cape Town International Convention Centre** has proven to be of enormous economic value to Cape Town and South Africa. It is now rated as one of the top convention centres in the world and attracts large numbers of overseas conference delegates to South Africa.

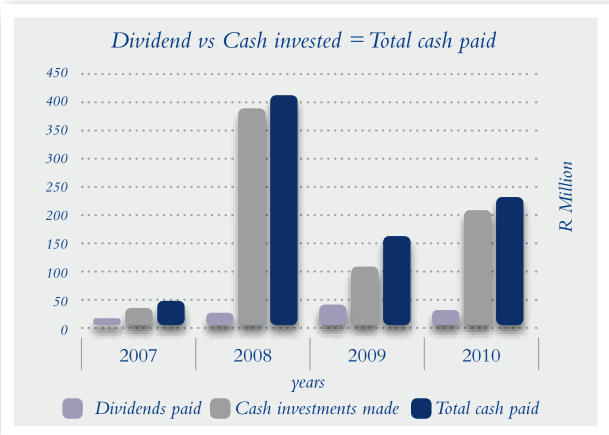
# Highlights and Graphs

- Invested R192 million and became a leading slots operator.
- Invested R28 million to increase our direct stake in SunWest to over 30%.
- Invested R4 million to increase our stake in Golden Valley Casino to 44.4% and achieved joint control.
- Grew our indirect stake in Sibaya Casino through Akhona GPI's increased stake in Dolcoast, which increased from 18.5% to 23%.
- Remained dividend-active by matching last year's 7,5 cents declaration.
- Increased our net asset base by 8% and the decline in adjusted headline earnings per share was contained to 7%.






# *Four-year Financial Review*

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Note | 2010<br>R | 2009<br>R | 2008<br>R | 2007<br>R |
|---|---|---|---|---|---|
| **Revenue** | | 6 328 888 | 6 732 655 | 11 971 163 | 69 969 685 |
| Operating costs | 1 | (26 958 232) | (13 189 009) | (14 131 211) | (7 160 914) |
| **(Loss)/profit from operations** | | (20 629 344) | (6 456 354) | (2 160 048) | 62 808 771 |
| **Profit from equity-accounted investments** | | 117 628 202 | 130 492 356 | 60 176 071 | 12 001 640 |
| Profit from jointly-controlled entities | | 82 200 422 | 97 599 843 | 49 932 835 | 11 634 682 |
| Profit from associates | | 35 427 780 | 32 892 513 | 10 243 236 | 366 958 |
| Re-measurement of investment | 2 | 42 488 228 | – | – | – |
| Negative goodwill | | – | 80 622 752 | 784 087 333 | – |
| Impairment of investments | | (3 860 000) | – | (92 131 891) | (750 380) |
| **Profit before finance costs and taxation** | | 135 627 086 | 204 658 754 | 749 971 465 | 74 060 031 |
| Finance costs | | (29 834 946) | (31 938 621) | (8 934 260) | (35 980) |
| **Profit before taxation** | | 105 792 140 | 172 720 133 | 741 037 205 | 74 024 051 |
| Taxation | | (1 084 429) | (1 000 223) | (2 454 063) | (945 925) |
| **Profit for the year** | | 104 707 711 | 171 719 910 | 738 583 142 | 73 078 126 |
| Attributable to ordinary shareholders | | 104 707 711 | 171 719 910 | 738 583 142 | 73 078 126 |
| Headline earnings | 3 | 70 226 461 | 96 472 972 | 84 763 045 | 66 217 162 |
| Adjusted headline earnings | 4 | 87 595 827 | 96 515 692 | 84 763 045 | 66 217 162 |

**General**

1 2010 operating costs include transaction costs in respect of the LPM acquisition and the SunWest Lock-in transaction.
2 The 2010 re-measurement relates to the fair value of GPI's existing interest of 25.1% in Grandslots as required by IFRS 3R: Business Combinations.
3 Headline earnings is the profit attributable to ordinary shareholders after reversing the adjustments detailed in note 8 of the annual financial statements.
4 Adjusted headline earnings takes into account transaction costs and the consolidation of the Employee Share Trust as the Group does not receive the economic benefits of the trust.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | 2010<br>R | 2009<br>R | 2008<br>R | 2007<br>R |
|---|---|---|---|---|
| Non-current assets | 2 156 127 342 | 1 876 393 916 | 1 700 265 551 | 227 964 581 |
| Current assets | 122 352 051 | 79 363 538 | 90 216 715 | 76 231 508 |
| **Total assets** | 2 278 479 393 | 1 955 757 454 | 1 790 482 266 | 304 196 089 |
| Shareholders' interest | 1 767 402 562 | 1 639 715 475 | 1 572 534 408 | 294 528 533 |
| Non-controlling interest | 4 978 315 | – | – | – |
| Non-current liabilities | | | | |
| – Provisions | 93 859 | – | – | – |
| – Deferred tax liabilities | 17 111 604 | 2 384 086 | 2 851 195 | 2 922 603 |
| – Interest-bearing borrowings | 120 057 518 | – | – | – |
| – Cumulative redeemable preference shares | 281 123 865 | 285 123 865 | 201 398 108 | – |
| Current liabilities | 87 711 670 | 28 534 028 | 13 698 555 | 6 744 953 |
| **Total equity and liabilities** | 2 278 479 393 | 1 955 757 454 | 1 790 482 266 | 304 196 089 |

## SHARE STATISTICS

| | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|
| Shares in issue at year-end (before deducting treasury shares) | 462 331 319 | 449 581 319 | 469 028 354 | 332 038 052 |
| Adjusted shares in issue (after deducting treasury shares)** | 456 511 319 | 443 761 319 | 469 028 354 | 332 038 052 |
| Weighted average number of shares in issue | 454 506 661 | 462 033 176 | 365 766 533 | 323 010 368 |
| Adjusted weighted average number of shares in issue | 448 686 661 | 462 033 176 | 365 766 533 | 323 010 368 |
| Basic and diluted earnings per share (cents) | 23,04 | 37,17 | 200,98 | 20,34 |
| Headline earnings per share (cents) | 15,45 | 20,88 | 23,17 | 20,50 |
| Adjusted headline earnings per share (cents)** | 19,52 | 20,89 | 23,17 | 20,50 |
| Proposed dividends per share (cents)* | 7,5 | 7,5 | 10,0 | 7,5 |
| Tangible net asset value per share (cents) | 351 | 365 | 335 | 90 |
| Adjusted tangible net asset value per share (cents) | 356 | 370 | 335 | 90 |
| Net asset value per share (cents) | 383 | 365 | 335 | 90 |
| Adjusted net asset value per share (cents) | 388 | 370 | 335 | 90 |

* Dividends declared in respect of the year-end.
** The consolidation of the Employee Share Trust is reversed as the Group does not receive the economic benefits of the Trust.

# *Chairman's Report*

*Hassen Adams*


*GrandWest*

## INTRODUCTION

My Board and management team take pride in Grand Parade Investments Limited's (GPI's) BBBEE credentials and the fact that our company boasts an excellent record in terms of upholding high standards of conduct in business dealings, a long-standing involvement in community development projects and a steadfast focus on producing sustainable and growing returns to our thousands of shareholders, most of whom were previously disadvantaged. We are again pleased to be in a position to continue our record of paying dividends on an annual basis.

It is often in times of adversity that opportunity presents itself and I am pleased to report that GPI took advantage of such an opportunity in concluding the acquisition of our LPM slots operations during the year. I am satisfied that substantial progress has been made in positioning GPI as the foremost black-owned company in South Africa's gambling and leisure sector.

2010 proved to be a very difficult trading year for our urban casino investments and the Table Bay Hotel in particular. The occupancies at the Table Bay Hotel fell sharply notwithstanding the highly anticipated expected benefits of the World Cup. This translated into a substantial loss that impacted very negatively on GPI's reported earnings through lower earnings from our SunWest International (Proprietary) Limited (SunWest) investment.

## SECURING 100% CONTROL OVER GPI'S LPM INTERESTS

2010 represents a watershed moment for GPI because it marks the end of our time as purely an investment company and a new beginning whereby we have acquired 100% control over our LPM investment. With this acquisition now bedded down and their management team wholly integrated with that of GPI's, we are now fully committed to growing our gaming and other interests, having completed a smooth handover from the Tatts Group, our original partners in the business.

The LPM industry is still relatively new, with just short of 5 500 machines having become active by the end of June 2010 out of a total potential 50 000 machines countrywide.

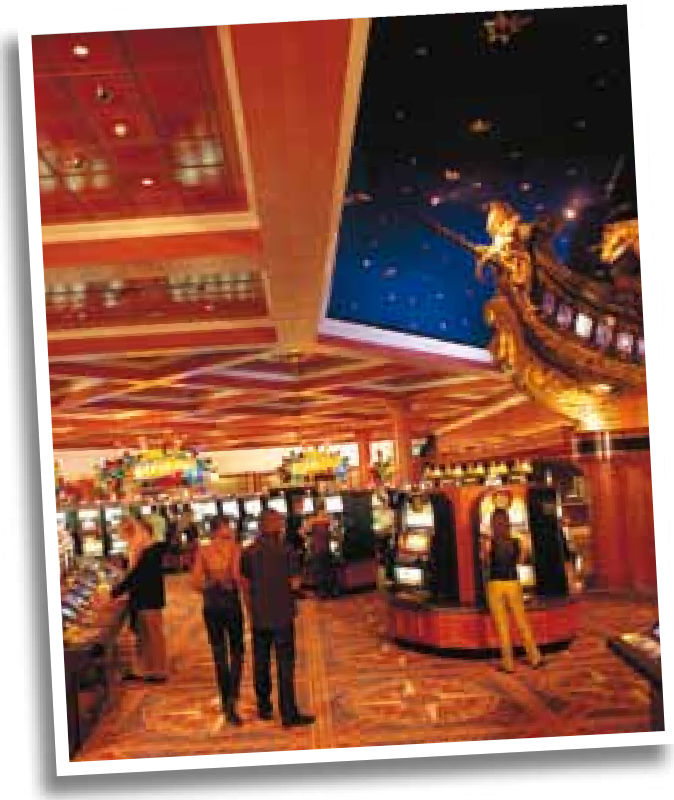
GPI has set a short to medium-term objective of securing control of an additional 3 000 machines over and above the 2 000 machines which we now control. I am confident that we can continue to grow our LPM businesses profitably and that it will have a positive impact on our future earnings.

## GAMING LICENCE

The Western Cape Gambling and Racing Board issued GrandWest Casino and Entertainment World's (GrandWest) gaming licence on 5 December 1999 and the 10-year exclusivity period commenced on 6 December 2000. This exclusivity ends on 5 December 2010. It is important for shareholders to understand that GrandWest's licence was issued in perpetuity for as long as it complies with all of the conditions in respect of which the licence was originally granted.

In July 2010, Western Cape Finance MEC Alan Winde issued an announcement that the provincial government had decided to allow the relocation of an outlying casino licence into the Cape Town metropole region. He indicated that it was the provincial government's intention in the event that a second casino be established in the Cape Town metropole that it would be located in an area "untapped by GrandWest and would not significantly impact on GrandWest's revenues, as the relocated licence would as such be focused on the high-roller niche and tourist market".

Our principal concern in this matter will be to protect the interests of our shareholders and to ensure that the process is handled in a manner which is transparent and financially feasible for our stakeholders. I do not anticipate that GPI's position need be unduly compromised by the loss of GrandWest's exclusivity status, as we have over the years developed a sustainable reputation among our loyal customer base. In any event we believe that the licence transfer will be a fairly lengthy process and we will enjoy exclusivity at least until the end of 2012.



*GrandWest*

## 2010 FIFA FAN FEST ON THE GRAND PARADE

It is most pleasing that GPI successfully managed together with its partners in Grand World Vision Events (Proprietary) Limited (Grand World Vision Events), WorldSport South Africa (Proprietary) Limited (World Sport) and VWV Group (Proprietary) Limited (VWV) South Africa's most successful FIFA Fan Park with in excess of half a million visitors from all over the world. It was a truly incredible experience and one that I and my Board are proud of.

*FIFA Fan Fest on the Grand Parade*

## LOOKING AHEAD

GPI has two key areas of focus, namely our investments and our operating LPM business. We will focus on extracting the full benefit thereof for our shareholders from both of these areas. GPI directors play an active role in our investment companies and we believe that these businesses will benefit from the gradually improving economic cycle. Our priority will be on ensuring cost controls and operating efficiencies in these businesses whilst revenue continues to be under pressure. With regard to the LPM business, our efforts will be focused on the rolling out of machines in the Western Cape and KwaZulu-Natal according to our planned roll-out programme. We will also seek to acquire additional licences for machines in other provinces. GPI Slots (Proprietary) Limited (GPI Slots) has a proven track record of profitability in successfully running LPMs and we believe that this business will contribute to an ever increasing portion of GPI's future earnings.

## IN APPRECIATION

There are numerous individuals who we give thanks to for their efforts during the past financial year – the management teams and employees of the companies in which we are invested for their sterling effort during trying times, our loyal and committed staff, our new employees who were previously part of the Tatts Group, our service providers and key suppliers, our partners in our gaming venues throughout the Western Cape and KwaZulu-Natal and most importantly you, our shareholders, who have trusted your wealth in our hands. We also thank the various Gaming Boards and regulatory bodies with whom we interact on a regular basis. We sincerely appreciate all of your contributions to the wellbeing of our company GPI.

## CONCLUSION

We continue to honour our commitment to being a dividend-active company and will pay out a dividend of 7,5 cents. This has been achieved despite the very significant LPM acquisition during the year, as well as increasing our equity stakes in SunWest and Sibaya Casino and Entertainment Kingdom (Sibaya Casino).

*Hassen Adams*
Chairman

Cape Town
8 November 2010

# *Chief Executive's Review*

*Adrian Piers Funkey*


*Grandslots' LPMs*

## INTRODUCTION

Last year was characterised by the fall-out from the global recession. This year, however, I am pleased to report that we have not only weathered the downturn that badly affected so many companies around the world, but we have managed to do this while increasing our net asset base.

We are proud of the fact that while other companies, both at home and abroad, have been forced to curtail their operations in recent years, GPI has continued to expand and make new acquisitions. As a matter of interest, in as short a space as a decade, GPI has grown from a net asset value of around R1 million in 1999 to an audited R1,8 billion as at the end of June 2010.

Since listing on the JSE Limited ("JSE") just over two years ago we have learnt a great deal and we are a company that is very firmly on the move toward becoming a major and respected force in the African gaming and leisure industries.

As a company that's driven by strong ethics and values and having come from humble beginnings, we take little for granted and appreciate the contributions made by all our stakeholders no matter how small. Our investments continue to produce strong cashflows, and as such we are able to distribute regular dividends to our shareholders as well as increase and diversify our relevant gaming and leisure investment portfolio.

## KEY MILESTONE – TAKING CONTROL OF OUR LPM INTERESTS

It is as a result of the past performance of this portfolio and the knowledge and commitment gained by GPI's management team since the inception of GPI that during this financial year we were able to take a giant stride forward in becoming the masters of our own destiny.

As alluded to in the Chairman's Report, we are extremely proud to be able to note that GPI has through the acquisition of Carentan Investments (Proprietary) Limited (Carentan) taken full control of its LPM interests and has commenced with re-aligning itself into not only an investment holding company in the gaming and leisure industry, but an operational one too. Through this acquisition, which was effective at 30 June 2010, GPI took ownership of the market-leading LPM operators in KwaZulu-Natal (Kingdomslots) and the Western Cape (Grandslots) and in so doing gained valuable exposure to significant low risk and resilient growth opportunities in a relatively new and untapped sector of the local gaming industry.

It has long been our intention to become more actively involved in the companies in which we invest, and with this acquisition we are now a fully-fledged gaming operator, which in turn opens up many new opportunities to create wealth for our shareholders. That said, it must be noted that during the past year GPI continued, and will continue, to acquire greater influence and interest in its casino investments in order to leverage their powerful cash-generating ability, and in so doing we firmly believe that going forward shareholders will continue to reap the benefits from existing investments and soon begin to realise the significant potential we see in becoming an operating company too.

Ahead of detailing other key transactions and the performance across our portfolio of assets, I thought it wise to share with you visually the various levels at which GPI, as at 30 June 2010, either shared in, significantly influenced, jointly-controlled or fully controlled its assets. The matrix detailed overleaf provides a holistic view of where GPI is currently invested, and how it is strategically positioning itself for the future as not only an investment company, but an operating one too.

| | Fully controlled assets through our LPM interests | Jointly-controlled assets | Significantly influenced assets |
|---|---|---|---|
| **Gaming Assets** | **Grandslots**<br>907 slots<br>(100% Voting & Economic Interest)<br><br>**Kingdomslots**<br>749 slots<br>(70% Voting & 92.5% Economic Interest) | **GrandWest Casino****<br>2 524 slots<br>(50.01% Voting & 34.30% Economic Interest)<br><br>**Golden Valley Casino**<br>228 slots<br>(50% Voting & 46.3% Economic Interest) | **Sibaya Casino***<br>1 018 slots<br>(8.05% Economic Interest)<br><br>**Carnival City***<br>1 750 slots<br>(6.6% Economic Interest)<br><br>**Boardwalk Casino***<br>783 slots<br>(2.46% Economic Interest) |
| **Leisure Assets** | | **Table Bay Hotel****<br>392 rooms<br>(50.01% Voting & 34.30% Economic Interest)<br><br>**Golden Valley Lodge**<br>98 rooms<br>(50% Voting & 46.3% Economic Interest)<br><br>**Grand Hotel**<br>40 rooms<br>(50.01% Voting & 34.30% Economic Interest) | **Sibaya Lodge***<br>154 rooms<br>(8.05% Economic Interest)<br><br>**Carnival Club Hotel***<br>105 rooms<br>(6.6% Economic Interest) |
| **Intellectual & Other Assets** | GPIMS<br>(100% Voting & Economic Interest) | **Western Cape Manco**<br>(50.00% Voting & 57.08% Economic Interest) | **Afrisun KZN Manco***<br>(12.57% Economic Interest)<br><br>**Gauteng Manco***<br>(14.12% Economic Interest)<br><br>**Emfuleni Manco***<br>(11.18% Economic Interest)<br><br>**Grand World Vision Events**<br>(33.3% Voting & Economic Interest) |

* Significantly influenced assets through RAH and Akhona GPI.
** Jointly-controlled assets through GPI's stake in SunWest.

As is evident from the matrix above, GPI is now well positioned with its sizeable stake in urban casinos, especially those that we exercise joint control over, namely GrandWest and Worcester Casino (Proprietary) Limited (Golden Valley Casino). We are also well positioned in terms of our leisure interests, with the currently underperforming Table Bay Hotel as a key asset.

While our urban casino interests provide GPI with a well established suite of cash producers and therefore a consistent and stable flow of dividend income, which is set to improve in a recovering economic climate, it is the LPM segment that we are now in full control of that provides our shareholders with an exciting and leading edge growth opportunity in a currently untapped segment of the South African gaming industry. Being a licensed gambling operator opens up a new world of opportunities for GPI and our shareholders and it is our intent, being a business that is now firmly on the move, to maximise these opportunities for your benefit. It is also evident from the matrix that we now, through the establishment of GPI Management Services (Proprietary) Limited (GPIMS), are able to develop our intellectual asset base, particularly in the gaming sector, and provide centralised services in return for a fee to our route operations, as well as the procurement, refurbishment and onward lease of the best of breed slots products to these route operations for the benefit of our customers.

A brief overview of the current state of the industry and the market share that our newly acquired Grandslots and Kingdomslots operations currently enjoy, as well our short- and medium-term plans for the way forward, is detailed further on in my report.

## OTHER INVESTMENTS DURING THE YEAR

### Increased stake in SunWest

Our share in SunWest remains integral to the continued success of GPI and during this financial period, we subscribed for the last 140 182 shares available under the call share option agreement with SunWest at an exercise price of R165 per SunWest share. We also exercised certain pre-emptive rights during the year and acquired a further 17 406 shares at an average cost of R331,6 per share. These transactions increased GPI's direct stake in SunWest by 0.8% at a cost of R28,9 million. GPI now has a total effective economic stake in SunWest of 34.3%.

### Increased stake in Golden Valley Casino

In addition GPI invested an additional R4 million in increasing its stake in Golden Valley Casino to 44.4% and in so doing achieved joint control. This stake increased further following a rights issue after the reporting date which increased this stake to 46.30%.

### Akhona GPI

GPI has a 74.95% economic and 49.99% voting stake in Akhona Gaming Portfolio Investments (Proprietary) Limited (Akhona GPI). Akhona Investment Holdings 2005 Limited, which together with Akhona Governing Body Trust, owns the balance of the shares in Akhona GPI, has an option to call on GPI, based on an agreed pricing mechanism, to restore its economic shareholding to 50% on specific dates expiring in three years commencing from January 2009.

Akhona GPI took up its pre-emptive rights in Dolcoast Investments Limited (Dolcoast) and increased its direct stake in Sibaya Casino from 18% to 23%, resulting in GPI increasing its effective interest in Sibaya Casino to 8.05%.

Sibaya Casino remains one of GPI's key targets and we are well positioned through this partnership which holds the pre-emptive rights in the Dolcoast structure to increase this stake further in future years. With the new airport now north of Sibaya Casino we are confident that this asset has good upside potential for our shareholders.

## OPERATIONAL PERFORMANCE

### Overall performance of the Group

Our resilience as a company is best reflected by the fact that we managed to contain the fall in our adjusted headline earnings per share to 6%, notwithstanding the fact that we had to absorb the very substantial loss incurred by the Table Bay Hotel, which of all of our investments was the worst affected by the impact of the global financial crisis and its effect on the international tourist market.

Notwithstanding the decline in GPI's adjusted headline earnings in a very challenging operating environment, we are most pleased to have been able to increase GPI's net asset base again this year.

While it was not easy to raise capital in the given trading environment that prevailed last year it is testimony to GPI's resilience and tenacity as a company that we nevertheless still managed to raise the necessary capital through the issue of new shares and bank funding, the latter of which was secured at good rates.

### Performance of GPI's Fully-controlled Assets

#### Grandslots

The resilience of the LPM market was certainly a highlight during the year and it was pleasing to witness Grandslots growing its gross gaming revenues in a very difficult recessionary period by 4.4%, against the 3.7% decline experienced by GrandWest in the same province.

Last year Grandslots produced R191 million in gross gaming revenue and a net margin after gaming levies, venue revenue share (40%) and other variable costs of R81 million. It produced a net profit after tax of R20 million, a 10% improvement on the previous year. There are currently only two operators in the Western Cape and Grandslots with a fair market share of 50% of the licensed machines enjoys more than half the actual machines rolled out and overall revenue achieved in the province.

#### Kingdomslots

Given that Kingdomslots is at an earlier phase of its roll-out and also operates in a more competitive environment with four operators having been licensed in the province, it produced gross gaming revenue of R82 million last year and a net margin after all variable costs of R35 million. This translated into a loss of R1,7 million for the year. Our LPM business model has been consistently applied in this province and I am pleased to report that Kingdomslots has, like Grandslots in the Western Cape, achieved the status of market leader in KwaZulu-Natal. Kingdomslots is substantially ahead of its fair market share of 25% in terms of licensed machines, both in terms of machines rolled out and in terms of revenue achieved.

The combined revenues produced by Grandslots and Kingdomslots amounted to R273 million. GPI intends growing this revenue base by rolling out the remaining available machines in each route and also augmenting this by acquiring new route operations with the immediate target being the lucrative Gauteng market.

#### GPIMS

As previously mentioned, GPIMS was established as a 100% held subsidiary of GPI for the purpose of extracting management fees in return for the intellectual capital it employs. While the opportunity to generate revenue in the 2010 financial year was fairly limited the role of GPIMS going forward has increased substantially in light of the acquisition of control of the Grandslots and Kingdomslots route operations. In this regard GPIMS has stepped into the shoes of Carentan and Thuo Gaming South Africa (Proprietary) Limited (Thuo SA) in terms of providing certain services which are more cost-effective to run centrally. These services include human resource management, accounting services, help desk, information technology support, marketing, and product acquisition and deployment, which includes the refurbishment of machines and the onward lease thereof to operators. In return for these services, GPIMS earns a fee which amounts to 5% of revenue and charges the route operations a daily fee in respect of machines it owns and leases in terms of an operating lease agreement.

Going forward therefore, GPI's statement of comprehensive income is set to look vastly different from previous years with the consolidation of 100% of the revenues and profits from these businesses.

## Performance of GPI's Jointly-controlled Assets

### Urban Casino Investments – GrandWest

*GrandWest*

The depressed regional economy again impacted GrandWest, which posted a 4% decline in revenue and a 9% decline in earnings before interest, taxation, depreciation and amortisation (EBITDA). The EBITDA margin of 38.8% for the 2010 financial year declined by 2.3 percentage points from 41.1%. While it is a disappointing performance, we do believe that GrandWest held up relatively well under the circumstances with household discretionary spend undergoing a sustained period of downward pressure. Through good cost control and capital utilisation GrandWest was still able to pay a dividend of R300 million to its shareholders during the year.

It is our belief that customers respond to value and our focus in terms of the joint control we exercise over GrandWest has been to ensure that the concept of value is kept at the forefront of GrandWest's key strategic focus. GrandWest's positioning during this difficult period has centred around driving value back to the guest experience. This has been achieved by lowering the house advantage in favour of the customer, particularly in the case of the slots offering and ensuring that all other services offered at GrandWest are provided to customers with an overriding sense of value, thereby creating an exciting and thrilling winning experience for GrandWest customers when they play their favourite slots or table games. The shows provided at the state of the art Grand Arena have been exceptionally well received by the Cape Town market and GrandWest is rapidly developing a reputation for being the entertainment mecca of the Western Cape, rather like Sun City was to Gauteng.

Through the hard work, dedication and creativity of operational management, GrandWest is pleasingly starting to reap the benefits of delivering a much improved customer experience and is well positioned to enjoy any upside likely to present itself as the pressure on household discretionary spend eases in a slowly improving economic cycle. At the same time GPI will from its position of joint control increase its focus on extracting further operational efficiencies at GrandWest with a view to restoring profitability margins to levels it previously attained and beyond.

### Urban Casino Investments – Golden Valley Casino

*Golden Valley Casino*

The cost of this investment to GPI has been very small given that it has been largely self funded through interest-bearing debt. The investment has yet to produce a positive earnings contribution, however, the gearing structure of the investment is presently being addressed and management is confident that once this has occurred, a positive contribution to earnings will be derived in the short to medium term. Golden Valley Casino has always been a key strategic investment for GPI given that it was the last remaining available licence in the Western Cape, and in the event that legislation is passed allowing for a transfer of an existing casino licence to the Cape Metropole, Golden Valley Casino would have as good a chance as any to be the licence so transferred.

### Leisure Investments – The Table Bay Hotel

The Table Bay Hotel room occupancy fell sharply to 53% (compared to 67% last year) and the average room rate increased by 5% in the current year to R2 033, resulting in an EBITDA decline of 46% from last year to R35 million. This operation bore the brunt of the impact of the global financial crisis on the Group with its adverse impact on international tourism, which was, in addition, exacerbated by the substantial increase in the number of 5 Star rooms in Cape Town. We are working with our partner in this asset, Sun International Limited (Sun International), to find solutions to the hotel's current predicament. We are hopeful that these initiatives together with an improved outlook for the local tourism sector for next year, which is one of the expected outcomes of the 2010 Soccer World Cup, as well as a recovering global economy will lead this operation out of its current loss making position.

*The Table Bay Hotel*

### Leisure Investments – FIFA Fan Fest: 2010 Cape Town

A further highlight of the financial year was the key role played by GPI in shaping and implementing one of the most successful FIFA Fan Fest projects ever undertaken. Through our 33.3% shareholding in Grand World Vision Events, which secured the contract to manage the FIFA Fan Fest, GPI earned a small management fee amounting to approximately R400 000. While the fee was small our contribution to Cape Town as a whole through this partnership was immense and we are extremely proud to have been a part of it, particularly because of the fact that the Fan Fest itself came to life at the spiritual home of GPI, the Grand Parade, in front of the majestic and iconic Cape Town City Hall.

*FIFA Fan Fest on the Grand Parade*

## Performance of Assets over which GPI Exercises Significant Influence

### Urban Casino Investments – Real Africa

Real Africa Holdings Limited (RAH), which comprises the crown jewel properties within the Sun International portfolio, was adversely impacted by a poor performance by Afrisun Gauteng (Proprietary) Limited (Carnival City) and the performance of SunWest due to the decline in earnings produced by GrandWest and more pertinently the very poor result from the Table Bay Hotel. RAH accounts for its interest in SunWest as an investment and therefore reports the dividends it receives from SunWest as revenue. Although this was 15% lower than the previous year, it was, however, offset by a solid performance by Sibaya Casino and Boardwalk Casino and Entertainment World (Boardwalk Casino).

Sibaya Casino increased revenue by 5%, despite the global economic trend, but lost some ground with no growth in EBITDA which was in line with last year's results. The excellent positioning of Sibaya Casino is, as expected, paying dividends with it enjoying an increase in its share of the market.

Boardwalk Casino revenue declined by 1% which was less than expected in the difficult trading environment.

Carnival City struggled during the year with both declining revenue and operating efficiencies.

Notwithstanding the decline in profits in RAH's underlying urban casino interests, their powerful cash-generating capabilities still ensured excellent dividend flows to all and we were pleased with the fact that the RAH Board resolved to pass through a substantially higher dividend than the previous year.

### Urban Casino and LPM Investments – Akhona GPI

Akhona GPI is really starting to deliver positive results with a substantial increase in earnings which is attributable to its increased stake in Dolcoast and therefore Sibaya Casino.

## SUSTAINABILITY

As a black-owned and -managed company sustainability remains an integral part of our business operations. As our sustainability report indicates, we remain committed to positively transforming the communities in which we do business. We achieve this goal through the jobs we create and our focus on training, as well as through targeted procurement undertakings. We furthermore endeavour to follow responsible environmental practices and, through our social investment spending, we support a number of community projects whose aims are to uplift the people around them.

The gaming operations which we own or invest in are furthermore actively involved in ensuring responsible gambling conduct through their support of the National Responsible Gambling Programme (NRGP).

Empowerment too remains a strong focus, given GPI's proud history as a community-based company, and we strongly support the ideal of empowering previously disadvantaged individuals and achieving true gender equality for women.

## THE FUTURE

### LPM Operations

### (Being the Masters of our own Destiny through the operations of our Fully-controlled Assets)

GPI's acquisition of its LPM interests advanced one of the four main objectives of the National Gaming Legislation, namely the upliftment of previously disadvantaged communities, and therefore represents a key milestone in the evolution of the South African gambling industry.

A total of 50 000 LPMs were initially approved for roll-out in South Africa through three staggered stages, the first of which has taken place and totals some 19 500 machines. As at 30 June 2010, only 5 473 of these 19 500 LPMs were operational, the bulk of which are in the Western Cape (1 692) and KwaZulu-Natal (1 914).

Detailed overleaf is a breakdown of the total number of LPMs allocated to each province, as well as the current provincial split of the initial 19 500 accompanied by the actual number of licensed LPM operators and operational LPMs as at 30 June 2010.

In staying true to our vision of becoming a major and respected force in the gaming and leisure industry in Africa, GPI has always aspired to establish a national footprint in the LPM industry with operations in most provinces, and ultimately expanding that operational and financial blueprint responsibly to the rest of the continent. As such we have adopted a strategy which, if achieved, could see GPI operating a national network of some 5 000 LPMs in the short to medium term.

With the above expansion in mind, a LPM Route Operator Licence in Gauteng is key to the sustainable roll-out of our LPM footprint to the rest of South Africa, and as such is foremost in our LPM market vision. Once successful in securing a Gauteng 'Licence', we will have the luxury of a central hub from which we could commence with applications and efficient in-roads into Limpopo, Mpumalanga, the Free State and North West.

In addition to the physical expansion of our LPM footprint, opportunity exists, and is presently being addressed, to increase the present limitations on LPM Bet and Jackpot Limits. The current limitations of a maximum bet per game of R5,00 and a maximum jackpot (Payout) of no more than R500,00 per game were legislated as far back as 1996. We believe that there is every justification to adjust these limits for at least an inflationary increase.

The map below reflects the status of South Africa's LPM industry as at 30 June 2010.

## South African Limited Payout Machine Industry Overview

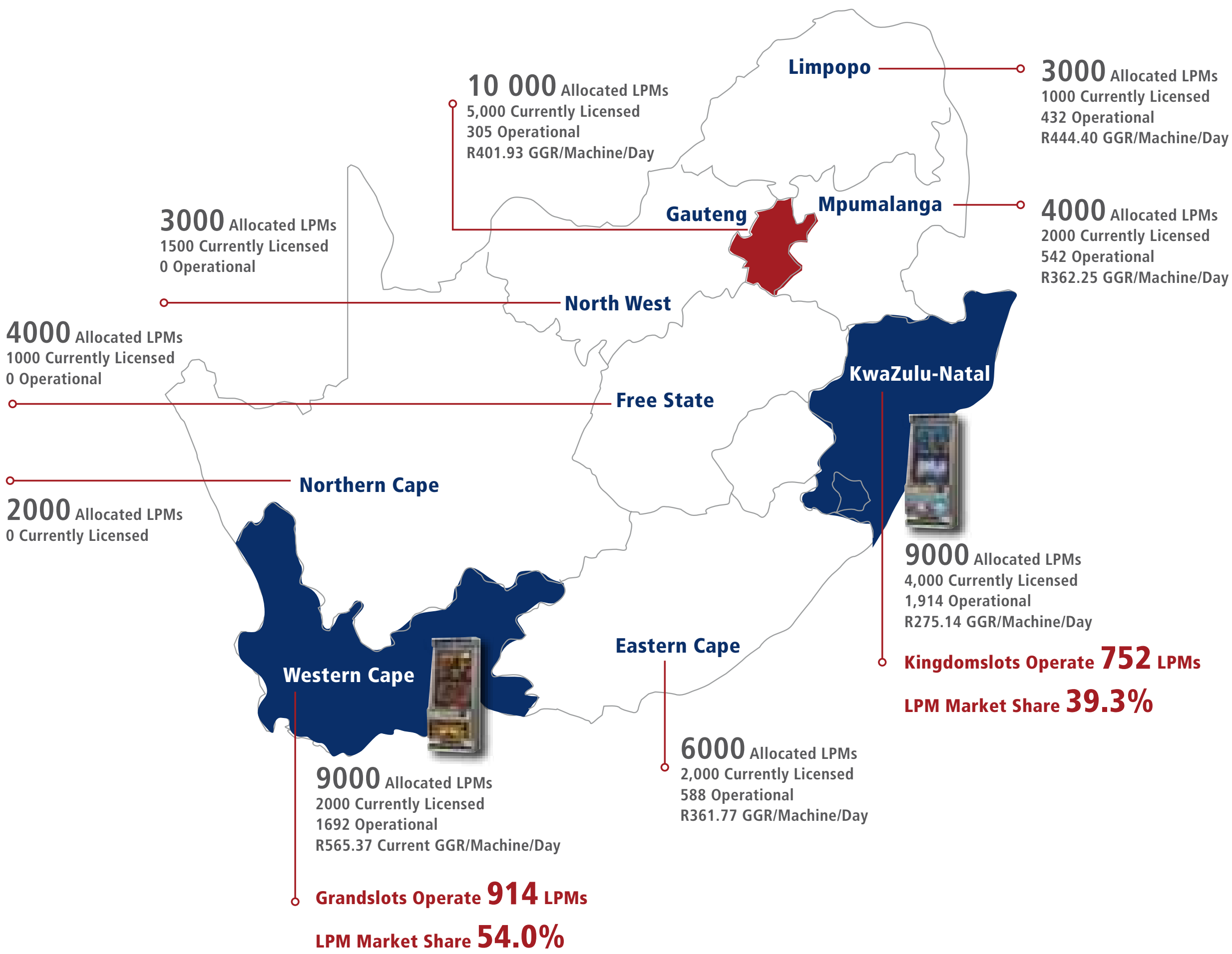
Through Grandslots and Kingdomslots, GPI is well placed to participate in the growing LPM industry. As noted earlier, there are 50 000 potential LPM licences available in South Africa, which the National Gambling Board plans to allocate in a three-phase roll-out. Phase one has already commenced.

Each province has been allocated a set number of LPMs for roll-out with no more than 50% of a province's overall allocation being rolled out in phase one, no more than 35% being rolled out in phase two and, finally, the balance of 15% being rolled out in phase three.

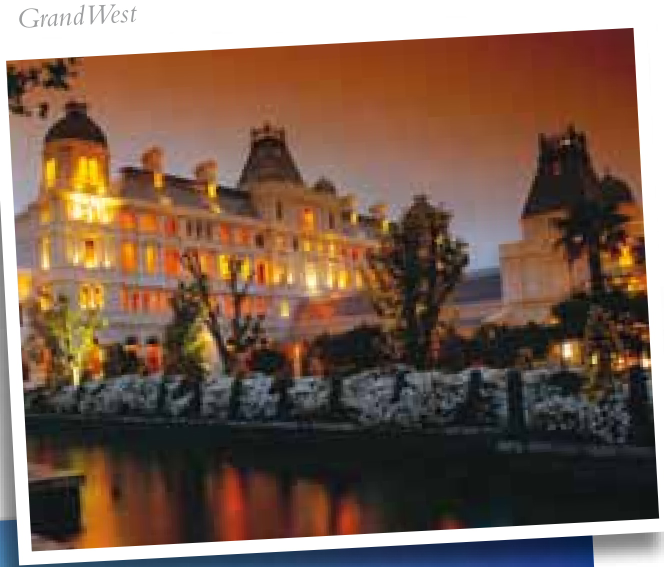
The progression between these phases is subject to a socio-economic impact study on the LPM industry in the relevant province being commissioned, with the results being considered by the Minister of Trade and Industry who has the final say as to whether or not the next roll-out phase may commence.

Following phase one, Kingdomslots presently holds 1 of the 4 LPM Route Operator Licences in KwaZulu-Natal and enjoys a 39.3% LPM market share and an even larger revenue market share, whilst Grandslots owns 1 of the 2 LPM Route Operator Licences in the Western Cape, enjoys a 54.0% LPM market share and also has an even healthier share of the LPM revenue in the province.

## National LPM Position as at 30 June 2010



*GrandWest*



*The Table Bay Hotel*

## Casinos
## (Jointly-controlled Assets)

We are fully aware of the significant role our partnership with Sun International has played in the success that GPI has enjoyed since inception. We are, however, also fully aware of the risk associated with the lauded possible relocation of a second casino licence to the Cape Town Metropole and the possible effect that this loss of exclusivity may have on the performance of GrandWest. That said, should the above proposal come to fruition, we are as well positioned as any other licence holder, with our stake in Golden Valley Casino, and as such would be afforded the same opportunity as any of our competitors to bid for a second Cape Town Metropole casino licence.

Both GrandWest and the Table Bay Hotel have over the past decade paid out substantial fees to Sun International Management (Proprietary) Limited (SIML). GrandWest's management contract terminates in 2014 and while we are confident that GrandWest will be fully capable of being self-managed by then, we remain hopeful that a shorter-term mutually beneficial solution can be found with Sun International.

In addition to the above, we remain extremely positive with regard to the performance of Sibaya Casino and maintain that our shareholding in RAH remains key to ultimately unlocking value and should bear even more fruit in the future, particularly as the economy begins its slow but inevitable recovery.

## Other Gaming Potential

While both the online and bingo gaming sectors are currently the subject of legislative processes, it is likely that online gambling will be legalised in the near future and that the current situation as to bingo will be resolved at some point too.

We are truly confident that our newly acquired LPM operations, and resultant gaming operator status, will afford GPI and therefore all its shareholders exciting opportunities in new resilient gaming markets, whilst offering diversification and reducing GPI's dependence on the success of its land-based urban casinos.

GPI now provides its shareholders with an exciting mix of established urban casinos that have consistently over the past decade produced stable and growing cash flows until the impact of the cyclical slowdown was first felt in 2008. We believe that after going through a two-year period of declining revenues we can look forward to the benefits of a recovering global and local economy. This strong base, combined with the exciting growth prospects in the LPM industry, make GPI a good bet for the future. We are confident that investors who remain invested for the long term will realise the full value that we believe to be inherent in the GPI share.

## IN CONCLUSION AND APPRECIATION

In closing, I would like to assure all shareholders that through our LPM acquisition, and resultant catapulting of GPI into the exclusive club of gaming operators, we in no way plan to take our "eye off the ball" in respect of our already successful investment portfolio, but rather we see the expansion of our business into one of both investor and operator as an exciting and profound opportunity.

By fully utilising and integrating an already strong, knowledgeable and experienced management team, we are determined to not just maintain our existing LPM market share and licences, but plan to expand these as quickly as possible. We will also continue to monitor and investigate opportunities in legal online gaming and bingo and do our utmost to continue to seek additional empowerment opportunities within the gaming and leisure industries.

That said, a particular word of thanks is due to our Chairman and the GPI Board for their vision and guidance, my management team, our staff, our advisors Leaf Capital (Proprietary) Limited, our sponsors PSG Capital (Proprietary) Limited, our attorneys Bernadt Vukic Potash & Getz and our key service providers for taking opportunities and making them a reality, and to our shareholders for their continuing faith in GPI and their confidence in our ability to grow their investments in a way that advances the company's commitment to economic empowerment of the communities within which we operate.

*Adrian Piers Funkey*
Chief Executive Officer

8 November 2010

*Sibaya Casino*

# Financial Director's Report

## *Richard Julian Hoption*

*Golden Valley Casino*

The financial year under review presented in GPI's Group results as set out in these annual financial statements is characterised by corporate action and a number of significant GPI achievements, the most notable of which is the acquisition of our LPM operations.

The accounting policies applied to these financial statements are consistent with the audited consolidated financial statements for the year ended 30 June 2009 except for the change in accounting policy relating to the Western Cape Casino Resort Manco (Proprietary) Limited (Western Cape Manco), the prior period re-classification of SunWest, and for the new, and amendments to, the accounting standards or interpretations, where applicable, which are fully detailed in the consolidated annual financial statements.

The accounting policy change and the re-classification of SunWest to a joint venture had no effect on earnings or headline earnings after tax, whilst the new statement IFRS 3R: Business Combinations, effective on 1 July 2009, which requires deal costs to now be expensed and not capitalised, has a large dilution effect of R17,3 million on the current year's earnings and headline earnings.

The adjusted headline earnings of R87,6 million (adjusted for once-off deal costs and the employee share trust) for the period under review decreased by R8,9 million or 9.2% from the prior year's R96,5 million. The decrease in adjusted headline earnings was mainly due to a decrease in profit from equity-accounted investments of R12,9 million, and an increase in base operating costs, defined as GPI consolidated costs excluding deal costs, of R2,7 million, which is offset by the R7,3 million decrease in finance costs.

The deal costs of R17,3 million comprise the associated cost of once-off deals transacted during the year, which were the Carentan acquisition (R5,7 million), the Thuo SA minorities, Grandslots Minorities and Stripe Investments 7 (Proprietary) Limited (Stripe) (Golden Valley Casino) transaction (R6,2 million – vendor finance costs to 30 June 2010 inclusive), and the SunWest BEE Lock-in transaction R5,4 million. Headline earnings of R70,2 million decreased R26,3 million or 27.2% from the prior year's R96,5 million.

The following table presents the revenue, EBITDA and operating profit of each of the main operating businesses, which drive GPI's earnings.

| | Revenue | | | EBITDA | | | Operating profit | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2010 R million** | 2009 R million | % change | **2010 R million** | 2009 R million | % change | **2010 R million** | 2009 R million | % change |
| GrandWest | **1 582** | 1 642 | (3.7) | **614** | 675 | (9.0) | **470** | 535 | (12.1) |
| Carnival City | **965** | 997 | (3.2) | **303** | 351 | (13.7) | **214** | 267 | (19.9) |
| Sibaya Casino | **849** | 810 | 4.8 | **296** | 295 | 0.3 | **222** | 233 | (4.7) |
| Boardwalk Casino | **414** | 418 | (1.0) | **160** | 172 | (7.0) | **130** | 142 | (8.5) |
| Table Bay Hotel | **167** | 199 | (16.1) | **35** | 65 | (46.2) | **9** | 33 | (72.7) |
| Golden Valley Casino | **112** | 109 | 2.8 | **27** | 34 | (20.6) | **9** | 14 | (35.7) |
| Grandslots | **193** | 188 | 2.7 | **41** | 39 | 4.9 | **29** | 28 | 3.6 |
| Kingdomslots | **82** | 62 | 32.3 | **11** | 4 | 175.0 | **–** | (5) | 100.0 |

Source: Sun International Limited SENS announcement/Thuo Gaming annual financial statements

Adjusted headline earnings per share decreased by 6.6%, whilst headline earnings per share decreased by 26.0%. The anticipated benefit of the previous year's buy-back programme has partially been diluted by the 12 750 000 new GPI shares, which were issued to Regarding Capital Management (RE:CM) clients in February 2010 at R2,35 per share to finance GPI's LPM acquisition. More significantly, the Group's net assets grew by 8.3% and net asset value per share has increased by 5.2% from the prior year.

Operating costs before deal transaction costs increased by R2,7 million or 20.8% to R15,9 million. The above inflation increase in operating costs is attributed to the increased demands of the business and the move to becoming an operating business in the gaming and leisure sectors.

Finance costs (excluding the vendor finance included in deal costs) have decreased by 26% due to a combination of lower interest rates (10% compared to the previous year's 11%), the R24,0 million Standard Bank of South Africa Limited (Standard Bank) / Depfin Investments (Proprietary) Limited (Depfin) preference share redemption in March 2010, and prior year non-recurring bridging finance costs and raising fees totaling R3,2 million.

The debt-equity ratio of 22.59% as at 30 June 2010 (2009: 17.5%) reflects the R140 million additional gearing incurred at the end of the financial year to mainly finance the LPM acquisition by GPIMS. R80 million of this gearing was raised to purchase LPMs which are leased to Grandslots and Kingdomslots. We monitor our debt covenants and maintain regular communication with our funders.

Cash flow from interest and dividends received decreased to R133,7 million from the prior year's R147,1 million notwithstanding the R6,6 million increase in dividends received from RAH. The decrease is attributable to the approximately R21,7 million higher prior year 1st quarter SunWest dividend which was made possible from the R92,4 million SunWest's rights issue shares purchased by GPI pursuant to the exercise of its call option on 4 July 2008.

The interest cover, based on cash flow from operations before deal transaction operating costs, working capital changes plus interest and dividends received, and actual finance charges paid is 4,0 times (2009: 5,6 times) as a result of the increased debt raised in the prior year. Finance charge accruals have not affected the interest cover ratio in the current year (2009: reduced to 4,4 times).

The GPI Group holds a large number of Secondary Tax on Companies (STC) credits. The change to the dividends tax regime, which has been legislated but not implemented yet, will increase cash flow through the Group, although the tax incidence will then fall on the ultimate shareholder.

During the year GPI directly acquired a further 0.8% of SunWest at a total direct cost (excluding deal costs) of R28,9 million. R23,1 million of this amount paid for 140 182 N ordinary shares purchased at a significantly discounted cost of R165,0 per share following the exercise by GPI of the remainder of its call option. The balance of R5,8 million purchased an additional 17 406 SunWest shares at an average cost of R331,6 pursuant to the acceptance of pre-emptive offers made in terms of the SunWest shareholders' agreement.

*IGT-Africa: Wheel of Gold LPM*

In order to achieve the 35% Lock-in requirement before the remaining options expired at the end of June 2010, GPI entered into a BBBEE Lock-in transaction with certain shareholders and in so doing was able to exercise its option. The consideration to these shareholders for this Lock-in amounts to R4,3 million and has been accrued, but not paid, in this reporting period. As the transaction involves related parties, a fairness opinion has been sought and issued by Mazars Corporate Finance (Proprietary) Limited (Mazars) and is available for inspection until the Annual General Meeting (AGM) at GPI's offices. The payment to these shareholders has been ruled by the JSE as a specific payment to shareholders and is subject to approval by shareholders in the AGM. This approval is to be sought from the shareholders at the next AGM to be held in December 2010.

On 30 June 2010 GPI Slots acquired, on a vendor's loan, Stripe (holding 7.72% of Golden Valley Casino) for R3,86 million. The acquisition was made to achieve joint control of Golden Valley Casino and had the added benefit of cleaning up GPI's structure. This investment can be viewed as the cost of control and has been impaired.

GPI invested in Grand World Vision Events at a negligible cost. It is through this vehicle that GPI participated in the successful project management of the Cape Town 2010 FIFA Fan Fest held on the Grand Parade. Whilst the revenue this generated for GPI was small, GPI will continue to look at growing revenues from its operating potential in this manner.

Included in the working capital changes is a R2,5 million bridging advance to Akhona GPI, which was made to secure the purchase by Akhona GPI of shares in Dolcoast. Akhona GPI finalised this transaction adding a further 1% of Sibaya Casino to its portfolio. GPI holds 74.95% economic and 49.99% voting interest in Akhona GPI, whilst Akhona continues to have a call option to re-purchase shares to restore the economic shareholding to equality.

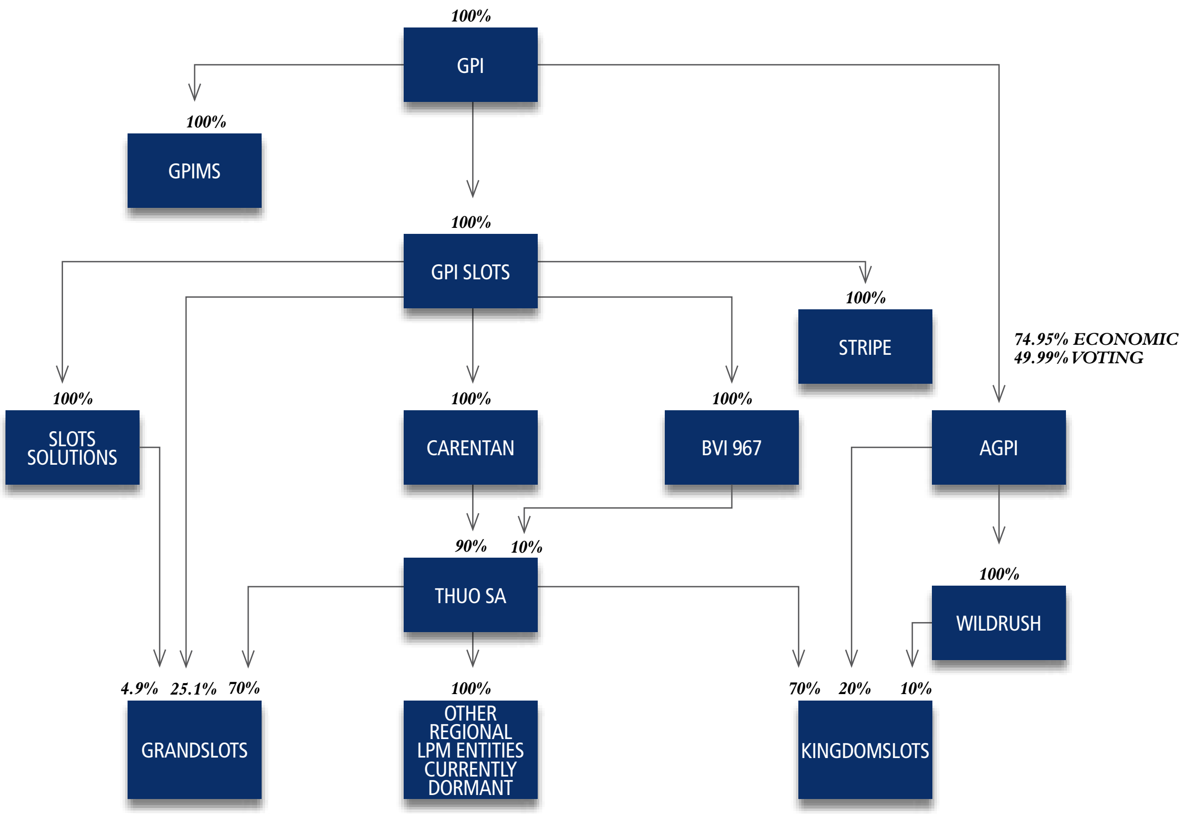
The Grand Parade Share Incentive Trust (GPSIT) was registered on 25 March 2009. In 2009 the GPSIT purchased 7,6 million GPI shares for R2,00 per share financed by a loan from GPI and GPSIT sold 1,78 million of these shares at R2,12 to key employees who funded the purchase with loans advanced to them by GPSIT. No shares were issued to employees during the year under review. The GPI shares held by GPSIT are treated as treasury shares.

From an IFRS 3R accounting perspective, 30 June 2010 represents the effective date of our LPM acquisition. The companies GPI acquired are consolidated as subsidiaries at that date and their income will only be consolidated from the beginning of the new financial year. Pre-acquisition income earned by the Group from the legally effective date of 1 July 2009 is not consolidated but the higher cash balance implicitly reduced the value attributed to goodwill. GPI's 100% owned subsidiary, GPI Slots, already held a 25.1% shareholding in Grandslots at the beginning of the financial year and its profit is reflected as profit from associates of R5,0 million for the full 2010 financial year.

The LPM acquisition took place in three stages:

1. Acquisition of Carentan and control of the Thuo Group:
   GPI Slots entered into an agreement, dated 2 November 2009, to purchase 100% of the issued share capital and shareholders' loan claims of Carentan (refer diagram) and Carentan was recognised as a subsidiary in terms of IFRS 3R when control was transferred on 30 June 2010.
2. Acquisition of Thuo SA and Grandslots minority interest:
   Acquisition of the remaining minority interest in Thuo SA and Grandslots and, through the acquisition of Stripe a further 7.72% of Golden Valley Casino, as one transaction, effective 1 July 2009, and binding when the Carentan deal became unconditional in June.
3. Pending acquisition of Kingdomslots minority interest subsequent to year-end:
   At 30 June 2010, GPI held 74.95% of the economic shares and 49.99% of the voting shares of Akhona GPI, and Akhona GPI, in turn, held a 20% direct interest and a 10% indirect interest, through wholly-owned Wild Rush Trading 97 (Proprietary) Limited (Wild Rush), in Kingdomslots. Post-balance sheet GPI Slots has made an offer to Akhona GPI to purchase Akhona GPI's 30% (direct and indirect) interest in Kingdomslots, which offer has been accepted subject to certain conditions, which include, inter alia, agreement on the manner of payment of the purchase price, KwaZulu-Natal Gambling Board approval and the signing of a final binding agreement.

**The following diagram depicts the companies acquired:**



*Grandslots at "Hectic-on-Hope" in the Cape Town CBD*

Purchase price allocation of the LPM acquisition:

IFRS 3R requires that the fair value of the net identifiable assets and liabilities of the acquired Group be performed as at the date of acquisition and that any goodwill or bargain purchase on acquisition is brought to account. This exercise entails determining the fair value of each identifiable asset, including each identifiable intangible asset and liability and comparing this to the consideration.

The fair value of identifiable assets and liabilities have been made, and goodwill on acquisition and intangible assets of R110,6 million and R37,5 million respectively raised. An impairment review of goodwill and intangible assets will be made annually. The intangible assets will be amortised in accordance with Group policy.

Accordingly the purchase price allocated for the slots Group is as follows:

| | R million |
|---|---|
| Carentan – Shares | 79 |
| Carentan – Loan account | 95 |
| Thuo SA 10% and Grandslots 4.9% minorities – shares | 17 |
| Existing Grandslots (25.1%) | 53 |
| Kingdomslots 30% – held by Akhona GPI | 25 |
| Total fair value for the purpose of purchase price allocation | 269 |
| Total anticipated final cost of all the LPM Group's shares (excluding deal costs and Carentan loan account) | 174 |

The Carentan purchase excluding deal costs was funded out of a combination of an ordinary share issue of R30,0 million, preference share debt issue of R20,0 million, term loan debt of R80,0 million, bridging finance of R15,0 million and internal resources of R29,0 million.

The acquisition of Thuo SA and Grandslots minority interest is funded by a vendor's loan.

The existing Grandslots 25.1% has first been re-measured by R42,5 million, which is reflected in profit or loss, to R53,3 million and re-classified in terms of IFRS 3R and therefore has no funding requirement.

The remaining Kingdomslots 30% is held by Akhona GPI, of which 74.95% is held by GPI. Therefore 25.05% or R4,9 million of this is reflected as a non-controlling interest in the statement of financial position.

*Kingdomslots*

The following information is provided for stakeholders to better understand the acquired business and the effect of LPMs on the consolidated results of the GPI Group, had they been consolidated from the legal effective date of 1 July 2009 as opposed to the control and accounting acquisition date of 30 June 2010.

| | Revenue | | EBITDA** | | Operating profit | |
|---|---|---|---|---|---|---|
| R'million | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Grandslots | 193 | 188 | 41 | 39 | 29 | 28 |
| Kingdomslots | 82 | 62 | 11 | 4 | – | (5) |
| LPM Group* | 275 | 250 | 51 | 36 | 26 | 12 |

*The LPM Group (Carentan) includes Grandslots and Kingdomslots and all other Carentan subsidiaries.*
** *EBITDA is stated here before net interest paid, tax and depreciation.*

| | LPM Group | |
|---|---|---|
| | 2010 | 2009 |
| | R million | R million |
| EBITDA | 51,1 | 35,6 |
| Depreciation | (23,7) | (19,8) |
| Amortisation | (1,7) | (3,6) |
| Operating profit | 25,7 | 12,2 |
| Net interest paid | (1,7) | (3,6) |
| Taxation | (9,4) | (8,0) |
| Profit for the year | 18,0 | 7,8 |

| | Grandslots | | Kingdomslots | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Machines | 914 | 928 | 752 | 653 |
| Sites | 192 | 200 | 155 | 136 |
| | R million | R million | R million | R million |
| EBITDA | 41,6 | 39,6 | 10,7 | 3,3 |
| Depreciation | (12,7) | (11,1) | (10,6) | (8,1) |
| Amortisation | (0,2) | (0,2) | (0,1) | (0,15) |
| Operating profit/(loss) | 28,7 | 28,3 | – | (4,8) |

The following table provides insight into the Grandslots and Kingdomslots cost ratios for the 2010 financial year.

| | Grandslots | | Kingdomslots | |
|---|---|---|---|---|
| | 2010 | 2010 | 2010 | 2010 |
| | R million | % | R million | % |
| Total Bet | 1 913,3 | | 825,2 | |
| Return to player (RTP) | (1 722,4) | | (743,4) | |
| Gross gaming revenue | 190,9 | 100 | 81,8 | 100 |
| Cost of sales | (109,7) | (57) | (47,6) | (58) |
| Premises commission | (55,0) | (29) | (21,8) | (27) |
| Gaming value-added tax | (23,4) | (12) | (10,0) | (12) |
| Provincial gaming levy | (18,3) | (10) | (10,8) | (13) |
| Monitoring service levy | (11,5) | (6) | (4,9) | (6) |
| CSI and responsible gambling | (1,5) | – | (0,1) | – |
| Gross gaming margin | 81,2 | 43 | 34,2 | 42 |
| Other revenue | 2,4 | 1 | 0,9 | 1 |
| Net operating revenue | 83,6 | 44 | 35,1 | 43 |
| Expenditure (excluding licence fees) | (36,0) | (19) | (22,8) | (28) |
| Licence fees | (6,0) | (3) | (1,6) | (2) |
| EBITDA | 41,6 | 22 | 10,7 | 13 |

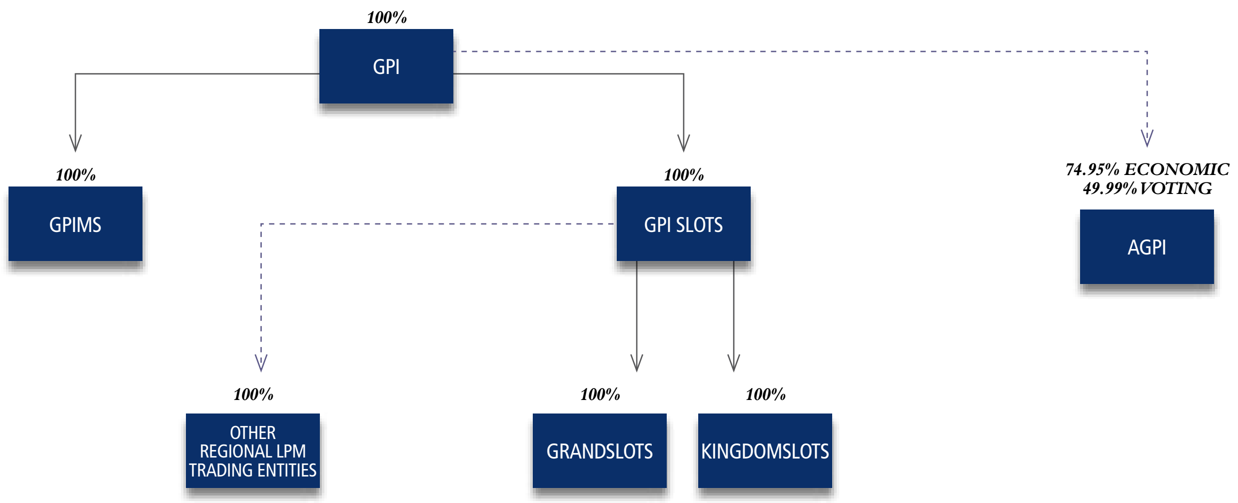
*Carentan and Thuo SA provided machine lease and certain shared services to the operating companies during the year, which are eliminated on consolidation.*

*The Grandslots number of machines and number of sites decreased year-on-year due to the closure of non-performing sites. Nevertheless, Grandslots still recorded a 2.6% net revenue growth.*

*Source: Grandslots, Kingdomslots and Carentan annual financial statements for the year ended 30 June 2010.*

Whilst the GPI Group structure (and more specifically the GPI Slots Group structure) or transactions appear complex, it is out of this complexity that the opportunity arose. Going forward steps have been taken to simplify the GPI Slots Group structure, which should look as follows:

## GPI Slots Group structure – after re-structure




The addition of operations to GPI's existing investment activities means that the appearance of GPI's results in future financial statements will change.

In conclusion, I would like to extend my thanks to you, the stakeholder, for the support you have given GPI over the last financial year and look forward to receiving your continued support in the new year ending 30 June 2011.

*Richard Julian Hoption C.A. (S.A.)*
Financial Director

Cape Town
8 November 2010

# Directorate & Administration

Hassen Adams

*"I am committed to changing lives and creating shareholder value."*

Adrian Piers Funkey

*"My passion for the business of GPI has been moulded with blue chip service companies and my decade long operational experience in the urban casino and leisure sector."*

Richard Julian Hoption

*"Promoting compliance and good financial corporate governance first."*

Alexander Abercrombie

*"GPI insists on fostering good relationships with all stakeholders including regulatory authorities."*

**Hassen Adams**

*H. Dip Civil Engineering (PenTech), Pr. Tech. Eng.*

Hassen is a consulting engineer by training and has many years' experience in the fields of engineering and project management. He is the Chairman of SunWest and serves on many other Boards, i.e. Grindrod Limited, Retail Corporation (Proprietary) Limited, Cape Town Fish Market, Gold Circle, Nadesons (Proprietary) Limited, etc. His skills and experience are derived from his involvement in many different businesses over the years. Hassen Adams uses these skills to make strategic investment decisions for GPI.

**Adrian Piers Funkey**

*B.Com Hons, CA(SA), CIMA (UK)*

Adrian is a Chartered Accountant (SA) and a member of the Chartered Institute of Management Accountants in the United Kingdom. He combines sound commercial and financial knowledge with excellent strategic planning and leadership experience.

**Richard Julian Hoption**

*B.Com, Dip.Acc (UND), CA(SA)*

Richard is a qualified Chartered Accountant (SA), articled at Deloitte. He has served as internal auditor, financial controller and financial manager at Smiths Manufacturing SA (Proprietary) Limited as well as senior operations manager, investment manager and director of a number of client property equity investment and development companies at NBS Bank Limited (BoE/Nedbank).

**Alexander Abercrombie**

*Att.Adm.Dipl. (UWC), PgD (Company Law) (Stell), Cert (Sports Law) (UCT)*

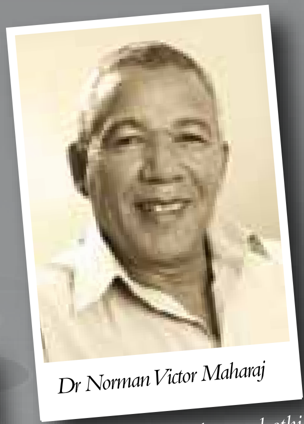
Alex is an attorney and a conveyancer. He is a Director and Regional Head of Real Estate at DLA Cliffe Dekker Hofmeyr and has acted as a Judge of the High Court of South Africa. He has a number of business interests and he is well respected in legal, business and sports circles.

Charl Wayne Williams

*"The in-house ability to provide strategic and legal input will always give GPI the edge."*

Anthony William Bedford

*"Investment in human capital is paramount to the success of GPI."*



Dr Norman Victor Maharaj

*"GPI is driven by good ethics and continuously strives for excellence."*

Nombeko Mlambo

*"The social and educational advancement of our people is always part of GPI's agenda."*

Ralph Gordon Freese

*"The driving force in GPI is managing risks and shaping strategy to the best advantage of our shareholders."*

**Charl Wayne Williams**

*BA (Law) (UWC), LLB (UWC), LLM (UCT)*

Charl is a director of the law firm DLA Cliffe Dekker Hofmeyr and practises in all aspects of corporate and commercial law. He has assisted various types of businesses and has as a result garnered extensive commercial and technical legal experience in the private sector. GPI has benefited from his valuable legal and strategic input and his analytical and processing abilities have been notably present at audit and risk committee level.

**Anthony William Bedford**

*B.Admin (Hons) (Industrial Psychology) (UNISA),*

*N.Dip (States Accounts & Finance) (PenTech)*

Tony has extensive local and international experience in general management, HR and marketing. He has a 20-year career span with Del Monte Food International serving as the UK Director of the Human Resources as well as serving at managing director level. He retains membership as a Chartered Human Resource Practitioner, and a registered Psychometrist with the South African Medical and Dental council. He also has 10 years' defense-related experience at director level.

**Dr Norman Victor Maharaj**

*MB, ChB*

Norman has until recently been a commissioner in the Public Service Commission. He is a qualified medical doctor and has held senior executive management positions at a number of Western Cape government hospitals. He has extensive trade union movement experience in the public service sector. This experience has helped broaden the GPI Board's analytical and decision-making abilities, with particular reference to matters of good corporate governance and ethics.

**Nombeko Mlambo**

*BA (UNISA), B.Ed (UCT), MA in Counselling Psychology (Durham University)*

Nombeko started her teaching career in 1966. She co-founded the Council for Black Education & Research Trust, an educational NGO, in 1982. She is involved in The Trust for Education Advancement in South Africa, the Business Skills & Development Centre and the Community Plough Back Movement and also chairs the Western Cape Women Investment Forum Limited.

**Ralph Gordon Freese**

Ralph was born on the Cape Flats, educated by diverse teachers and experience, and now serves on Boards of both developmental NGOs (arts, housing and financial) and businesses. He enjoys complex processes, reads widely (science and novels), and loves the mountains, beaches and wines of the Cape.

# Corporate Governance Report

The Board of GPI endorses the application of the principles recommended in the King report on Corporate Governance ("King II"). The Board is satisfied that the company is compliant with the King Code in most material aspects and with the related Listings Requirements of the JSE.

The extent of the company's compliance with the Code and related Listings Requirements of the JSE is dealt with under appropriate sections throughout this report.

King III became effective for years beginning 1 March 2010. It will have an impact on the 2011 financial year. The Board has not early adopted the principles of King III.

## BOARD OF DIRECTORS

The Board is the focal point of the company's corporate governance system which is ultimately accountable and responsible for the key governance processes and the performance and affairs of the company.

## BOARD CHARTER

The Board subscribes to a charter which regulates how business is to be conducted in accordance with the principles of good corporate governance.

The charter regulates and deals with, inter alia:

- retaining full and effective control over the company and monitoring management in implementing Board plans and strategies;
- ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the company's own governing documents and codes of conduct;
- defining levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions;
- acting responsibly towards the company's stakeholders;
- being aware of, and committed to, the underlying principles of good governance;
- reviewing the strategic direction of the company and adopting business plans proposed by management for the achievement thereof;
- approving specific financial and non-financial objectives and policies proposed by management;
- reviewing processes for the identification and management of business risk and processes for compliance with key regulatory and legal areas;
- delegating authority for capital expenditure and reviewing investment, capital and funding proposals reserved for Board approval; and
- providing oversight of performance against targets and objectives.

## BOARD CHAIRMAN

The Board has been chaired by Mr H Adams, a non-executive Chairman. The Chairman of the Board is responsible, inter alia, for ensuring the integrity and effectiveness of the Board's governance processes.

## BOARD COMPOSITION

GPI has a unitary structure comprising a mix of executive and non-executive directors to ensure a clear balance of power and authority at Board level in order for no one director to have unfettered powers of decision-making. Procedures for appointment to the Board are formal and transparent and a matter for the Board as a whole. The Board is assisted in this process by the remuneration and nomination committee. The Board also consults independent experts as and when required.

The Board presently comprises two executive and seven non-executive experienced and appropriately skilled directors, of whom two are considered independent in terms of the definitions contained in the Code.

## DIRECTORS' PERIOD OF OFFICE AND RETIREMENT

In terms of the company's articles, new non-executive directors may only hold office until the next AGM at which they will be required to retire and may offer themselves for re-election. One-third of the directors are subject to retirement by rotation at least once a year. The retirement age for a director is 70.

Adrian Piers Funkey (CEO) and Richard Julian Hoption (Financial Director) are the only two executive directors who have employment agreements with GPI containing terms and conditions that are normal for such contracts.

The directors who offer themselves for re-election at the next AGM are set out in the notice of the AGM in the annual report.

## BOARD NOMINATIONS

Appointments to the Board are referred to the remuneration and nominations committee which assesses the qualifications and skills of the proposed director. Once satisfied, the remuneration and nominations committee makes the necessary recommendations to the Board. The Board then decides on the appointment of the director.

## INDUCTION OF DIRECTORS

On appointment, all directors are provided with materials aimed at broadening their understanding of the Group and the business environment and markets in which the Group operates. All directors are expected to keep abreast of changes and trends in the business and in the Group's environments and markets, including changes and trends in the economic, political, social and legal climate.

## ACCESS TO COMPANY INFORMATION AND CONFIDENTIALITY

Procedures are in place, through the Board Chairman and the company secretariat, enabling the directors to have access, at reasonable times, to all relevant company information to assist them in the discharge of their duties and responsibilities and to enable them to make informed decisions. Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

## INDEPENDENT PROFESSIONAL ADVICE AND COMPANY SECRETARIAT

A procedure is in place for directors to take independent advice, for the furtherance of their duties, if necessary, at the company's expense, subject to prior notification to the Board Chairman or the Company Secretary.

The Company Secretary provides a central source of advice to the Board on the requirements of the Code on Corporate Governance and, in addition to the Company Secretary's statutory and other duties, provides the Board as a whole, directors individually and the committees with guidance as to how their responsibilities should be discharged in the best interest of the company. The appointment and removal of the company secretariat is a matter for the Board as a whole.

## CONFLICT OF INTEREST

Directors are required to inform the Board of any conflicts or potential conflicts of interest which they may have in relation to particular items of business. Directors are required to recuse themselves from discussions or decisions on those matters where they have conflict or potential conflicts of interest and the Board may, if it deems appropriate, request a director to recuse himself/herself from the meeting for the duration of the matter under discussion. If material, the matter is put to the shareholders for approval in accordance with the Listings Requirements of the JSE.

## BOARD MEETINGS

A minimum of four Board meetings are scheduled per financial year to consider, deal with and review, inter alia, strategic and key issues, financial issues, the review of operational performance and any specific proposals for capital expenditure relative to the company and the Group. A number of other board meetings were held during the year.

| | Formal Board meetings* | Special Board meetings# |
|---|---|---|
| A Abercrombie | 4 | 3 |
| H Adams | 4 | 3 |
| A W Bedford | 4 | 3 |
| R G Freese | 4 | 3 |
| A P Funkey | 4 | 3 |
| N V Maharaj** | 3 | 1 |
| N Mlambo | 4 | 3 |
| R J Hoption | 4 | 3 |
| C W Williams | 4 | 3 |

* Total number of formal Board meetings attended during the year.
# Total number of special Board meetings attended during the year.
** Unable to attend all Board meetings due to hospitalisation.

## BOARD COMMITTEES

The Board is authorised to form committees to assist in the execution of its duties, powers and authorities. The Board has three standing committees, namely the audit and risk, remuneration and nomination, and investment committees. The terms of reference and composition of the committees were determined and approved by the Board during the financial period and have been adopted by the committees. The terms of reference of the committees will be subject to review and amendments on an annual basis. The Chairmen of the committees report to the Board on a regular basis.

## AUDIT AND RISK COMMITTEE

Composition: Messrs R G Freese (Chairman), N V Maharaj and C W Williams

The audit and risk committee consists of three non-executive directors of whom two are independent. The audit and risk committee is primarily responsible for overseeing the company's financial reporting process on behalf of the Board, and assists the Board in discharging its fiduciary duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The mandate of the audit and risk committee includes:

- consideration of the annual appointment and evaluation of the external auditors, the audit plan and audit fees;
- evaluation of the independence and effectiveness of the external auditors;
- consideration of non-audit services performed by them in respect of which a policy has been established;
- review of the interim report and annual financial statements, including the valuation of unlisted investments and loans, prior to submission to the Board;
- discussion of problems arising from external audit and review of the external auditors' interim and final reports and identification of key issues;
- consideration of major findings of internal investigations and management responses;
- review of the adequacy of the systems of internal control and any legal matters which could significantly impact on the Group's financial statements;
- review of compliance with the King Code and Listings Requirements in so far as these relate to the financial statements; and
- consideration of the appropriateness of the expertise and experience of the Financial Director.

All members of the audit and risk committee are directors and are financially literate. The Chairman of the audit and risk committee or, in his absence, another member of the committee nominated by him, attends the AGM to answer questions falling under the mandate of the committee.

The audit and risk committee is required to meet at least four times a year. Meeting attendances are detailed below. Various other informal meetings were held during the year.

| | Formal meetings attended |
|---|---|
| R G Freese | 4 |
| N V Maharaj | 3 |
| C W Williams | 4 |

## REPORT OF THE AUDIT AND RISK COMMITTEE

In terms of Sections 269A and 270A of the Companies Act, 1973 (No 61 of 1973) as amended, the audit and risk committee of the company and the Group, including wholly-owned subsidiaries, discharged it functions as follows:

- considered the annual appointment and evaluated the external auditors, the audit plan and audit fees;
- evaluated the independence and effectiveness of the external auditors;
- considered non-audit services performed by the external auditors;
- reviewed the interim report and 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 committee:
  - took appropriate steps to ensure that the annual financial statements are prepared in accordance with IFRS and the Companies Act, 1973 (No. 61 of 1973) of South Africa as amended, and
  - considered and made recommendations, where appropriate, on internal controls;
- discussed problems arising from the external audit and review of the external auditors' interim and final reports and identification of key issues;
- considered major findings of internal investigations and management responses;
- reviewed the adequacy of the systems of internal control and any legal matters which could significantly impact on the Group's financial statements;
- reviewed compliance with the King Code and Listings Requirements in so far as these relate to the financial statements; and
- reviewed the risk management framework and made recommendations, where appropriate, to the Board.

In terms of JSE Listing Requirement 3.84(i), the audit and risk committee satisfied itself that the Group Finance Director has appropriate experience and expertise.

The Chairman of the audit and risk committee is required to report to the Board of directors on matters attended to by that committee, which he has done, and Board members received a copy of audit committee minutes.

## REMUNERATION AND NOMINATION COMMITTEE

Composition: Messrs A W Bedford (Chairman), A Abercrombie and Ms N Mlambo

The members of the committee are non-executive directors. For as long as the committee also performs a nomination function, the Chairman is to be appointed by the committee. The remuneration and nomination committee reviews the design and management of executive salary structures and policies. The Group was until recently primarily an investment company where investee companies had their own remuneration committees, but with the LPM acquisition on 30 June 2010 will now also oversee a substantial operating business. The committee also regularly reviews the composition of the Board and makes recommendations to the Board on its composition, the appointment of non-executive directors, the re-election of retiring directors and the composition of the Board committees, in terms of the prerequisites set out in the Board charter.

The mandate of the remuneration and nomination committee requires the committee, inter alia, to:

- ensure that competitive reward strategies and programmes are in place in support of realising corporate objectives and in safeguarding shareholders' interests;
- recommend the level of non-executive director and Board committee fees to the Board, having received the proposals/ recommendations of the executive directors and, where appropriate, independent remuneration consultants for consideration and approval by shareholders;
- ensure consideration is given to succession planning in the Group; and
- review and determine the remuneration of the executive directors, subject to consideration of the short- and longer-term components of remuneration and individual contributions and performance.

No executive director is present at meetings of the remuneration and nomination committee when his own remuneration is discussed or considered. The Chairman of the remuneration and nomination committee or, in his absence, another member of the committee, is required to attend the AGM to answer questions on the subject of remuneration.

The remuneration and nomination committee is required to meet formally at least once a year. A number of informal meetings were held during the year.

| | Formal meetings attended |
|---|---|
| A Abercrombie | 1 |
| A W Bedford | 1 |
| N Mlambo | 1 |

### Directors' fees

| Executive directors | Salary R | Other benefits R | Bonuses R | Director fees R | Audit committee R | Remuneration and nomination committee R | Total remuneration 2010 R | Total remuneration 2009 R |
|---|---|---|---|---|---|---|---|---|
| A P Funkey | 1 660 726 | 213 168 | 131 083 | – | – | – | 2 004 977 | 1 254 000 |
| R J Hoption | 954 865 | 81 293 | 75 000 | – | – | – | 1 111 158 | 776 923 |
| | 2 615 591 | 294 461 | 206 083 | – | – | – | 3 116 135 | 2 030 923 |
| **Non-executive directors** | | | | | | | | |
| H Adams | – | – | – | 1 002 981 | – | – | 1 002 981 | 905 958 |
| A Abercrombie | – | – | – | 102 500 | – | 30 750 | 133 250 | 80 000 |
| A W Bedford | – | – | – | 102 500 | – | 61 500 | 164 000 | 110 000 |
| R G Freese | – | – | – | 102 500 | 61 500 | – | 164 000 | 110 000 |
| N Mlambo | – | – | – | 102 500 | – | 30 750 | 133 250 | 95 000 |
| N V Maharaj | – | – | – | 102 500 | 30 750 | | 133 250 | 95 000 |
| C W WIlliams | – | – | – | 102 500 | 30 750 | | 133 250 | 95 000 |
| | – | – | – | 1 617 981 | 123 000 | 123 000 | 1 863 981 | 1 490 958 |
| | 2 615 591 | 294 461 | 206 083 | 1 617 981 | 123 000 | 123 000 | 4 980 116 | 3 521 881 |

## INVESTMENT COMMITTEE

Composition: Messrs H Adams (Chairman), R G Freese and A Abercombie

GPI's investment objective is to achieve above average returns for its shareholders by investing in undertakings and entering into joint ventures and other similar alliances, whereby it forms partnerships with entities contributing not only to capital, but also providing strategic managerial input, a high profile corporate identity and, most importantly, impeccable empowerment credentials. The investment committee meets formally at least twice a year and engages in regular informal discussions.

## RISK MANAGEMENT

### Risk management

The directors of GPI have committed the Group to a process of risk management that is aligned to the principles of the King II Report. Effective risk management is imperative to a Group with GPI's risk profile. The realisation of the business strategy depends on GPI being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk enables GPI to anticipate and respond to changes in the business environment, as well as take informed decisions under conditions of uncertainty. Every key risk in each part of the Group is included in a structured and systematic process of risk management. All key risks are managed within a unitary framework that is aligned to the Group's corporate governance responsibilities.

The nature of the Group's risk profile demands that GPI adopts a prudent approach to corporate risk and GPI's decisions around risk tolerance and risk mitigation reflect this. Nonetheless, the Group's response to risk remains flexible and dynamic so as not to hinder the Group's growth with inappropriate and burdensome controls. Controls and risk interventions are chosen on the basis that they increase the likelihood that GPI will fulfil its intentions to stakeholders, being the maximising of long-term shareholder value. The risks to which the Group's existing investments are exposed are continuously identified and mitigated in terms of a Group process that allocates responsibility, determines the action to be taken and monitors compliance with that action.

This involves managing in a changing and challenging gaming environment and industry, as well as pursuing new business opportunities on an ongoing basis.

## ACCOUNTABILITY AND AUDIT

### External audit

The primary focus of the external auditors is to express an audit opinion on the Group annual financial statements. Whilst performing such duties, the external auditors provide the Board and the audit committee with their independent observations and suggestions on the Group's controls, as well as suggestions for the improvement of the financial reporting and operations of the business. The external auditors' audit approach is risk-based, requiring them to continually identify and assess risk throughout the audit processes. The external auditors are reliant on the operating procedures and place emphasis on understanding how management obtains comfort that the business is generating reliable information and then evaluating and validating the basis of this comfort.

### Internal control

The Board of directors is responsible for the Group's systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations. Due to the size of the entity and the volume of transactions processed, the risk of a material misappropriation of funds is low. In addition, there is a high level of management and Board review. Therefore, no internal audit committee is required to be formed at this time. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the Group has occurred during the year.

## REGULATORY ENVIRONMENT

The gaming industry in which the Group operates is highly regulated and is subject to significant probity and outside regulatory monitoring. This requires the Group, its major shareholders, directors, senior management and key employees to observe and uphold the highest levels of corporate governance.

## SOCIAL RESPONSIBILITY

GPI actively promotes, through its investments in associates and joint venture companies, the upliftment and socio-economic development of the communities in which the Group operates by working with community members with the objective of transferring skills. The company is extremely aware of gambling being a problem in such communities and proactively, through its investments in associated and joint venture companies, endorses the NRGP and interacts with individuals, industry and government to assist in focusing on this important initiative.

## COMMUNICATIONS

The Board strives to provide its shareholders, employees, government, regulatory bodies, industry analysts, prospective investors and the media with relevant and accurate information, promptly and transparently. In this respect, the regulatory requirements regarding the dissemination of information are strictly observed.

## DEALINGS IN SECURITIES

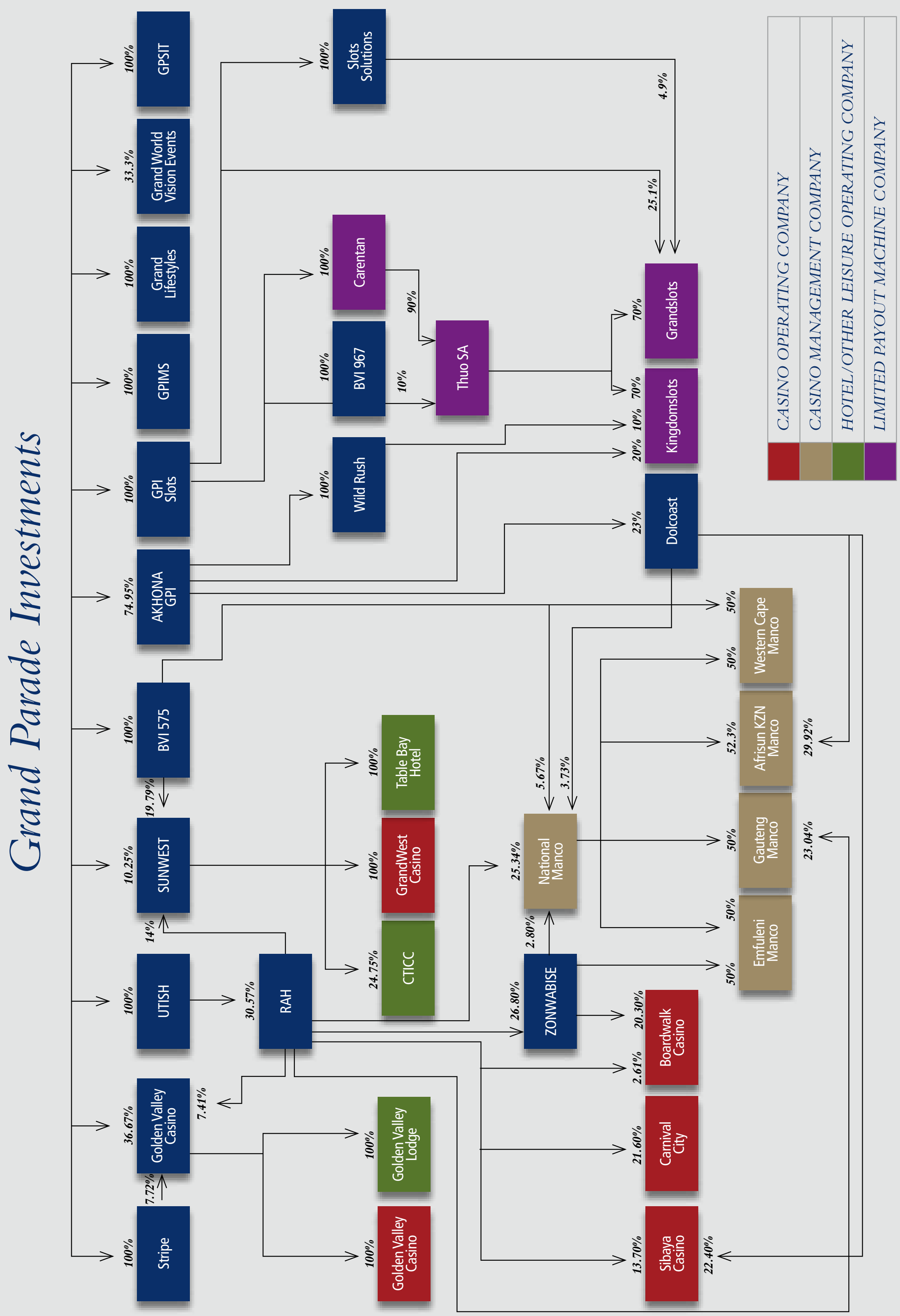
Directors, the Company Secretary and certain identified senior executives who have access to price-sensitive information and are defined as "insiders" may not deal in shares of the company during the closed periods which fall within the following periods:

- between 1 January and the date on which the interim results are published;
- between 1 July and the date on which the year-end results are published; and
- outside of the above closed periods while the company is in the process of price-sensitive negotiations, acquisitions, pending any price-sensitive announcements, or while under cautionary.

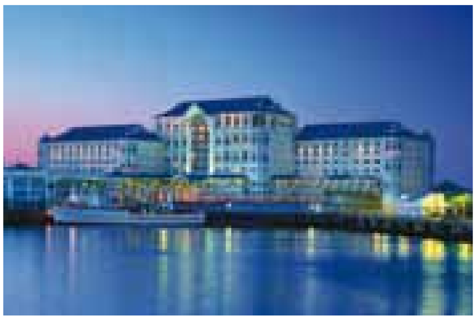
Directors, secretarial staff and certain identified senior executives are required to obtain prior clearance in writing of any proposed share transactions from the Chairman of the Board or, failing him, from the Chairman of the remuneration and nomination committee or, failing them, from the Chairman of the audit and risk committee or Company Secretary. Requests for clearance should be routed through the Chairman or Company Secretary who also maintains a written record of requests. Clearance to deal may not be given during closed periods.

Details of any transaction by directors, the Company Secretary and certain identified senior executives in shares of the company are advised to the JSE through the sponsor for publication on SENS.

# Group Structure



# *Sustainability Overview*



*Level 1 BBBEE Contributor*

| | 2010 | 2009 |
|---|---|---|
| **ACTUAL BBBEE RATING OVER TWO YEARS** | | |
| Ownership | 25.00% | 25.00% |
| Management and control | 24.95% | 24.95% |
| Employment equity | 27.00% | 27.00% |
| Preferential procurement | 25.00% | 25.00% |
| **Total** | 101.95% | 101.95% |
| **KINGDOMSLOTS** | | |
| **Economic Impact** | | |
| Paid in taxes (R million) | 22,9 | 17,1 |
| Capital expenditure (R million) | 7,4 | 17,1 |
| **Social impact** | | |
| Jobs created | 965 | 849 |
| **Environmental impact** | | |
| Energy usage (kWh) | 142 402 | 140 286 |
| **GRANDSLOTS** | | |
| **Economic impact** | | |
| Paid in taxes (R million) | 54,0 | 60,0 |
| Capital expenditure (R million) | 9,1 | 20,3 |
| **Social impact** | | |
| Jobs created | 1 196 | 1 242 |
| Corporate social investment (R million) | 1,3 | 1,3 |
| **Environmental impact** | | |
| Energy usage (kWh) | 338 635 | 345 233 |
| **GRANDWEST** | | |
| **Economic Impact** | | |
| Paid in taxes (R million) | 490,1 | 538,6 |
| Capital expenditure (R million) | 67,1 | 18,1 |
| **Social impact** | | |
| Jobs created | 3 175 | 2 867 |
| Corporate social investment (R million) | 7,5 | 9,4 |
| **Environmental impact** | | |
| Energy usage (kWh) | 35 783 051 | 35 935 992 |
| Water consumption (kl) | 348 435 | 312 240 |
| Carbon footprint ($tCO_2$) | 38 457 755 | 38 230 358 |
| **THE TABLE BAY** | | |
| **Economic Impact** | | |
| Paid in taxes (R million) | 8,8 | 9,9 |
| Capital expenditure (R million) | 10,3 | 13,3 |
| **Social impact** | | |
| Jobs created | 672 | 520 |
| Corporate social investment (R million) | 0,2 | 0,2 |
| **Environmental impact** | | |
| Energy usage (kWh) | 7 311 702 | 7 952 607 |
| Water consumption (kl) | 54 107 | 77 875 |
| Carbon footprint ($tCO_2$) | 7 357 | 6 383 |
| **THE GOLDEN VALLEY** | | |
| **Economic Impact** | | |
| Paid in taxes (R million) | 22,7 | 22,2 |
| Capital expenditure (R million) | 6,9 | 7,1 |
| **Social impact** | | |
| Jobs created | 381 | 360 |
| Corporate social investment (R million) | 0,7 | 0,1 |
| **Environmental impact** | | |
| Energy usage (kWh) | 4 342 293 | 4 127 497 |
| Water consumption (kl) | 34 060 | 33 594 |

# Sustainability

## INTRODUCTION

GPI is a company that emerged from humble beginnings and the concept of transformation and empowerment fundamentally underpins its very existence. From those humble beginnings in the late 1990s', today it is a successful black-controlled listed company with a strong focus on sustainability.

## GPI'S OVERALL BBBEE RATING

Our 2010 and 2009 BEE rating was completed by an accredited BEE verification agency.

It is important to note that this assessment was based on GPI being a small/medium-sized entity, and that in 2011 the basis for this assessment is likely to change given the change in the operating revenue and profit profile of the business.

## SHAREHOLDER EMPOWERMENT

GPI is more than 50% black-owned and controlled without taking the benefits of the modified flow through principle into account. In terms of the BBBEE codes, GPI is therefore considered as 100% black in relation to the businesses it is invested in.

As a result of the above, the business is excellently positioned in terms of its shareholder status to partner non-black businesses in green fields and other opportunities, as well as carving out its own niche in the industries it invests in as a black business.

That said, GPI is SunWest's biggest local stakeholder in so far as shareholder empowerment is concerned and now owns an effective stake of just over 34%, which is in line with what was intended in terms of the original bid, which secured the licence. It is GPI's impeccable empowerment credentials that secured the GrandWest Casino licence and GPI remains a shining example of true broad-based empowerment with an initial shareholder base comprising nearly 15 000 previously disadvantaged individuals.

GPI now holds more than 50% of the SunWest voting shares and is using this position of strength to ensure that shareholder empowerment continues to be maximised over the long term.

With the benefits of the regulated gaming environment now firmly entrenched through the elimination of unregulated operations, preventing the overstimulation of the latent demand for gambling and the achievement of secure tax revenues, the only remaining variable, which still requires some effort, is the empowerment of previously marginalised communities as shareholders in the gaming industry. In this regard GPI's continued participation in the benefits flowing from the activities of SunWest is of paramount importance to SunWest and its sustainability strategy.

## BBBEE OWNERSHIP

Subsequent to the acquisition of the Grandslots and Kingdomslots LPM operations, we deemed it prudent to highlight the minimum black ownership requirements in terms of the two aforementioned businesses LPM Route Operator Licence conditions compared to their actual black ownership status as at the end of June 2010.

| | Kingdomslots | Grandslots |
|---|---|---|
| Required Black Ownership | 30% | 35% |
| Actual Black Ownership as at 30 June 2010 | 100% | 100% |

## INVESTMENT STRATEGY

GPI's investment strategy is to channel its resources into entities where GPI is able to at least exercise significant influence. From this position GPI is able to encourage its underlying investments to grow in a sustainable manner, mindful of the interests of all its stakeholders.

## RESPONSIBLE GAMBLING

GPI remains cognisant at all times of its social responsibility, particularly with regard to the harmful effects of problem gambling. To this end, all of its gambling investments take part in, and contribute voluntarily to, the ongoing treatment, training, research and awareness campaigns implemented through the NRGP.

The NRGP is the only national initiative in the world funded to the extent it is by the private sector, and the only one internationally in which treatment, research and education are integrated in a single initiative. It is also the only programme of its type in the world which is jointly-controlled by government and industry in a unique public/private sector partnership. As such it has the capacity to refer problem gamblers to Province-wide outpatient treatment centres and it is through these treatment centres, internal staff training programmes and continued public engagement sessions and media efforts that the risks associated with problem gambling, and how to deal with the effects thereof, whether directly or indirectly, become ever more evident to as broad a spectrum of South Africans as possible.

All of GPIs gambling associates, as well as Grandslots and Kingdomslots LPM Site Owners and licensed staff, undergo responsible gambling programme training.

## SUSTAINABLE PERFORMANCE OF GPI'S NEWLY ACQUIRED LPM OPERATIONS

### Economic contribution: Kingdomslots

| **Taxes paid** | 2010 R million | 2009 R million |
|---|---|---|
| Gambling levies and VAT | 20,8 | 14,9 |
| Licence fees | 0,6 | 0,6 |
| Indirect taxes | 1,5 | 1,6 |

| **Capital expenditure** | | |
|---|---|---|
| Infrastructure | 1,4 | 2,6 |
| Plant and equipment | 3,7 | 10,6 |
| Other expenditure | 2,3 | 3,9 |

### Economic contribution: Grandslots

| **Taxes paid** | | |
|---|---|---|
| Gambling levies and VAT | 41,7 | 39,9 |
| Other direct tax | 7,5 | 15,1 |
| Licence fees | 3,1 | 2,9 |
| Indirect taxes | 1,7 | 2,1 |

| **Capital expenditure** | | |
|---|---|---|
| Infrastructure | 6,5 | 8,4 |
| Plant and equipment | 1,1 | 9,7 |
| Other expenditure | 1,5 | 2,2 |

### Social contribution: Grandslots and Kingdomslots

Since first gaining their licences, Grandslots and Kingdomslots have created employment for a considerable number of people in each of their respective provinces.

### Job creation: Grandslots

| **Detail** | 2010 | 2009 |
|---|---|---|
| Direct jobs | 44 | 42 |
| % women | 47.7% | 45.2% |
| % black | 77.3% | 76.2% |
| Indirect jobs | 1 152 | 1 200 |

### Job creation: Kingdomslots

| **Detail** | 2010 | 2009 |
|---|---|---|
| Direct jobs | 35 | 33 |
| % women | 45.7% | 51.5% |
| % black | 88.6% | 87.9% |
| Indirect jobs | 930 | 816 |

Half of the positions available at Kingdomslots were filled by women and a full 31 out of 35 senior managers and staff are previously disadvantaged individuals. Similarly, at Grandslots four of the seven senior management positions have been filled by previously disadvantaged people and of that number, three are women.

During 2010 Grandslots employed 44 direct and 1 152 indirect staff (through pubs and other outlets).

Kingdomslots employed 35 direct and 930 indirect staff (through pubs and other outlets).

During the 2009/2010 period, GPIs' newly acquired LPM operations followed a principle of preferential procurement with Kingdomslots spending R36 million on procurement and Grandslots R60 million. Skills development training for direct and indirect employees in both the Western Cape and KwaZulu-Natal was conducted to the value of R0,4 million and R0,2 million respectively.

LPM site owners benefitted from the enterprise development programme in which Grandslots and Kingdomslots fitted out new gaming venues and reinvested capital into existing individual ones in order to refurbish and upgrade these properties to ensure that customers received a consistent, quality experience. The details of these investments range from new furnishings to carpets, air-conditioning, safes, toilets, tills and bar counters, LCD televisions and even complete gaming area refurbishments. The total investment for the year across the Western Cape and KwaZulu-Natal was in excess of R7 million.

### Corporate social investment: Grandslots

| **Detail** | 2010 R million | 2009 R million |
|---|---|---|
| CSI contributions | 1,3 | 1,3 |

During 2010, Grandslots Corporate Social Investment (CSI) contributed to HIV and Tuberculosis projects (R0,3 million), Community Development (R0,4 million), Education projects (R0,4 million) and other general projects (R0,2 million). Individual projects which benefitted include:

*Grandslots CSI's 2010 presentation lunch*

- The SA Medical & Education Foundation which received a donation of R0,3 million for the purchase of equipment for an anti-retroviral ("ARV") Unit in Delft.

- The Chaeli Campaign in Plumstead received R0,2 million to fund programmes focused on addressing the needs of differently abled children and their families in the Western Cape.

*The Chaeli Campaign*

- Girls & Boys Town was given R0,1 million towards the sponsorship of education of 18 learners in Macassar, Kenilworth and Claremont.
- A donation of R0,2 million was made to the Knights of da Gama for the cost of installing solar power at the Holy Cross Youth and Child Care Centre for orphans in Atlantis.
- An amount of R0,1 million was paid to the Cape Town Drug Counselling Centre in Observatory and Mitchell's Plain to offer treatment to affected people from disadvantaged and under-resourced areas.

*QuadPara Association of the Western Cape*

- A donation of R0,07 million will be used to cover the cost of providing accessible pathways, security and parking at the new QuadPara Western Cape headquarters in Durbanville. In addition some of the funding will also be used towards the maintenance of a vehicle used to transport people with disabilities. The vehicle was previously bought for the organisation by Grandslots CSI.
- Neighbourhood Old Age Homes ("NOAH") received R0,1 million for the erection of a security fence in Atlantis and the purchase of a vehicle for house visits and special services.
- The Marsh Memorial Home in Rondebosch offers sanctuary to abused and neglected children placed there by the judicial system. The donation of R0,05 million will purchase 240 food parcels for needy families within a 25 km radius of the home.
- The St George's Home for Girls in Wynberg will similarly use their donation of R0,05 million to purchase 240 food parcels for needy families.
- The donation of R0,05 million to the Epilepsy South Africa Educational Trust will provide financial support to Western Cape students with epilepsy who wish to enter into tertiary education in their chosen fields. Five bursaries to the value of R0,01 million each will be offered.

### Environmental sustainability: Kingdomslots

| Detail | 2010 | 2009 |
|---|---|---|
| Energy usage (kWh) | 142 402 | 140 286 |

### Environmental sustainability: Grandslots

| Detail | 2010 | 2009 |
|---|---|---|
| Energy usage (kWh) | 338 635 | 345 233 |

## SUSTAINABLE PEFORMANCE OF GRANDWEST

### Economic contribution: GrandWest

| Taxes paid | 2010<br>R million | 2009<br>R million |
|---|---|---|
| Gambling levies and VAT | 325,6 | 350,8 |
| Other direct tax | 142,8 | 166,7 |
| License fees | 9,2 | 9,3 |
| Indirect taxes | 12,5 | 11,8 |
| **Capital expenditure** | | |
| Infrastructure | 1,4 | 0,2 |
| Plant and equipment | 65,7 | 13,8 |
| Other expenditure | Nil | 4,1 |

### Social contribution: GrandWest

| Detail | 2010 | 2009 |
|---|---|---|
| Direct jobs | 1 021 | 1 019 |
| % women | 50.4% | 50.7% |
| % black | 87.4% | 88.6% |
| Indirect jobs | 2 154 | 1 848 |

GrandWest operates an Employment Equity Committee. The company's new employment equity plan for 2010 reflects the plans in place to aid with recruitment and development.

GrandWest has created many business and employment opportunities for the surrounding communities and beyond, and has 27 concessionaires ranging from fast food outlets and restaurants to entertainment and retail. The eleven outsourced service providers offer catering, security and cleaning services.

Wherever possible, GrandWest keeps its purchasing power for goods and services in the local economy. 60% of tracked procurement was placed with the BEE sector, substantially advancing the provincial government's agenda in respect of transformation in the Western Cape leisure industry.

### Corporate social investment: GrandWest

| Detail | 2010 R million | 2009 R million |
|---|---|---|
| CSI contributions | 7,5 | 9,4 |

By 2010, GrandWest's CSI committee, under the guidance of GPI representatives who serve on the Western Cape Manco Board, had overseen the allocation of R7,5 million in social investments to local community projects and programmes spread between health (R3 million), HIV and Tuberculosis projects (R1 million), educational projects (R2,3 million), enterprise development (R0,4 million) and other general projects (R0,8 million).

The Health contributions alone affected in excess of 5 000 Western Cape individuals directly and assisted in enhancing the lives and living conditions of a considerably larger number of individuals indirectly. In addition over 160 individuals benefitted from GrandWest CSI's education investment and the Blisters for Bread Campaign detailed below helped feed 235 500 children across 640 different primary, secondary and special needs schools across the Western Cape.

Listed below are some of the projects and programmes that have benefitted from GrandWest CSI in 2010:

- Blisters for Bread – the annual Peninsula Schools Feeding Association charity family fun walk which raises money to feed hungry Cape Peninsula school children.


*Blisters for Bread*

- Ruyterwacht Community Learning Centre – a wireless network facility with computers and internet where the people of Ruyterwacht are able to acquire skills, tuition, life skills training, career guidance and also have access to employment opportunities.
- Cape Environmental Trust Youth Development programme at Zeekoevlei – enabling disadvantaged children to acquire environmental and social life skills and receive a certificate at the end of the course.
- Red Cross Society – GrandWest CSI has provided five Field Kitchens which offer relief to poor Western Cape communities devastated by floods, fire, etc.
- The GrandWest CSI-SHAWCO mobile community health clinics provide primary health care to an ever-increasing number of Cape Metropole citizens.
- Western Cape Primary Science programme – the teaching of science is a problem area in schools. GrandWest CSI funded the translation of a series of books into Xhosa as well as the production of a DVD that would benefit both educators and learners.
- Ntwasahlobo Primary, Litha Primary, Siyanda Educare and Siphamandla Educare – funded reading materials, mattresses, educational toys, musical instruments, tables and desks.
- SOS Children's Village, Thornton – GrandWest CSI adopted House 13 and House 15 in 2005 and besides initially purchasing appliances, from time to time has taken care of other of the two homes' needs. SOS children are also included in Christmas parties, visits to the Aquarium and shows at the Grand Arena.
- CPUT School of Opthalmology – the purchase of Glaucoma testing apparatus.
- Artscape High School Drama Festival and Artscape School Arts Festival – annual arts festival aimed at youth across the wider Cape Metropolitan region.
- Women's Day Celebration – a prime example of enterprise development, this annual exhibition and networking opportunity for budding entrepreneurs is held in the Market Hall at GrandWest.

### Environmental sustainability: GrandWest

| Detail | 2010 | 2009 |
|---|---|---|
| Energy usage (kWh) | 35 783 051 | 35 935 992 |
| Water consumption (kl) | 348 435 | 312 240 |
| Carbon footprint (tCO2) | 38 457 755 | 38 230 358 |

GrandWest first implemented the National Heritage Environmental Management System in May 2006, for which the complex was awarded a Silver Rating. Since then GrandWest has been awarded a Gold Rating every year and is now one percentage point away from achieving Platinum status [94%].

In addition to improving on set targets for the elimination of waste and the reduction of the company's carbon footprint, refuse and any wasteful use of water and energy, GrandWest is also committed to applying its environmental policy principles to surrounding areas. These include Goodwood, Thornton and Ruyterwacht.

## SUSTAINABLE PERFORMANCE OF THE TABLE BAY HOTEL

### Economic contribution: The Table Bay Hotel

| **Taxes paid** | 2010<br>R million | 2009<br>R million |
|---|---|---|
| Direct taxes | 6,8 | 7,9 |
| Indirect taxes | 2,0 | 2,0 |

| **Capital expenditure** | 2010 | 2009 |
|---|---|---|
| Infrastructure | 0,2 | 0,2 |
| Plant and equipment | 0,3 | 0,1 |
| Other expenditure | 9,8 | 13,0 |

### Social contribution: The Table Bay Hotel

| **Detail** | 2010 | 2009 |
|---|---|---|
| Direct jobs | 205 | 208 |
| % women | 45.5% | 42.2% |
| % black | 82.5% | 81.7% |
| Indirect jobs | 467 | 312 |

The Table Bay Hotel has two concessionaires who employ a total of 37 people, and five service providers who employ in excess of 400 people.

### Corporate social investment: The Table Bay Hotel

| **Detail** | 2010<br>R million | 2009<br>R million |
|---|---|---|
| CSI contributions | 0,2 | 0,2 |

During 2010, the Table Bay Hotel contributed in excess of R0,2 million to health (R0,1 million), HIV and Tuberculosis projects (R0,02 million), educational projects (R0,08 million) and other general projects (R0,02 million).

### Environmental sustainability: The Table Bay Hotel

| Detail | 2010 | 2009 |
|---|---|---|
| Energy usage (kWh) | 7 311 702 | 7 952 607 |
| Water consumption (kl) | 54 107 | 77 875 |
| Carbon footprint ($tCO_2$) | 7 357 | 6 383 |

In just under two years of adhering to the principles of the National Heritage Programme, the Table Bay Hotel's Silver status was upgraded to Gold.

Among its most important conservation efforts are electricity, gas, water and waste saving. Energy-saving electric light bulbs have been fitted and water is saved with the introduction of dual flushing toilet tanks and shower heads that mix the water with air.

## SUSTAINABLE PERFORMANCE OF THE GOLDEN VALLEY CASINO AND LODGE

### Economic Contribution: Golden Valley Casino and Lodge

| **Taxes paid** | 2010<br>R million | 2009<br>R million |
|---|---|---|
| Gambling levies and VAT | 18,7 | 18,3 |
| Licence fees | 1,9 | 1,7 |
| Indirect taxes | 2,1 | 2,1 |

| Capital expenditure | | |
|---|---|---|
| Infrastructure | 0,1 | 1,0 |
| Plant and equipment | 4,7 | 5,8 |
| Other expenditure | 2,1 | 0,3 |

### Social contribution: Golden Valley Casino and Lodge

| **Detail** | 2010 | 2009 |
|---|---|---|
| Direct jobs | 157 | 134 |
| % women | 53.5% | 57.9% |
| % black | 85.8% | 87.2% |
| Indirect jobs | 224 | 226 |

The Golden Valley Casino has appointed three major service providers in the categories of catering, cleaning and security, creating employment for 224 people.

### Corporate social investment: Golden Valley Casino and Lodge

| **Detail** | 2010<br>R million | 2009<br>R million |
|---|---|---|
| CSI contributions | 0,7 | 0,1 |

During 2010, the Golden Valley Casino's CSI funding included spending on health, educational projects (R0,04 million), contributions to the regional tourism fund (R0,05 million), pre-bid CSI commitments (R0,6 million) and other general projects (R0,05 million).

Some of the projects include:

- The Breede Valley Municipality switching-on of the Christmas lights. The casino pays an estimated R10 000 annually in support of the event.
- Anchor sponsors of the Worcester Rotary Club's Pioneer Rally in support of the Pioneer School for the Blind. For the third year running, Golden Valley has contributed approximately R0,07 million.
- An amount of almost R0,4 million was spent on a disaster relief project in which the Casino partnered with the Worcester Municipality.
- Golden Valley spent R0,1 million on computers and internet connectivity for seven libraries.

- R0,05 million Is contributed annually towards tourism in the region.
- The sport development programme provides support for talented black junior golfers. To date, R0,1 million has been paid to the Riverside Golf Club for this purpose.
- As part of an enterprise development initiative, Golden Valley Casino supported the development of the Body Devine Spa treatment centre by converting two conference facilities into temporary premises, and through marketing the facility to MVG members.

**Environmental sustainability: Golden Valley Casino and Lodge**

| Detail | 2010 | 2009 |
|---|---|---|
| Energy usage (kWh) | 4 342 293 | 4 127 497 |
| Water consumption (kl) | 34 060 | 33 594 |

The Golden Valley Casino and Lodge is a member of the Heritage Environmental rating programme. The property's efforts are focused on reducing water and energy consumption at the complex in order to safeguard Africa's most precious resources.

## CAPE TOWN 2010 FIFA FAN FEST

### SCORING GREEN GOALS

Grand World Vision Events and Cape Town City's 2010 Green Goal team identified and implemented a series of event greening measures to ensure that the negative environmental impacts of the festival are reduced as far as possible.

The aim of the programme was to conserve water, improve energy efficiency, reduce carbon emissions and waste generation, and to enhance recycling. A strong communications component was also introduced to promote environmental awareness and sustainable lifestyle practices.

Waste reduction and recycling measures included:

- A two-bin waste separation and recycling system. 40% of the solid waste was recycled or diverted away from the landfill. All plastic, glass, tin and polystyrene were recycled.
- The sale of reusable souvenir cups instead of single-use disposable cups.
- The use of reusable crockery and cutlery as opposed to disposable cutlery and tableware.
- The use of reusable plastic crates instead of single-use cardboard boxes.
- The prohibition of promotional handouts and flyers at entrances to the Fan Fest.
- The use of large dispensers for condiments and sugar instead of single-sachet servings.
- The serving of beer and soft drinks in a commemorative cup from draught and soda fountains, as opposed to bottles and cans.

Sustainable energy and smart water usage included:

- Renewable energy certificates from Darling Wind Farm were purchased in order to power the Fan Fest with sustainable energy. Total electricity consumption for the period of the World Cup was 3 333 kWh.
- Water usage was monitored daily, and nine water stations ensured the provision of fresh and free tap water to the public as a more responsible alternative to bottled water. 99 000 litres of water were used.

Carbon emissions reduced:

- Specially planned park-and-ride shuttle and rail services were made available which not only alleviated traffic congestion in the City, but also reduced climate-changing carbon emissions.

The total carbon footprint for the Fan Fest was 48,03 tonnes CO2 equivalent. Waste accounted for approximately 93% of this figure, electricity 7% and water consumed was considered to be an insignificant amount.

*FIFA Fan Fest on the Grand Parade*

*The Grand Parade*

# Contents

# *Directors' Approval*

The Directors are responsible for the preparation of the annual financial statements and other information contained in this annual report. In their opinion, the financial statements set out in this report fairly represent that state of affairs of the Group and of the company. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1973 (No 61 of 1973), as amended.

The external auditors are responsible for conducting an independent audit of the annual financial statements of the company and its subsidiaries in accordance with International Standards on Auditing and reporting their opinion to shareholders. Their report is presented on page 37.

The directors have reviewed the Group's budget and cash flow forecast for the year to 30 June 2011. 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 is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The financial statements were approved by the Board on 8 November 2010 and are signed on its behalf by:

*Hassen Adams*
Chairman

*Adrian Piers Funkey*
Chief Executive Officer

# *Declaration by the Company Secretary*

**To the members of Grand Parade Investments Limited**

Pursuant to section 268G(d) of the Companies Act, 1973 (No 61 of 1973), as amended, I confirm that, to the best of my knowledge and belief, all returns required of the company, in terms of the said Act, have been duly lodged with the Registrar of Companies, and all such returns are true, correct and are up to date.

*Richard Julian Hoption*
Company Secretary

8 November 2010

# Independent Auditor's Report

**To the members of Grand Parade Investments Limited**

## Report on the financial statements

We have audited the annual financial statements and the Group annual financial statements of Grand Parade Investments Limited, which comprise the directors' report, the statements of financial position as at 30 June 2010, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 92.

## Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

Our responsibility is to express an opinion on these 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 whether the 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 financial statements present fairly, in all material respects, the financial position of the Group and company as at 30 June 2010, and of the financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, as amended.

Ernst & Young Inc.

*Ernst & Young Inc*
Registered Auditor

Cape Town
12 November 2010

The directors present their report on the activities of the Group and company for the year ended 30 June 2010.

## Nature of the business of the company

The nature of the business is to act as an investment holding company, to provide management services to the gaming and leisure industry and as of 30 June 2010 to manage and operate businesses which are regulated in the South African Gaming Industry.

## Earnings

The results of the Group and company are set out in the consolidated statements of comprehensive income on page 44. Adjusted headline earnings per share decreased by 6% from 20,89 cents per share to 19,52 cents per share.

## Dividends

A dividend of 7,5 cents per share (2009: 7,5 cents) was declared by the directors in respect of the year under review. This final dividend will be accounted for in the 2011 annual financial statements as it was declared subsequent to year-end.

## Review of operations and future development

Detailed commentary on the nature of the business of the company, subsidiaries, acquisitions, future developments and prospects of the Group is given in the Chairman's, Chief Executive's and Financial Director's Reports.

## Share capital

In February 2010, GPI issued 12 750 000 shares at R2,35 per share to institutional investors.

## Preference shares

Additional preference shares of R20 000 000 were issued to Sanlam Capital Markets Limited (Sanlam) by wholly-owned subsidiary Utish Investments (Proprietary) Limited (Utish). The salient features are as follows:

- the preference shares are variable rate, cumulative, redeemable preference shares and have a dividend rate of 83% of the prime rate;
- Utish may redeem the preference shares at its choice, but subject to a predetermined redemption profile;
- GPI guarantees the fulfilment by Utish of its obligations in terms of the preference shares;
- Utish has pledged the 30.57% interest it holds in RAH as security; and
- the carrying value of the 30.57% interest pledged amounts to R537 548 748.

R24 million of the preference shares held by Business Venture Investments No 575 (Proprietary) Limited (BVI 575) with Standard Bank and Depfin were redeemed. The capital due at year-end after this redemption of these preference shares was R157 million.

## Interest-bearing borrowings

GPI secured a R40 000 000 term loan facility with Grindrod Bank Limited (Grindrod Bank). The salient features are as follows:

- GPI pledged 560 000 SunWest shares that it purchased during July 2008;
- GPI also has to pledge the 140 182 SunWest shares purchased during June 2010;
- the loan is repayable within two years;
- the loan bears interest at prime plus 1%; and
- the proportionate carrying amount of the shares pledged amounts to R208 578 550.

GPIMS, a wholly-owned subsidiary of GPI, secured an R80 000 000 term loan with Sanlam. The salient features are as follows:

- the loan is repayable in 20 instalments of R4 000 000 each;
- the loan bears interest at the Jibar rate plus 3.75%;
- GPIMS has ceded all its rights, title and interest in and to (1) the lease agreements (to be acquired by GPIMS pursuant to the provisions of Carentan Sale of Business Agreement) including without limitation GPIMS' right to receive payment of all and any amounts due under and in terms of the Lease Agreement and (2) the required insurances, whether actual, prospective or contingent, direct or indirect, whether a claim of the payment of money or the performance of any other obligation, and whether or not the said rights were within the contemplation of the parties at the signature date; and
- the following cessions/securities have also been given by the Group. All intra-group cessions/securities have not been disclosed as part of the Group cession/securities as it forms part of the company's annual financial statements disclosure.
  - cession of the insurance policy in respect of the slots machines;
  - a notarial bond over the moveable assets (LPMs) for R80 000 000 has been registered; and
  - cession of Grandslots bank deposits.

## Subsidiaries

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

| | Ordinary share capital and premium | | Percentage held | | Profit after tax | |
|---|---|---|---|---|---|---|
| | 2010 R | 2009 R | 2010 % | 2009 % | 2010 R | 2009 R |
| **Direct subsidiary companies** | | | | | | |
| BVI 575 | 1 000 000 | 1 000 000 | 100 | 100 | 59 652 021 | 63 119 654 |
| GPI Slots | 100 | 100 | 100 | 100 | (3 672 865) | 4 524 281 |
| Utish | 100 | 100 | 100 | 100 | 20 078 570 | (1 635 104) |
| GPIMS | 2 000 100 | 100 | 100 | 100 | (3 015 615) | – |
| Grand Lifestyles | 100 | – | 100 | – | – | – |
| **Indirect subsidiary companies** | | | | | | |
| BVI 967 | 100 | – | 100 | – | – | – |
| Carentan | 1 | – | 100 | – | – | – |
| Slots Solutions | 100 | – | 100 | – | – | – |
| Stripe | 100 | – | 100 | – | – | – |
| Thuo SA | 1 000 | – | 100 | – | – | – |
| Grandslots | 10 000 | – | 100 | – | – | – |
| Kingdomslots | 10 000 | – | 92.5 | – | – | – |
| **Special purpose entities** | | | | | | |
| GPSIT | 1 000 | 1 000 | 100 | 100 | 515 276 | 161 980 |

GPSIT is consolidated in terms of SIC 12 – Special purpose entities. The consolidation of this Trust is, however, reversed to calculate the adjusted headline earnings as the Group does not receive the economic benefits of the Trust.

## Investments, associates and joint ventures

| | Economic percentage | | Voting percentage | |
|---|---|---|---|---|
| **Direct interest (held by GPI)** | 2010 % | 2009 % | 2010 % | 2009 % |
| SunWest | 10.25 | 9.35 | 0.04 | 0.04 |
| Akhona GPI | 74.95 | 74.95 | 49.99 | 49.99 |
| Golden Valley Casino | 36.67 | 36.67 | 36.67 | 36.67 |
| Grand World Vision Events | 33.30 | – | 33.30 | – |
| **Indirect interest (held by subsidiaries)** | | | | |
| SunWest | 19.79 | 19.89 | 49.97 | 49.97 |
| Western Cape Manco | 50.00 | 50.00 | 50.00 | 50.00 |
| Golden Valley Casino | 7.72 | – | 7.72 | – |
| RAH | 30.57 | 30.57 | 30.57 | 30.57 |
| Grandslots* | – | 25.10 | – | 25.10 |
| National Manco | 5.67 | 5.67 | 5.67 | 5.67 |

* Grandslots became a subsidiary on the acquisition of Carentan on 30 June 2010.

## Subsidiaries

### BVI 575

BVI 575 is a wholly-owned special purpose vehicle established to obtain preference share funding from Standard Bank and Depfin.

### GPI Slots

GPI Slots is a wholly-owned subsidiary. GPI Slots acquired all the shares and loan accounts in Carentan.

On 1 July 2010, GPI Slots sold Stripe to GPI in order for GPI to hold all of the Group's interests in Golden Valley Casino.

### Utish

Utish is a wholly-owned special purpose vehicle established to obtain preference share funding from Sanlam.

### GPIMS

GPIMS is a wholly-owned subsidiary established to perform management services for the Group and third parties. This company is a strategic component of the Group's long-term vision.

On 1 July 2010 GPIMS purchased the assets and liabilities of Carentan and Thuo SA including the machine leasing and management services contracts respectively.

### Grand Lifestyles

Grand Lifestyles (Proprietary) Limited (Grand Lifestyles) was established during the year as a vehicle to expand into the non-gaming tourism and leisure market. It is currently dormant.

The entities listed below became subsidiaries when the LPM acquisition became unconditional on 30 June 2010.

### Carentan

The company is principally engaged in the holding of investments and the leasing of electronic gaming machines to subsidiary companies. On 1 July 2010 GPIMS purchased the assets and liabilities, including the machine leasing contracts of Carentan.

### Thuo SA

The company is principally engaged in the holding of investments and administering services to subsidiary companies. On 1 July 2010, GPIMS purchased the assets and liabilities, including the management services contracts of Thuo SA.

### Grandslots

The company is engaged in the operation of an electronic gaming machine route operation network in the Western Cape and related activities in so far as the relevant laws permit.

IFRS 3R – Business Combinations requires that where an acquirer purchases its interest in an acquiree in stages and this results in a change in control of the acquiree, then the acquirer measures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R42 488 228 relates to the re-measurement of this previously held 25.1% interest in Grandslots.

### Kingdomslots

The company is engaged in the operation of an electronic gaming machine route operation network in KwaZulu-Natal and related activities in so far as the relevant laws permit.

### BVI 967

Business Venture Investments No 967 (Proprietary) Limited (BVI 967) is primarily an investment holding company with an investment of 10% in Thuo SA.

### Slots Solutions

Slots Solutions (Proprietary) Limited (Slots Solutions) is primarily an investment holding company with an investment of 4.9% in Grandslots.

### Stripe

This company is primarily an investment holding company with an investment of 7.72% in Golden Valley Casino.

## Special purpose entities

### GPSIT

The Trust was established as an incentive scheme for employees. This Trust is consolidated as required by IFRS. No allocation of shares has been made in the current year under review.

## Joint ventures, associates and investments

GPI has investments in SunWest, Western Cape Manco and Golden Valley Casino which it classifies as joint ventures that are equity-accounted.

GPI also has investments in Akhona GPI, RAH and Grand World Vision Events which are classified as associates that are also equity-accounted.

## SunWest

The GPI Group exercised certain pre-emptive rights and increased its direct and indirect economic stake in SunWest from 29.24% to 29.36% by acquiring 9 694 and 7 712 SunWest shares at a price of R333,68 and R329,44 respectively.

On 28 June 2010, GPI increased its direct stake in SunWest by a further 0.68% at a cost of R23 130 030 by exercising the last remaining 140 182 SunWest share options at an exercise price of R165 per SunWest share.

The Group has 30.04% (2009: 29.24%) direct economic interest and 50.01% (2009: 50.01%) voting rights in SunWest.

SunWest was previously classified as an investment in an associate. The directors of GPI have reviewed this classification and believe that this investment is more fairly presented as a joint venture. GPI has 50.01% of the voting rights of SunWest, however, the shareholders' agreement requires 60% majority vote on resolutions to be passed. SunWest is treated as a jointly-controlled entity that is equity-accounted as allowed by IAS 31 – Joint Ventures.

This reclassification has no effect on net earnings. Accordingly, the statement of financial position includes restated comparatives and the effect of the reclassification (refer to note 3.2).

### Western Cape Manco

GPI indirectly through its wholly-owned subsidiary BVI 575 owns 50% of Western Cape Manco. Western Cape Manco was previously proportionately consolidated as allowed by IAS 31 – Joint ventures. In terms of IAS 31, the statement allows an entity to account for its investment in a joint venture using the equity accounting method as an allowed alternative. In order to better reflect the underlying substance of its joint venture investments the Group decided to change its accounting policy with regard to the method used for measuring jointly-controlled entities from proportionately consolidating to equity accounting. Western Cape Manco is therefore equity-accounted for the year ended 30 June 2010.

The retrospective application of this policy is applied to the previous reporting period and the effect of the change in policy on net earnings is nil (refer to note 3.1).

### Golden Valley Casino

The Group acquired an additional 7.72% interest in Golden Valley Casino at a cost of R3,8 million by acquiring all of the shares in and loan claims against Stripe to achieve joint control. In calculating the fair value of the net identifiable assets and liabilities for Golden Valley Casino, it was determined that the carrying amount of the investment exceeded its recoverable amount and therefore resulted in an impairment of this investment as a consolidation adjustment at year-end.

### Akhona GPI

GPI has a 74.95% economic and 49.99% voting stake in Akhona GPI. Akhona Investment Holdings 2005 Limited, which together with Akhona Governing Body Trust owns the balance of the shares in Akhona GPI, has an option to call, based on an agreed pricing mechanism, on GPI to restore its economic shareholding to 50% on specific dates expiring in three years commencing from January 2009.

Akhona GPI took up certain pre-emptive rights in Dolcoast. These transactions had the effect of increasing GPI's indirect stake in Sibaya Casino to 8.05%.

Akhona GPI has completed their fair value assessment of net identifiable assets and liabilities and GPI has recognised its share of the re-measurement of R2,08 million and bargain purchase of R1 million on Akhona GPI's existing stake in Dolcoast, which increased Akhona GPI's shareholding in Dolcoast to 23%, thereby resulting in the Dolcoast investment becoming an associate.

GPI's commitment to developing this partnership is reaping just rewards with the substantial increase in earnings contribution now evident.

### RAH

GPI indirectly through its wholly-owned subsidiary Utish owns 30.57% of RAH. GPI directly owns a small percentage in RAH.

### Grand World Vision Events

GPI is a 33% shareholder in Grand World Vision Events. This company is the vehicle used to share the residual profits remaining after each of its shareholding partners being GPI, WorldSport and VWV have charged for their respective contributions relating to the fees earned from the City of Cape Town for project managing the Cape Town FIFA Fan Fest 2010.

### National Manco

GPI indirectly through its wholly-owned subsidiary BVI 575 owns 5.67% shareholding in National Casino Resort Manco (Proprietary) Limited (National Manco) that was initially purchased at a cost of R57.

This investment has been measured at fair value in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

### Directors and secretary

Particulars of the present directors and secretary are given on page 106.

### Directors' dealings

#### Directors' interest in contracts

Listed below are the directors' interests in contracts which have been identified.

H Adams
- Proman Project Management Services (Proprietary) Limited (Proman)
- Asch Consulting Engineering (Proprietary) Limited (Asch)

A Abercrombie
- DLA Cliffe Dekker Hofmeyr

C W Williams
- DLA Cliffe Dekker Hofmeyr

Certain of the directors also had the following interest in contracts as a result of the acquisition of Carentan and the related minority interests.

H Adams and A Abercrombie: the sale of BVI 967, Slots Solutions and Stripe holding minority interests of 10% in Thuo SA, 4.9% in Grandslots and 7.72% in Golden Valley Casino respectively to GPI Slots for R22 million.

In achieving the 35% black Lock-in required to enable GPI to exercise the remaining portion of the SunWest option, GPI concluded Lock-in Agreements on 25 June 2010 ("Lock-in Agreements") with Quintessence Opportunities (Proprietary) Limited, Nadesons Investments (Proprietary) Limited, Prosperity Through Partnership Limited and Mr A Abercrombie ("the Locked-in parties"), all of which are either black persons or other black entities as defined in terms of the Option Agreement who beneficially own and control ordinary shares in GPI.

The Lock-in Agreements provide that for the duration of the Lock-in period (being the period ending 30 June 2012), the Locked-in parties shall each be restricted in trading their Locked-in shares.

In terms of the fairness opinion obtained from Mazars, a payment up to 15 cents for determined as fair to these shareholders.

In lieu of limiting their rights in such manner, and in securing GPI's exercise of the remaining portion of the SunWest option, the Board resolved to compensate the Locked-in parties in the amount of 10 cents for each of their Locked-in shares, representing a maximum of R4,3 million in aggregate in cash ("the Lock-in consideration"). In determining the quantum in respect of the Lock-in consideration, the Board duly considered the value attributable to the additional SunWest shares. H Adams, A Abercrombie, R G Freese and A W Bedford are all related parties to the entities mentioned above.

The JSE has ruled this compensation to be a specific payment to shareholders. This transaction therefore requires shareholders' approval which will be sought at our next AGM.

H Adams and A Abercrombie will be receiving R1 million and R339k respectively of the BEE Lock-in transaction fees. R G Freese and A W Bedford will be receiving R40k and R50k respectively in respect of the BEE Lock-in transaction fees.

## Directors' shareholding

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

The directors have declared that they own beneficially direct and indirect units in the Grand Parade Investments Special Purpose Vehicle Trust (GPI SPV Trust) and the Grand Parade Investments Broad-Based Black Economic Empowerment Trust (GPI BBBEE Trust). These entities form part of the GPI Lock-in structure.

The GPI BBBEE Trust is a beneficiary of the GPI SPV Trust which owns shares in GPI.

The units held by the GPI BBBEE Trust are entitled to a one-for-one GPI share swap once the Lock-in period expires in June 2012.

| **Shares Director** | **Beneficial direct 2010** | **Beneficial indirect 2010** | **Total shares 2010** | **%** | Beneficial direct 2009 | Beneficial indirect 2009 | Total shares 2009 | % |
|---|---|---|---|---|---|---|---|---|
| A Adams | **438 792** | **19 157 204** | **19 595 996** | **4.24%** | 138 792 | 19 157 204 | 19 295 996 | 4.29% |
| A Abercrombie | **3 393 361** | **–** | **3 393 361** | **0.73%** | 184 400 | 3 250 234 | 3 434 634 | 0.76% |
| A W Bedford | **236 736** | **3 434 684** | **3 671 420** | **0.79%** | 236 736 | 3 434 684 | 3 671 420 | 0.82% |
| R G Freese | **31 196** | **2 716 051** | **2 747 247** | **0.59%** | 31 196 | 2 493 851 | 2 525 047 | 0.56% |
| A P Funkey | **1 180 000** | **160 780** | **1 340 780** | **0.29%** | 1 180 000 | – | 1 180 000 | 0.26% |
| N Mlambo | **10 300** | **31 000** | **41 300** | **0.01%** | 25 900 | 31 000 | 56 900 | 0.01% |
| R J Hoption | **450 000** | **–** | **450 000** | **0.10%** | 450 000 | – | 450 000 | 0.10% |
| | **5 740 385** | **25 499 719** | **31 240 104** | **6.76%** | 2 247 024 | 28 366 973 | 30 613 997 | 6.81% |

| **Units Director** | **Beneficial direct 2010** | **Beneficial indirect 2010** | **Total units 2010** | **%** | Beneficial direct 2009 | Beneficial indirect 2009 | Total units 2009 | % |
|---|---|---|---|---|---|---|---|---|
| A Adams | **126 066** | **5 347 824** | **5 473 890** | **14.13%** | 126 066 | 4 748 953 | 4 875 019 | 12.59% |
| A Abercrombie | **558 444** | **–** | **558 444** | **1.44%** | 95 861 | – | 95 861 | 0.25% |
| A W Bedford | **135 352** | **1 275 524** | **1 410 876** | **3.64%** | 135 352 | 1 275 524 | 1 410 876 | 3.64% |
| R G Freese | **136 844** | **106 500** | **243 344** | **0.63%** | 136 844 | 106 500 | 243 344 | 0.63% |
| N Mlambo | **9 524** | **–** | **9 524** | **0.02%** | – | – | – | 0.00% |
| | **966 230** | **6 729 848** | **7 696 078** | **19.87%** | 494 123 | 6 130 977 | 6 625 100 | 17.11% |

## Capital commitments

### Authorised but not contracted

In terms of the shareholders' agreement signed on 6 April 2010 it was agreed that once the funding of the Golden Valley Casino's contribution towards the Worcester Interchange has been approved by its directors, that a further issue and allotment of shares be made and that each shareholder will participate in the equity raising exercise.

## Subsequent events

Subsequent to year-end, GPI Slots offered to acquire Akhona GPI's 7.5% stake in Kingdomslots. While the Board of Akhona GPI has accepted this offer it is still subject to certain conditions, which include inter alia, agreement on the manner of payment of the purchase price and obtaining the KwaZulu-Natal Gambling Board's approval.

In addition Golden Valley Casino had a rights issue in July 2010 and GPI's share of this cost amounted to R16,6 million and resulted in a further increase in its stake to 46.30%. At a Golden Valley Casino directors meeting held on 5 November 2010, it was resolved to raise R35 million funding from the shareholders in December 2010. GPI's share of this contribution amounts to R16,2 million.

On 1 July 2010 Carentan and Thuo SA sold its assets and liabilities, including the machine leasing and management services contracts, to GPIMS.

On 15 October 2010, a total of 9 693 930 GPI shares was purchased by Razifin (Proprietary) Limited (Razifin) for R20 066 435,10. Certain GPI directors are also shareholders of Razifin and have the following interest in the entity:

– 24.9% held by Alex Abercrombie

– 67.2% held by Nadesons Investments (Proprietary) Limited, a company which is held 78.5% by Hassen Adams

– 7.9% held by Adrian Piers Funkey

Hassen Adams is also a director of Razifin.

Subsequently on 1 July 2010, GPI Slots sold Stripe to GPI at a cost of R3 860 000.

# *Consolidated Statements of Comprehensive Income*

for the year ended 30 June 2010

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | | Restated | | |
| | | 2010 | 2009 | 2010 | 2009 |
| | Note | R | R | R | R |
| **Revenue** | 4 | 6 328 888 | 6 732 655 | 29 852 643 | 56 197 057 |
| Operating costs | | (26 958 232) | (13 189 009) | (20 524 593) | (12 548 486) |
| **(Loss)/profit from operations** | | (20 629 344) | (6 456 354) | 9 328 050 | 43 648 571 |
| **Profit from equity-accounted investments** | | 117 628 202 | 130 492 356 | – | – |
| Profit from jointly-controlled entities | 10 | 82 200 422 | 97 599 843 | – | – |
| Profit from associates | 11 | 35 427 780 | 32 892 513 | – | – |
| Impairment of investments | | (3 860 000) | – | – | (176 856 812) |
| Negative goodwill | 10 | – | 80 622 752 | – | – |
| Re-measurement of investment | 9 | 42 488 228 | – | – | – |
| **Profit/(loss) before finance and taxation costs** | 5 | 135 627 086 | 204 658 754 | 9 328 050 | (133 208 241) |
| Finance costs | 6 | (29 834 946) | (31 938 621) | (58 249) | (2 089 389) |
| **Profit/(loss) before taxation** | | 105 792 140 | 172 720 133 | 9 269 801 | (135 297 630) |
| Taxation | 7 | (1 084 429) | (1 000 223) | (510 715) | (522 034) |
| **Profit/(loss) for the year** | | 104 707 711 | 171 719 910 | 8 759 086 | (135 819 664) |
| **Other comprehensive income** | | | | | |
| Change in reserves of associated companies, net of tax | 11 | 22 390 691 | – | – | – |
| Unrealised fair value gains/(loss) on available-for-sale investments, net of tax | 12 | 3 950 185 | (3 134 422) | – | – |
| **Total comprehensive income for the year** | | 131 048 587 | 168 585 488 | 8 759 086 | (135 819 664) |
| Profit/(loss) for the year attributable to: | | | | | |
| Ordinary shareholders | | 104 707 711 | 171 719 910 | 8 759 086 | (135 819 664) |
| Non-controlling interest | | – | – | – | – |
| | | 104 707 711 | 171 719 910 | 8 759 086 | (135 819 664) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Ordinary shareholders | | 131 048 587 | 168 585 488 | 8 759 086 | (135 819 664) |
| Non-controlling interest | | – | – | – | – |
| | | 131 048 587 | 168 585 488 | 8 759 086 | (135 819 664) |

| | | | |
|---|---|---|---|
| | | Cents | Cents |
| Basic and diluted earnings per share | 8 | 23,04 | 37,17 |
| Headline earnings per share | 8 | 15,45 | 20,88 |
| Adjusted headline earnings per share | 8 | 19,52 | 20,89 |
| Dividends per share | | 7,50 | 7,50 |

# Consolidated Statements of Financial Position

at 30 June 2010

| | | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|---|
| | | | Restated | Restated | | | |
| | | 2010 | 2009 | 2008 | 2010 | 2009 | 2008 |
| | Note | R | R | R | R | R | R |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | 2 156 127 342 | 1 876 393 916 | 1 700 265 551 | 236 504 475 | 209 587 492 | 613 093 101 |
| Investments in jointly-controlled entities | 10 | 1 319 090 390 | 1 307 516 175 | 1 152 854 944 | 207 524 283 | 182 548 109 | 90 148 109 |
| Investments in associates | 11 | 569 445 234 | 551 000 871 | 526 135 098 | 25 157 553 | 24 859 326 | 521 004 108 |
| Investments | 12 | 21 278 239 | 16 685 000 | 20 329 677 | – | – | – |
| Investments in subsidiaries | 13 | – | – | – | 3 000 400 | 1 000 300 | 1 000 100 |
| Goodwill | 9 | 110 646 399 | – | – | – | – | – |
| Property, plant and equipment | 14 | 84 311 874 | 1 179 757 | 936 409 | 822 239 | 1 179 757 | 936 409 |
| Intangible assets | 15 | 37 532 808 | – | – | – | – | – |
| Deferred tax assets | 7 | 13 822 398 | 12 113 | 9 423 | – | – | 4 375 |
| **Current assets** | | 122 352 051 | 79 363 538 | 90 216 715 | 357 262 827 | 302 941 609 | 76 614 859 |
| Inventories | 16 | 1 328 620 | – | – | – | – | – |
| Trade and other receivables | 17 | 20 112 880 | 3 890 110 | 264 518 | 3 081 755 | 2 660 452 | 264 518 |
| Related party loans | 18 | 19 719 023 | 19 719 023 | 8 118 000 | 324 044 684 | 295 988 124 | 31 871 673 |
| Cash and cash equivalents | 19 | 81 191 528 | 55 754 405 | 81 834 197 | 30 136 388 | 4 293 033 | 44 478 668 |
| **Total assets** | | 2 278 479 393 | 1 955 757 454 | 1 790 482 266 | 593 767 302 | 512 529 101 | 689 707 960 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Capital and reserves** | | | | | | | |
| Ordinary share capital and premium | 20 | 727 302 287 | 697 381 738 | 740 835 489 | 727 097 587 | 697 177 038 | 740 835 489 |
| Treasury shares | 20 | (11 669 100) | (11 669 100) | – | – | – | – |
| Accumulated profit/(loss) | | 1 010 802 853 | 939 401 191 | 813 984 851 | (265 894 098) | (240 934 585) | (58 833 351) |
| Available-for-sale investments' fair value reserve | | 40 689 927 | 14 349 051 | 17 483 473 | – | – | – |
| Capital redemption reserve fund | | 276 595 | 252 595 | 230 595 | – | – | – |
| Shareholders' interest | | 1 767 402 562 | 1 639 715 475 | 1 572 534 408 | 461 203 489 | 456 242 453 | 682 002 138 |
| Non-controlling interest | | 4 978 315 | – | – | – | – | – |
| **Total equity** | | 1 772 380 877 | 1 639 715 475 | 1 572 534 408 | 461 203 489 | 456 242 453 | 682 002 138 |
| **Non-current liabilities** | | 418 386 846 | 287 507 951 | 204 249 303 | 40 097 235 | 36 081 | – |
| Cumulative redeemable preference share capital and premium | 21 | 281 123 865 | 285 123 865 | 201 398 108 | – | – | – |
| Interest-bearing borrowings | 22 | 120 057 518 | – | – | 40 057 518 | – | – |
| Deferred tax liabilities | 7 | 17 111 604 | 2 384 086 | 2 851 195 | 39 717 | 36 081 | – |
| Provisions | 24 | 93 859 | – | – | – | – | – |
| **Current liabilities** | | 87 711 670 | 28 534 028 | 13 698 555 | 92 466 578 | 56 250 567 | 7 705 822 |
| Trade and other payables | 23 | 64 716 068 | 23 910 783 | 7 308 996 | 8 775 019 | 17 215 754 | 1 438 195 |
| Provisions | 24 | 1 652 482 | – | – | – | – | – |
| Related party loans | 18 | 15 839 713 | – | – | 78 824 492 | 34 660 152 | 565 081 |
| Dividends payable | 30.2 | 4 713 358 | 4 245 736 | 3 866 268 | 4 713 358 | 4 245 736 | 3 866 268 |
| Taxation | 30.1 | 790 049 | 377 509 | 2 523 291 | 153 709 | 128 925 | 1 836 278 |
| **Total equity and liabilities** | | 2 278 479 393 | 1 955 757 454 | 1 790 482 266 | 593 767 302 | 512 529 101 | 689 707 960 |

| | Cents | Cents | Cents |
|---|---|---|---|
| **Tangible net asset value per share** | 351 | 365 | 335 |
| **Adjusted tangible net asset value per share** | 356 | 370 | 335 |
| **Net asset value per share** | 383 | 365 | 335 |
| **Adjusted net asset value per share** | 388 | 370 | 335 |

# *Consolidated Statements of Changes in Equity*

for the year ended 30 June 2010

| GROUP | Capital redemption reserve fund R | Ordinary share capital R | Share premium R | Treasury shares R | Available-for-sale fair value reserve R | Accumulated profits R | Non-controlling interest R | Total equity R |
|---|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2008** | 230 595 | 117 257 | 740 718 232 | – | 17 483 473 | 813 984 851 | – | 1 572 534 408 |
| Total comprehensive income for the year | – | – | – | – | (3 134 422) | 171 719 910 | – | 168 585 488 |
| Ordinary dividends paid | – | – | – | – | – | (46 281 570) | – | (46 281 570) |
| Treasury shares purchased | – | – | – | (15 238 000) | – | – | – | (15 238 000) |
| Treasury shares issued | – | – | 204 700 | 3 568 900 | – | – | – | 3 773 600 |
| Transfer to capital redemption reserve fund | 22 000 | – | – | – | – | (22 000) | – | – |
| Shares repurchased | – | (4 862) | (43 653 589) | – | – | – | – | (43 658 451) |
| **Balance at 30 June 2009** | 252 595 | 112 395 | 697 269 343 | (11 669 100) | 14 349 051 | 939 401 191 | – | 1 639 715 475 |
| Total comprehensive income for the year | – | – | – | – | 26 340 876 | 104 707 711 | – | 131 048 587 |
| Ordinary dividends paid | – | – | – | – | – | (33 282 049) | – | (33 282 049) |
| Transfer to capital redemption reserve fund | 24 000 | – | – | – | – | (24 000) | – | – |
| Share capital raised | – | 3 187 | 29 959 313 | – | – | – | – | 29 962 500 |
| Share issue expenses | – | – | (41 951) | – | – | – | – | (41 951) |
| Non-controlling interest | – | – | – | – | – | – | 4 978 315 | 4 978 315 |
| **Balance at 30 June 2010** | 276 595 | 115 582 | 727 186 705 | (11 669 100) | 40 689 927 | 1 010 802 853 | 4 978 315 | 1 772 380 877 |

| COMPANY | Ordinary share capital R | Ordinary share premium R | Accumulated profit/(loss) R | Total equity R |
|---|---|---|---|---|
| **Balance at 30 June 2008** | 117 257 | 740 718 232 | (58 833 351) | 682 002 138 |
| Total comprehensive income for the year | – | – | (135 819 664) | (135 819 664) |
| Ordinary dividends paid | – | – | (46 281 570) | (46 281 570) |
| Shares repurchased | (4 862) | (43 653 589) | – | (43 658 451) |
| **Balance at 30 June 2009** | 112 395 | 697 064 643 | (240 934 585) | 456 242 453 |
| Total comprehensive income for the year | – | – | 8 759 086 | 8 759 086 |
| Ordinary dividends paid | – | – | (33 718 599) | (33 718 599) |
| Share capital raised | 3 187 | 29 959 313 | – | 29 962 500 |
| Share issue expenses | – | (41 951) | – | (41 951) |
| **Balance at 30 June 2010** | 115 582 | 726 982 005 | (265 894 098) | 461 203 489 |

# Consolidated Statements of Cash Flows

for the year ended 30 June 2010

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | | Restated | | |
| | | 2010 | 2009 | 2010 | 2009 |
| | Note | R | R | R | R |
| **Cash flows from operating activities** | | | | | |
| Profit/(loss) before taxation | | 105 792 140 | 172 720 133 | 9 269 801 | (135 297 630) |
| Adjustments for: | | | | | |
| – Depreciation | | 478 793 | 310 291 | 468 898 | 310 291 |
| – Interest received | | (3 943 109) | (2 836 632) | (1 748 878) | (1 315 483) |
| – Dividends received | | (1 910 343) | (3 650 353) | (28 094 253) | (54 635 904) |
| – Impairment of investments | | 3 860 000 | – | – | 176 856 812 |
| – Finance costs | | 29 834 946 | 31 938 621 | 58 249 | 2 089 389 |
| – Negative goodwill | | – | (80 622 752) | – | – |
| – Re-measurement of investment | | (42 488 228) | – | – | – |
| – Profit on sale of investments | | – | (213 245) | – | (213 245) |
| – Loss on sale of plant and equipment | | – | 12 701 | – | 12 701 |
| – Profit from jointly-controlled entities | | (82 200 422) | (97 599 843) | – | – |
| – Profit from associates | | (35 427 780) | (32 892 513) | – | – |
| Operating cash flows before working capital changes | | (26 004 003) | (12 833 592) | (20 046 183) | (12 193 069) |
| (Increase)/decrease in trade and other receivables | | 848 377 | (2 396 035) | (30 457) | (2 395 935) |
| Increase/(decrease) in trade and other payables | | (4 777 736) | 9 942 902 | (8 440 868) | 15 777 560 |
| Cash flows from operations | | (29 933 362) | (5 286 725) | (28 517 508) | 1 188 556 |
| Income taxes paid | 30.1 | (841 808) | (3 105 550) | (482 296) | (2 188 931) |
| Net cash outflow from operating activities | | (30 775 170) | (8 392 275) | (28 999 804) | (1 000 375) |
| **Cash flows from investing activities** | | | | | |
| Proceeds on sale of Wild Rush | | – | 6 298 478 | – | 6 298 478 |
| Purchase of plant and equipment | | (181 380) | (566 340) | (111 380) | (566 340) |
| Loans repaid/(advanced) | | | | | |
| – GPI Slots | | – | – | (100 552 056) | (78 738) |
| – BVI | | – | – | 44 449 937 | 57 927 482 |
| – Akhona GPI | | – | (7 817 989) | – | (7 817 989) |
| – Utish | | – | – | 72 009 153 | (264 652 135) |
| – GPSIT | | – | – | – | (15 400 000) |
| – GPIMS | | – | – | 200 746 | – |
| Investments (made)/received | | | | | |
| – Acquisition of LPM operations | 9 | (174 104 468) | – | – | – |
| – SunWest | 10 | (28 905 365) | (92 400 000) | (24 976 174) | (92 400 000) |
| – RAH | 11 | (298 194) | (9 998) | (298 194) | 337 123 298 |
| – Akhona GPI | | – | (17 835 328) | – | (17 835 328) |
| – Wild Rush | | – | (6 085 233) | – | (6 085 233) |
| – Utish | | – | – | – | (100) |
| – GPI Management Services | | – | – | (2 000 000) | (100) |
| Cash acquired – LPM operations | 9 | 42 916 396 | – | – | – |
| Net cash outflow from investing activities | | (160 573 011) | (118 416 410) | (11 277 968) | (3 486 705) |
| **Cash flows from financing activities** | | | | | |
| Capital raised – ordinary shares issued | | 29 920 549 | – | 29 920 549 | – |
| Capital raised – treasury shares reissued | | – | 3 773 600 | – | – |
| Shares bought back – ordinary shares | | – | (43 658 451) | – | (43 658 451) |
| Shares bought back – treasury shares | | – | (15 238 000) | – | – |
| Preference shares redeemed | | (24 000 000) | (22 000 000) | – | – |
| Preference shares issued | | 20 000 000 | 105 725 757 | – | – |
| Ordinary dividends paid to equity holders of parent | 30.2 | (32 814 427) | (45 902 102) | (33 250 977) | (45 902 102) |
| Employee loans advanced | | – | (3 783 034) | – | – |
| Interest-bearing borrowings raised | | 120 000 000 | – | 40 000 000 | – |
| Interest received | | 3 552 264 | 2 836 632 | 1 358 033 | 1 315 483 |
| Finance costs | | (30 076 560) | (25 280 009) | (731) | (2 089 389) |
| Dividends received | | 130 203 478 | 144 254 500 | 28 094 253 | 54 635 904 |
| Net cash inflow/(outflow) from financing activities | | 216 785 304 | 100 728 893 | 66 121 127 | (35 698 555) |
| Net increase/(decrease) in cash and cash equivalents | | 25 437 123 | (26 079 792) | 25 843 355 | (40 185 635) |
| Cash and cash equivalents at the beginning of the year | | 55 754 405 | 81 834 197 | 4 293 033 | 44 478 668 |
| Cash and cash equivalents at the end of the year | 19 | 81 191 528 | 55 754 405 | 30 136 388 | 4 293 033 |

# 1 ACCOUNTING POLICIES

## 1.1 Basis of preparation of financial results

The consolidated and separate financial statements have been prepared on the historical cost basis and as a going concern, except where otherwise stated or disclosed.

The accounting policies applied, other than those described below and except for the standards which are effective for the financial years beginning 1 July 2009, are consistent with those applied in the prior year.

### Company financial statements

Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company are recognised at cost less accumulated impairment loss.

### Recognition of assets and liabilities

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

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

The gain or loss on derecognition of the assets or liabilities is treated as income or expense in the statement of comprehensive income as appropriate.

## 1.2 Statement of compliance

The consolidated and separate financial statements are prepared in accordance with IFRS and Interpretations of those Standards as adopted by the International Accounting Standards Board, and in the manner required by the South African Companies Act, 1973 (No. 61 of 1973), as amended.

## 1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2010.

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

A change in the ownership interest of a 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.

### Business combinations and goodwill

### Business combinations from 1 July 2009

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

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 acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled in equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest 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.

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

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

### Business combinations prior to 1 July 2009

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase price method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if and only if the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments of the contingent consideration were recognised as part of goodwill.

Interest in jointly-controlled entities and associates

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

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

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

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

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

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

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

Where a Group entity transacts with a jointly-controlled entity and associate, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly-controlled entity and associate. The jointly-controlled entity and associate is equity-accounted until the date on which the Group ceases to have joint control or significant influence over the jointly-controlled entity or associate.

## 1.4 New standards and interpretations adopted during the year

The accounting policies adopted are consistent with those of the previous year, except for the change in accounting policy (refer note 3.1), the prior period re-classification (refer note 3.2) and the fact that during the current financial year the Group adopted and implemented the following accounting statements and amendments to existing standards and interpretations.

The changes in accounting policies result from the adoption of the following new accounting standards, interpretations and amendments to the standards that are applicable to the Group. Adoption of these statements, amendments and interpretations has had the following effect on the financial statements of the Group and has also resulted in additional disclosures. The principal effects of these changes are as follows:

IFRS 2 Share-based Payment (Amendment): Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009). The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 July 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 3, Business Combinations – Revised (effective for annual periods beginning on or after 1 July 2009). The Group adopted the revised IFRS 3 from 1 July 2009. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transactions costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IFRS 7 (Amendment), Improving disclosures about financial instruments (effective for annual periods beginning on or after 1 January 2009). The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements relating to items recorded at fair value are to be disclosed by source of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition a reconciliation between the beginning and ending balance for level 3 fair value measurement is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement and liquidity risk disclosures are presented in note 27.

IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). IFRS 8: Operating segments requires a "management approach" whereby segment information is presented on the same basis as that used for internal reporting purposes to the chief operating decisionmaker/s who have been identified as the Board of directors. These directors review the Group's internal reporting by investment in equity-accounted investments. Only GPI's profit from equity-accounted investments can be reconciled to the statement of comprehensive income.

IAS 1, Presentation of Financial Statements – Revised (effective for annual periods beginning on or after 1 January 2009). The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component in equity. In addition the standard introduces the statement of comprehensive income. It presents all items of recognised income and expenses either as one single statement or in two linked statements. The Group has elected to present one statement.

IAS 23, Borrowing costs – Revised (effective for annual periods beginning on or after 1 January 2009). The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group expenses borrowing costs. It did not have an impact on the financial position or performance of the Group.

IAS 27, Consolidated and Separate Financial Statements – Revised (effective for annual periods beginning on or after 1 July 2009). IAS 27 requires that a change in the ownership interest of a subsidiary is accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

**1.5 Significant accounting judgements and estimates**

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and 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.

In the process of applying the Group's accounting policies, management has made the following judgements. Estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year and 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 also discussed below.

Depreciation charges 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 values 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 14).

Deferred tax assets

Before any deferred tax asset is recognised, judgement coupled with estimates based on forecasts and budgets, is required to determine if the various companies showing deferred tax assets will make an appropriate level of taxable profit in the foreseeable future (refer to note 7).

Fair value of unquoted equity instruments

The fair value of unquoted equity instruments has been valued based on expected cash flows discounted at current market rates applicable for items with similar terms and risk characteristics. The valuation requires the Group to make estimates about expected future cash flows and discount rates (refer to note 12).

Value in use of equity-accounted investments

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

- discount rate; and
- growth rates used to discount cash flows beyond the budgeted period

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

Growth rates – rates are based on published industry information.

Estimated impairment of intangible assets

The Group uses the straight-line method to amortise intangible assets. Use of the straight-line method requires the Group to estimate the useful life of the intangible assets. The useful lives are reviewed on an annual basis and any impairment of assets is written off when the impairment takes place. Refer to note 10 for the estimates and assumptions used in calculating the impairment of the investment.

**1.6 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, rebates and related taxes. Revenue is recognised on the bases set out below:

Dividend income

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

Interest income

Interest income is recognised in the statement of comprehensive income on an accrual basis using the effective interest rate method.

Management fees

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

**1.7 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 in value. 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 income 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 if appropriate, at each reporting date.

Depreciation and impairment losses are included in the statement of comprehensive income. An item of property, plant and equipment is derecognised upon disposal or when future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are included in the statement of comprehensive income in the year that the asset is derecognised.

The useful lives are as follows:

| | |
|---|---|
| Audiovisual | – 3 years |
| Computer equipment | – 3 years |
| Software | – 2 years |
| Leasehold improvements | – 4 to 10 years |
| Furniture and fittings | – 5 years |
| Owned plant and equipment | – 5 years |
| Gaming equipment | – 5 years |
| Site soft furnishings | – 5 years |
| Leased plant and equipment | – 5 to 10 years |

**1.8 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 any 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 the statement of comprehensive income 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 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.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

Bid costs and licences

Expenditure incurred by the Group in applying for new gaming licences is capitalised up to the date that the Group submits new licence applications to the relevant licensing authorities.

Bid cost and licences are shown at historical cost less amortisation and impairment losses.

The costs associated with unsuccessful bid applications are written off as and when the related bids are determined to be unsuccessful.

Computer software costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include outsourced software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

**1.9 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.

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

**1.10 Financial instruments – initial recognition and subsequent measurement**

**i) Financial assets**

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale investments or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Group determines the classification on initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the 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 and unquoted equity instruments.

Subsequent measurement

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

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include related party loans receivable and certain trade and other receivables. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*Cash and cash equivalents*

Cash and cash equivalents are measured at amortised cost and consist of cash on hand and balances at banks, net of outstanding bank overdrafts.

*Trade and other receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administration costs. Collectability of trade receivables is reviewed on an ongoing basis and when a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administration costs in the statement of comprehensive income.

*Available-for-sale investments*

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

The fair value of investments in equity instruments that do not have a quoted market price in an active market is measured using valuation techniques.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost.

Derecognition

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

– the rights to receive cash flows from the asset have expired;

– the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a pass-through arrangement; or

– the Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all rights and rewards of the asset or (ii) has neither transferred nor retained substantially all the rights and rewards of the asset but has transferred control of the asset.

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

**ii) Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of assets is impaired.

Where the carrying value of these instruments exceeds the recoverable amount, the asset is written down to the recoverable amount.

Impairment losses are recognised in the statement of comprehensive income.

Financial assets carried at amortised cost

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

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

– significant financial difficulty of the issuer or obligor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

– the disappearance of an active market for that financial asset because of financial difficulties; or

– observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (a) adverse changes in the payment status of borrowers in the portfolio; and

  (b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists individually for the financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale investments

When a decline in the fair value of an available-for- sale financial asset has been recognised directly in equity and there is objective evidence (such as changes in discounted cash flows) that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss the impairment loss is reversed with the amount of the reversal recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

**iii) Financial liabilities**

Initial recognition and measurement

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

All financial liabilities are initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The Group's financial liabilities include trade and other payables, loans and preference shares.

Subsequent measurement

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

*Loans and borrowings*

After initial recognition, interest-bearing borrowings and loans are subsequently measured at amortised cost using an effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

*Trade and other payables*

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of comprehensive income when the trade and other payables are derecognised and through interest based on the effective interest rate method.

Trade and other payables are short term in nature and are classified as current liabilities in the statement of financial position. Related party loans are payable on demand and are classified as current liabilities in the statement of financial position.

*Preference shares*

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

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

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

**iv) Offsetting of financial assets and liabilities**
Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the assets and settle the liabilities on a net basis.

**1.11 Inventories**
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and applicable variable marketing, selling and distribution expenses.

**1.12 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.

**1.13 Leases**
Leases are classified as finance leases where substantially all the risks and rewards associated with ownership have transferred from the lessor to the lessee. The Group does not have any finance leases.

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.

The Group leases certain property, plant and equipment.

**1.14 Taxes**
Current income tax
Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

STC
STC is recognised as part of the current tax charge in the statement of comprehensive income when the dividend is declared.

**1.15 Dividends payable**
Dividends payable and the related taxation 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.

**1.16 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 reporting date and are measured at the amounts that are due to be paid when the liabilities are settled.

Additional leave provision
The liability for additional leave is recognised in provisions and measured on a pro-rata basis of total number of weeks worked in relation to the long service award period of 15 years. Consideration is given to the current wage

and salaries levels and the number of employees who may qualify for this award.

Retirement benefit obligations
The Group has a defined contribution plan which is governed by the Pension Funds Act 1956 (Act No 24 of 1956). The defined contribution plan receives fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions.

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

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

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

– terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or

– providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to their present value.

**1.17 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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 statement of financial position date.

**1.18 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 the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised as other capital reserves.

## 2 STANDARDS ISSUED NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following standards which are relevant to the Group were in issue but not yet effective and have not been early adopted in these financial statements.

IFRS 1 (Amendment), First-time adoption of International Financial Reporting Standards (effective for annual periods beginning on or after 1 January 2010).

IFRS 2 (Amendment), Share-based payment: Group cash-settled share-based payment transactions (effective for annual periods beginning on or after 1 January 2010).

IFRS 9, Financial instruments (effective for annual periods beginning on or after 1 January 2013).

IAS 24 (Amended), Related party disclosures (effective for periods beginning on or after 1 January 2011).

IAS 32 (Amended), Classification of rights issues (effective for annual periods beginning on or after 1 February 2010).

Improvements to IFRSs 2009 (effective for annual periods beginning on or after 1 July 2010).

The Group will adopt the above standards and amendments on the effective date. Certain other IFRS amendments and IFRIC interpretations that have been issued and are not yet effective have not been disclosed by the Group as the directors consider them not to be applicable to its activities.

## 3 CHANGE IN ACCOUNTING POLICY AND PRIOR PERIOD RECLASSIFICATION

### 3.1 Change in accounting policy

Western Cape Manco was previously proportionately consolidated as allowed by IAS 31 – Joint ventures. In terms of IAS 31, the statement allows an entity to account for its investment in a joint venture using the equity accounting method as an allowed alternative. In order to better reflect the underlying substance of its joint venture investments the Group decided to change its accounting policy with regard to the method used for measuring jointly-controlled entities from proportionately consolidating to equity accounting. Western Cape Manco is therefore equity-accounted for the year ended 30 June 2010. The retrospective application of this policy is applied to the previous reporting period and although the effect of the change in policy on net earnings is nil, it is detailed in the table below.

### 3.2 Prior period reclassification

SunWest was previously classified as an investment in an associate. The directors of GPI have reviewed this classification and believe that this investment is more fairly presented as a joint venture. GPI has 50.01% of the voting rights of SunWest, however, the shareholders' agreement requires a 60% majority vote on resolutions to be passed. SunWest is treated as a jointly-controlled entity that is equity-accounted as allowed by IAS 31. This reclassification has no effect on net earnings. Accordingly, the statement of financial position includes restated comparatives and the effect of the reclassification is detailed in the table below.

| | Balance previously reported R | Effect of change in accounting policy R | Effect of prior period reclassification R | Restated balance R |
|---|---|---|---|---|
| **Year ended 30 June 2009** | | | | |
| Non-current assets | 1 872 366 416 | 4 027 500 | – | 1 876 393 916 |
| – Investment in jointly-controlled entities | – | 4 027 500 | 1 303 488 675 | 1 307 516 175 |
| – Investment in associates | 1 854 489 546 | – | (1 303 488 675) | 551 000 871 |
| – Other non-current assets | 17 876 870 | – | – | 17 876 870 |
| Current assets | 84 017 538 | (4 654 000) | – | 79 363 538 |
| Current liabilities | (29 160 528) | 626 500 | – | (28 534 028) |
| Revenue | 27 246 155 | (20 513 500) | – | 6 732 655 |
| Profits from jointly-controlled entities | – | 12 301 500 | 85 298 343 | 97 599 843 |
| Profits from associates | 118 190 856 | – | (85 298 343) | 32 892 513 |
| Operating costs | (14 931 509) | 1 742 500 | – | (13 189 009) |
| Taxation | (7 469 723) | 6 469 500 | – | (1 000 223) |
| Net effect on earnings | | – | – | |
| **Year ended 30 June 2008** | | | | |
| Non-current assets | 1 696 396 051 | 3 869 500 | – | 1 700 265 551 |
| – Investment in jointly-controlled entities | – | 3 869 500 | 1 148 985 444 | 1 152 854 944 |
| – Investment in associates | 1 675 120 542 | – | (1 148 985 444) | 526 135 098 |
| – Other non-current assets | 21 275 509 | – | – | 21 275 509 |
| Current assets | 95 625 715 | (5 409 000) | – | 90 216 715 |
| Current liabilities | (15 238 055) | 1 539 500 | – | (13 698 555) |
| Revenue | 34 032 163 | (22 061) | – | 34 010 102 |
| Profits from jointly-controlled entities | – | 13 124 500 | 36 808 335 | 49 932 835 |
| Profits from associates | 47 051 571 | – | (36 808 335) | 10 243 236 |
| Operating costs | (16 136 711) | 2 005 500 | – | (14 131 211) |
| Taxation | (9 385 063) | 6 931 000 | – | (2 454 063) |
| Net effect on earnings | | – | – | |

The change in accounting policy and prior period reclassification had no effect on earnings and headline earnings per share, nor did it have any tax effect.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2010<br>R | Restated<br>2009<br>R | 2010<br>R | 2009<br>R |
| **4 REVENUE** | | | | |
| Bank interest received | 3 943 109 | 2 836 632 | 1 748 878 | 1 315 483 |
| Dividends received | 1 910 343 | 3 650 353 | 28 094 253 | 54 635 904 |
| Other income | 475 436 | 245 670 | 9 512 | 245 670 |
| | 6 328 888 | 6 732 655 | 29 852 643 | 56 197 057 |
| **5 PROFIT/(LOSS) BEFORE FINANCE COSTS AND TAXATION** | | | | |
| Profit/(loss) before taxation and finance costs is stated after: | | | | |
| Income: | | | | |
| Profit on sale of investment | – | (213 245) | – | (213 245) |
| Expenses: | | | | |
| Depreciation (note 14) | 478 793 | 310 291 | 468 898 | 310 291 |
| Operating lease rentals – premises | 534 454 | 619 223 | 534 454 | 619 223 |
| Impairment of investments | 3 860 000 | – | – | 176 856 812 |
| Re-measurement of investment (note 9) | 42 488 228 | – | – | – |
| Loss on disposal of plant and equipment | – | 12 701 | – | 12 701 |
| Auditor's remuneration | | | | |
| Audit fees | 1 484 327 | 1 140 820 | 1 034 225 | 896 461 |
| – current year | 1 088 640 | 785 831 | 739 588 | 541 472 |
| – prior year underprovision | 82 312 | 248 923 | 82 312 | 248 923 |
| – other services | 313 375 | 106 066 | 212 325 | 106 066 |
| Staff costs | 6 283 123 | 4 736 787 | 4 685 655 | 4 736 787 |
| – Salaries and wages | 1 597 468 | 1 214 906 | – | 1 214 906 |
| – Directors' remuneration | 4 685 655 | 3 521 881 | 4 685 655 | 3 521 881 |
| Number of employees | 10 | 8 | 10 | 8 |
| **6 FINANCE COSTS** | | | | |
| Bank loans and overdraft | 172 086 | 2 089 418 | 58 249 | 2 089 389 |
| Preference shares – raising fee | – | 1 250 000 | – | – |
| Preference shares – interest | 23 490 609 | 28 599 203 | – | – |
| Interest on acquisition of subsidiary | 6 172 251 | – | – | – |
| | 29 834 946 | 31 938 621 | 58 249 | 2 089 389 |

| | GROUP 2010 R | GROUP Restated 2009 R | COMPANY 2010 R | COMPANY 2009 R |
|---|---|---|---|---|
| **7 TAXATION** | | | | |
| South African normal tax | | | | |
| – current year | 923 502 | 810 537 | 314 443 | 332 347 |
| – prior year underprovision | 157 292 | – | 192 637 | – |
| STC | – | 149 231 | – | 149 231 |
| Deferred tax | 3 635 | 40 455 | 3 635 | 40 456 |
| | 1 084 429 | 1 000 223 | 510 715 | 522 034 |
| Standard rate (%) | 28.00 | 28.00 | 28.00 | (28.00) |
| Exempt income (%) | (44.01) | (34.82) | (86.35) | (11.34) |
| Non-deductible expenses (%) | 14.83 | 7.31 | 61.78 | 39.62 |
| Prior year underprovision (%) | 0.15 | – | 2.08 | – |
| STC (%) | – | 0.09 | – | 0.11 |
| Effective tax rate (%) | 1.03 | 0.58 | 5.51 | 0.39 |

| | GROUP 2010 R | GROUP Restated 2009 R | GROUP Restated 2008 R | COMPANY 2010 R | COMPANY 2009 R | COMPANY 2008 R |
|---|---|---|---|---|---|---|
| Deferred taxation: | | | | | | |
| Deferred tax assets | 13 822 398 | 12 113 | 9 423 | 20 494 | 12 113 | 9 423 |
| Deferred tax liabilities | (17 111 604) | (2 384 086) | (2 851 195) | (60 211) | (48 194) | (5 048) |
| | (3 289 206) | (2 371 973) | (2 841 772) | (39 717) | (36 081) | 4 375 |
| The deferred tax balance is made up as follows: | | | | | | |
| Deferred tax assets: | 13 822 398 | 12 113 | 9 423 | 20 494 | 12 113 | 9 423 |
| Operating lease | 20 494 | 12 113 | 9 423 | 20 494 | 12 113 | 9 423 |
| Acquisition of subsidiary (note 9) | 13 801 904 | – | – | – | – | – |
| Deferred tax liabilities: | (17 111 604) | (2 384 086) | (2 851 195) | (60 211) | (48 194) | (5 048) |
| Prepayments | (44 824) | (39 069) | (2 626) | (44 824) | (39 069) | (2 626) |
| Property, plant and equipment | (15 387) | (9 125) | (2 422) | (15 387) | (9 125) | (2 422) |
| Revaluation of available-for-sale investments | (2 978 945) | (2 335 892) | (2 846 147) | – | – | – |
| Acquisition of subsidiary (note 9) | (14 072 448) | – | – | – | – | – |
| | (3 289 206) | (2 371 973) | (2 841 772) | (39 717) | (36 081) | 4 375 |

Unrecognised deferred tax assets relate to unused STC credits available to the Group which amount to R359 million (2009: R257 million).

The STC on dividends declared for the year ended 30 June 2010 amounts to R3,4 million (2009: R3,3 million). This has not been accounted for in the current year's tax amount.

# 8 BASIC AND DILUTED EARNINGS PER SHARE

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

The company has no dilutive potential ordinary shares. Basic and diluted earnings per share are therefore the same.

| **Basic and diluted earnings per share reconciliation** | 2010 Gross R | 2010 Net R | 2009 Restated Gross R | 2009 Restated Net R |
|---|---|---|---|---|
| Basic earnings attributable to ordinary shareholders | | 104 707 711 | | 171 719 910 |
| Number of shares for basic EPS calculation | | | | |
| Weighted average number of shares in issue | | 454 506 661 | | 462 033 176 |
| **Basic and diluted earnings per share (cents)** | | 23,04 | | 37,17 |
| **Headline earnings per share reconciliation** | | | | |
| Basic earnings attributable to ordinary shareholders | | 104 707 711 | | 171 719 910 |
| Negative goodwill | | – | (80 622 752) | (80 622 752) |
| Profit on sale of investments | | – | (213 245) | (153 536) |
| Loss on sale of plant and equipment | | – | 12 701 | 9 145 |
| Impairment of investments | | 3 860 000 | – | – |
| Re-measurement of investment | – | (42 488 228) | – | – |
| Adjustments by associates | 3 105 891 | 2 613 182 | 5 494 652 | 5 482 045 |
| – Impairment of casino licence | 3 869 856 | 3 482 871 | 3 612 763 | 3 612 763 |
| – Impairment of available-for-sale investments | 2 252 398 | 2 027 158 | – | – |
| – Provisions for pension fund exposure | – | – | 2 751 300 | 2 751 300 |
| – Realised investment profits | (663 980) | (544 464) | (869 411) | (882 018) |
| – Bargain purchase in respect of associates | (787 861) | (787 861) | – | – |
| – Re-measurement of investment | (1 564 522) | (1 564 522) | – | – |
| Adjustments by jointly-controlled entities | 1 870 483 | 1 533 796 | 53 000 | 38 160 |
| – Loss on disposal of plant and equipment | 682 462 | 559 619 | 53 000 | 38 160 |
| – Fair value adjustment | 1 188 021 | 974 177 | – | – |
| Headline earnings | | 70 226 461 | | 96 472 972 |
| Reversal of employee share trust consolidated* | | 62 141 | | 42 720 |
| Reversal of transaction costs | | 17 307 225 | | – |
| **Adjusted headline earnings** | | 87 595 827 | | 96 515 692 |
| Number of shares for headline EPS calculation | | | | |
| Weighted average number of shares in issue | | 454 506 661 | | 462 033 176 |
| Adjusted weighted average number of shares in issue | | 448 686 661 | | 462 033 176 |
| Headline earnings per share (cents) | | 15,45 | | 20,88 |
| **Adjusted headline earnings per share (cents)** | | 19,52 | | 20,89 |

* The consolidation of the employee share trust is reversed as the Group does not receive the economic benefits of the trust.

## 9 BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTEREST

**Acquisitions in 2010**

On 2 November 2009, an offer of R170 million was made to and accepted by the Tatts Group for all its shares in and shareholders' loan accounts against Carentan (LPM interests). Carentan owns 90% of Thuo SA, which in turn owns 70% of Grandslots (GPI already directly owned 25.1% in Grandslots) and 70% of Kingdomslots (GPI, through Akhona GPI, already owned an effective 22.5% in Kingdomslots).

IFRS 3R – Business Combinations requires that where an acquirer purchases its interest in an acquiree in stages and this results in a change in control of the acquiree, then the acquirer measures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R42 488 228 relates to the re-measurement of its previously held 25.1% interest in Grandslots and arose due to the acquisition of Carentan.

In May 2010, GPI announced the buy-out of the remaining minority stakes in Thuo SA and Grandslots through GPI Slots acquisition of 100% of the shares in and shareholders' loan claims against BVI 967 (having a 10% interest in Thuo SA) and Slots Solutions (having a 4.9% interest in Grandslots).

The LPM acquisition became unconditional on 30 June 2010, at which time GPI Slots formally took control of Carentan, BVI 967 and Slots Solutions. Carentan is consolidated as a subsidiary as at 30 June 2010.

The fair value of the identifiable assets and liabilities of Carentan as at the date of acquisition was as follows:

| | Fair value recognised on acquisition R |
|---|---|
| **Assets** | |
| Property, plant and equipment (note 14) | 83 429 530 |
| Intangible assets (note 15) | 37 532 808 |
| Deferred tax assets (note 7) | 13 801 904 |
| Inventories (note 16) | 1 328 620 |
| Trade and other receivables (note 17) | 16 007 565 |
| Tax receivable (note 17) | 672 737 |
| Cash and cash equivalents (note 19) | 42 916 396 |
| | 195 689 560 |
| **Liabilities** | |
| Deferred tax liabilities (note 7) | (14 072 448) |
| Provisions – Non-current liabilities (note 24) | (93 859) |
| Trade and other payables (note 23) | (24 318 381) |
| Provisions – Current liabilities (note 24) | (1 652 482) |
| Tax liabilities (note 30.1) | (173 554) |
| Borrowings | (110 721 120) |
| | (151 031 844) |
| Total identifiable net assets at fair value | 44 657 716 |
| Non-controlling interest | (4 978 315) |
| Goodwill on acquisition | 110 646 399 |
| Fair value adjustment of previously held interest in Grandslots | (53 399 000) |
| Loans acquired | 94 881 407 |
| Purchase consideration | 191 808 207 |
| Purchase consideration is made up as follows: | |
| Cash paid in respect of LPM business | 174 104 468 |
| Amounts still payable in respect of the acquisition of BVI 967 and Slots Solutions | 17 703 739 |
| | 191 808 207 |
| **Analysis of cash flows on acquisition** | |
| Net cash acquired – LPM operations | 42 916 396 |
| Cash paid in respect of LPM operations | (174 104 468) |
| Net cash outflow | (131 188 072) |

Of the total transaction cost of R17 307 225 which has been expensed for the year, R11 905 874 relates to the acquisition of our LPM interest. The transaction costs have been disclosed as part of operating costs (R5 619 786) and finance costs (R6 286 088).

The Group elected to measure the non-controlling interest in the acquiree at fair value. The fair value of the non-controlling interest has been estimated by applying a discounted cash flow model. The fair value estimate is based on a discount rate of 19.5%.

**Acquisitions in 2009**

During 2009 GPI increased its direct stake in SunWest by 2.83% at a cost of R92,4 million by exercising 560 000 of its 700 182 SunWest share options at an exercise price of R165 per SunWest share. As a result of accounting for the business combination in terms of IFRS 3 – Business Combinations, an adjustment of R80,6 million was made for negative goodwill.

| | Fair value recognised on acquisition R |
|---|---|
| Share of fair value of net assets on acquisition | 173 022 752 |
| Negative goodwill | (80 622 752) |
| Total consideration | 92 400 000 |
| **Analysis of cash flows on acquisition** | |
| Cash consideration | 539 562 713 |
| Cash paid in previous years | (447 162 713) |
| Cash paid during the year | 92 400 000 |

Negative goodwill arising on the acquisition of the investment was recognised immediately in profit.

## 10 INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

The GPI Group exercised certain pre-emptive rights and increased its direct and indirect economic stake in SunWest from 29.24% to 29.36% by acquiring 9 694 and 7 712 SunWest shares at a price of R333,68 and R329,44 respectively. On 28 June 2010, GPI further increased its direct stake in SunWest by 0.68% at a cost of R23 130 030 by exercising the last remaining 140 182 SunWest share options at an exercise price of R165 per SunWest share. The Group has 30.04% (2009: 29.24%) economic interest and 50.01% (2009: 50.01%) voting rights in SunWest. GPI holds a further 4.26% in SunWest through its 30.57% stake in RAH. Its total effective stake in SunWest is 34.30%.

GPI indirectly through its wholly-owned subsidiary BVI 575 owns 50% (2009: 50%) economic interest and voting rights in Western Cape Manco.

On 30 June 2010 the Group acquired an additional 7.72% interest in Golden Valley Casino at a cost of R3 860 000 by acquiring all of the shares in and loan claims against Stripe. Subsequently on 1 July 2010 GPI Slots sold Stripe to GPI at this cost. In calculating the fair value of the net identifiable assets and liabilities for Golden Valley Casino, it was determined that the carrying amount of the investment exceeded its recoverable amount and therefore resulted in an impairment of the investment as a consolidation adjustment at year-end.

The recoverable amount of the investment was determined based on a value in use calculation, using cash flow projections from financial budgets approved by senior management covering a five-year period, adjusted for the debt in the investee company. The pre-tax discount rate applied to the cash flow projections is 15% and cash flows beyond the five-year period are extrapolated using an assumed growth rate of 6%. As a result of this exercise, management has recognised an impairment loss of R3,8 million in its statement of comprehensive income for the year ended 30 June 2010. Since GPI does not have to contribute to its share of Golden Valley Casino's losses, the impairment has been limited to the cost of the investment.

The Group's share of assets, liabilities, income and expenditure for the year ended 30 June in respect of its jointly-controlled entities are equity-accounted in the consolidated financial statements and listed as follows.

| | SUNWEST | | |
|---|---|---|---|
| | | Restated | Restated |
| | 2010 | 2009 | 2008 |
| **GROUP** | R | R | R |
| Carrying amount of the investment – beginning of year | **1 303 488 675** | 1 148 985 444 | 447 162 713 |
| Cost of investment | **28 905 365** | 92 400 000 | – |
| Profit from jointly-controlled entities | **71 110 422** | 85 298 343 | 36 808 335 |
| Negative goodwill | **–** | 80 622 752 | 784 087 333 |
| Dividends received | **(87 821 072)** | (103 817 864) | (69 825 220) |
| Share premium distribution | **–** | – | (43 580 073) |
| Impairment of investment | **–** | – | – |
| Share of loss from jointly-controlled entity prior to becoming a joint venture | **–** | – | (5 667 644) |
| Carrying amount of the investment – end of year | **1 315 683 390** | 1 303 488 675 | 1 148 985 444 |
| Share of jointly-controlled entities' assets and liabilities | | | |
| Non-current assets | **414 775 498** | 425 775 043 | 413 785 278 |
| Current assets | **21 202 232** | 16 813 585 | 23 928 781 |
| Non-current liabilities | **(118 409 870)** | (113 537 165) | (213 119 192) |
| Current liabilities | **(174 336 539)** | (179 725 999) | (98 680 173) |
| Net asset/(liabilities) | **143 231 321** | 149 325 464 | 125 914 694 |
| Share of jointly-controlled entities' revenue and profits | | | |
| Revenue | **525 433 846** | 538 420 097 | 515 690 639 |
| Profit/(loss) | **71 110 422** | 85 298 343 | 36 808 335 |
| **COMPANY** | | | |
| Carrying amount of investment – beginning of year | **182 548 109** | 90 148 109 | 90 148 109 |
| Cost of investment – for cash | **24 976 174** | 92 400 000 | – |
| Carrying amount of the investment – end of year | **207 524 283** | 182 548 109 | 90 148 109 |

| WESTERN CAPE MANCO | | | GOLDEN VALLEY CASINO | | | TOTAL | | |
|---|---|---|---|---|---|---|---|---|
| | Restated | Restated | | Restated | Restated | | Restated | Restated |
| 2010 | 2009 | 2008 | 2010 | 2009 | 2008 | 2010 | 2009 | 2008 |
| R | R | R | R | R | R | R | R | R |
| 4 027 500 | 3 869 500 | 3 167 000 | – | – | – | 1 307 516 175 | 1 152 854 944 | 450 329 713 |
| – | – | – | 3 860 000 | – | – | 32 765 365 | 92 400 000 | – |
| 11 090 000 | 12 301 500 | 13 124 500 | – | – | – | 82 200 422 | 97 599 843 | 49 932 835 |
| – | – | | – | – | – | – | 80 622 752 | 784 087 333 |
| (11 710 500) | (12 143 500) | (12 422 000) | – | – | – | (99 531 572) | (115 961 364) | (82 247 220) |
| – | – | – | – | – | – | – | – | (43 580 073) |
| – | – | – | (3 860 000) | – | – | (3 860 000) | – | – |
| – | – | – | – | – | – | – | – | (5 667 644) |
| 3 407 000 | 4 027 500 | 3 869 500 | – | – | – | 1 319 090 390 | 1 307 516 175 | 1 152 854 944 |
| | | | | | | | | |
| – | – | – | 90 473 479 | 75 078 735 | 78 197 791 | 505 248 977 | 500 853 778 | 491 983 069 |
| 4 068 000 | 4 654 000 | 5 409 000 | 3 061 134 | 2 572 246 | 6 044 490 | 28 331 366 | 24 039 831 | 35 382 271 |
| – | – | – | (35 550 175) | (40 404 621) | (47 770 922) | (153 960 045) | (153 941 786) | (260 890 114) |
| (661 000) | (626 500) | (1 539 500) | (74 856 633) | (47 796 612) | (43 169 109) | (249 854 172) | (228 149 111) | (143 388 782) |
| 3 407 000 | 4 027 500 | 3 869 500 | (16 872 195) | (10 550 252) | (6 697 750) | 129 766 126 | 142 802 712 | 123 086 444 |
| | | | | | | | | |
| 18 746 500 | 20 115 000 | 21 735 000 | 49 870 389 | 39 906 503 | 31 835 415 | 594 050 735 | 598 441 600 | 569 261 054 |
| 11 090 000 | 12 301 500 | 13 124 500 | – | – | – | 82 200 422 | 97 599 843 | 49 932 835 |

## 11 INVESTMENTS IN ASSOCIATES

**RAH**

GPI through its wholly-owned subsidiary Utish holds a 30.57% (2009: 30.57%) interest in RAH. GPI directly owns a small percentage in RAH

**Akhona GPI**

GPI holds a 74.95% (2009: 74.95%) economic interest and 49.99% (2009: 49.99%) voting stake in Akhona GPI.

Akhona GPI took up certain pre-emptive rights in Dolcoast. These transactions had the effect of increasing GPI's indirect stake in Sibaya Casino to 8.05%.

Akhona GPI has completed their fair value assessment of net identifiable assets and liabilities and GPI has recognised its share of the re-measurement of R2,08 million and bargain purchase of R1 million on Akhona GPI's existing stake in Dolcoast, which increased Akhona GPI's shareholding in Dolcoast to 23%, thereby resulting in the Dolcoast investment becoming an associate.

**Grandslots**

GPI Slots previously held a 25.1% (2009: 25.1%) stake in Grandslots and this investment subsequently became a subsidiary following the acquisition of GPI's LPM interests. IFRS 3R – Business Combinations requires that where an acquirer purchases its interest in an acquiree in stages and this results in a change in control of the acquiree, then the acquirer measures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R42 488 228 relates to the re-measurement of this previously held 25.1% interest in Grandslots.

**Grand World Vision Events**

GPI is a 33.3% shareholder in Grand World Vision Events. This company is the vehicle used to share the residual profits remaining after each of its shareholding partners being GPI, WorldSport and VWV have charged for their respective contributions relating to the fees earned from the City of Cape Town for project managing the Cape Town FIFA Fan Fest 2010.

The Group's share of assets, liabilities, income and expenditure for the year ended 30 June of these associates which are equity-accounted in the consolidated financial statements is listed as follows.

| | | RAH | |
|---|---|---|---|
| | | Restated | Restated |
| | 2010 | 2009 | 2008 |
| **GROUP** | R | R | R |
| Carrying amount of the investment – beginning of year | 520 001 544 | 513 990 108 | – |
| Cost of investment – for cash | 298 194 | 9 998 | 139 290 193 |
| Cost of investment – for shares | – | – | 461 350 092 |
| Post-acquisition profit – beginning of year | – | – | – |
| Profit from associates | 23 619 882 | 28 108 504 | 5 481 714 |
| Change in reserve of associate companies | 22 390 691 | – | – |
| Dividends received | (28 761 563) | (22 107 066) | – |
| Impairment of investment | – | – | (92 131 891) |
| Re-measurement of investment | – | – | – |
| Transfer to subsidiary | – | – | – |
| Carrying amount of the investment – end of year | 537 548 748 | 520 001 544 | 513 990 108 |
| Share of associates' assets and liabilities | | | |
| Non-current assets | 268 541 248 | 250 323 056 | 304 149 937 |
| Current assets | 8 274 993 | 9 727 068 | 13 723 334 |
| Non-current liabilities | (3 212 907) | (3 764 696) | (15 972 464) |
| Current liabilities | (133 897) | (429 203) | (6 137 607) |
| Re-measurement of investment | – | – | – |
| Transfer to subsidiary | – | – | – |
| Net assets | 273 469 437 | 255 856 225 | 295 763 200 |
| Share of associates' revenue and profits | | | |
| Revenue | 19 172 893 | 23 551 434 | 1 356 120 |
| Profit | 23 619 882 | 28 108 504 | 5 481 714 |
| **COMPANY** | | | |
| Akhona GPI | 24 849 328 | 24 849 328 | 7 014 000 |
| Grand World Vision Events | 33 | – | – |
| RAH | 308 192 | 9 998 | 513 990 108 |
| – Opening balance | 9 998 | 513 990 108 | – |
| – Cost | 298 194 | – | 600 640 285 |
| – Sale of investment | – | (337 123 298) | – |
| – Impairment of investment in associate | – | (176 856 812) | (86 650 177) |
| Carrying amount of the investment – end of year | 25 157 553 | 24 859 326 | 521 004 108 |

The price of a RAH share at year-end traded at R3,10 (2009: R2,50) per share.

| | AKHONA | | | GRANDSLOTS | | GRAND WORLD VISION EVENTS | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|
| | Restated | Restated | | Restated | Restated | | | Restated | Restated |
| 2010 | 2009 | 2008 | 2010 | 2009 | 2008 | 2010 | 2010 | 2009 | 2008 |
| R | R | R | R | R | R | R | R | R | R |
| 25 090 608 | 7 037 504 | 7 014 000 | 5 908 719 | 5 107 486 | 2 510 | – | 551 000 871 | 526 135 098 | 7 016 510 |
| – | 17 835 328 | – | – | – | – | 33 | 298 227 | 17 845 326 | 139 290 193 |
| – | – | – | – | – | – | – | – | – | 461 350 092 |
| – | – | – | – | – | 366 958 | – | – | – | 366 958 |
| 6 805 845 | 217 776 | 23 504 | 5 002 053 | 4 566 233 | 4 738 018 | – | 35 427 780 | 32 892 513 | 10 243 236 |
| – | – | – | – | – | – | – | 22 390 691 | – | – |
| – | – | – | – | (3 765 000) | – | – | (28 761 563) | (25 872 066) | – |
| – | – | – | – | – | – | – | – | – | (92 131 891) |
| – | – | – | 42 488 228 | – | – | – | 42 488 228 | – | – |
| – | – | – | (53 399 000) | – | – | – | (53 399 000) | – | – |
| 31 896 453 | 25 090 608 | 7 037 504 | – | 5 908 719 | 5 107 486 | 33 | 569 445 234 | 551 000 871 | 526 135 098 |
| | | | | | | | | | |
| 41 180 171 | 33 599 027 | 10 302 374 | 8 902 716 | 9 973 105 | 8 072 776 | – | 318 624 135 | 293 895 188 | 322 525 087 |
| 6 612 028 | 4 999 998 | 1 017 785 | 9 675 396 | 5 322 867 | 6 790 111 | – | 24 562 417 | 20 049 933 | 21 531 230 |
| (18 776 992) | (16 339 491) | (6 984 000) | (2 365 977) | (3 382 116) | (3 167 909) | – | (24 355 876) | (23 486 303) | (26 124 373) |
| (2 165 603) | (2 211 911) | (82 150) | (5 301 363) | (6 005 137) | (6 587 492) | – | (7 600 863) | (8 646 251) | (12 807 249) |
| – | – | – | 42 488 228 | – | – | – | 42 488 228 | – | – |
| – | – | – | (53 399 000) | – | – | – | (53 399 000) | – | – |
| 26 849 604 | 20 047 623 | 4 254 009 | – | 5 908 719 | 5 107 486 | – | 300 319 041 | 281 812 567 | 305 124 695 |
| | | | | | | | | | |
| 3 652 500 | 1 517 459 | 140 391 | 48 484 350 | 47 248 298 | 41 868 203 | – | 71 309 743 | 72 317 191 | 43 364 714 |
| 6 805 845 | 217 776 | 23 504 | 5 002 053 | 4 566 233 | 4 738 018 | – | 35 427 780 | 32 892 513 | 10 243 236 |

| | GROUP | | |
|---|---|---|---|
| | 2010 R | Restated 2009 R | Restated 2008 R |
| **12 INVESTMENTS** | | | |
| Available-for-sale investments: National Manco | | | |
| Opening balance | 16 685 000 | 20 329 677 | 20 848 949 |
| Unrealised fair value gain/ (losses) on available-for-sale investments | 4 593 239 | (3 644 677) | (519 272) |
| | 21 278 239 | 16 685 000 | 20 329 677 |
| Available-for-sale fair value reserve | | | |
| Unrealised fair value gain/(losses) on available-for-sale investments | 4 593 239 | (3 644 677) | (519 272) |
| Deferred tax | (643 054) | 510 255 | 72 698 |
| | 3 950 185 | (3 134 422) | (446 574) |

A discounted cash flow model has been used in order to determine the fair values of unlisted investments. The valuation requires management to make certain assumptions about the model inputs. These included assuming expected future cash flows which were determined by applying growth rates to the underlying investments in which GPI has a stake. The discount rate is based on the company's weighted average cost of capital adjusted for a risk premium. For information relating to the sensitivity analysis, refer to note 27, other price risk section.

| | COMPANY | | |
|---|---|---|---|
| | 2010 R | 2009 R | 2008 R |
| **13 INVESTMENTS IN SUBSIDIARIES** | | | |
| GPI Slots | 100 | 100 | 100 |
| Utish | 100 | 100 | – |
| Grand Lifestyles | 100 | – | – |
| GPIMS | 2 000 100 | 100 | – |
| BVI 575 | 1 000 000 | 1 000 000 | 1 000 000 |
| | 3 000 400 | 1 000 300 | 1 000 100 |

**Special purpose entity**

During 2009, a R1 000 donation was made to the GPSIT in terms of the Trust Deed approved by the shareholders at the AGM dated 9 December 2008. This has been expensed in the company's 2009 financial statements.

The GPSIT is consolidated in terms of SIC 12 in the Group accounts.

## 14 PROPERTY, PLANT AND EQUIPMENT

### GROUP

| | Computer equipment R | Software R | Audiovisual R | Furniture and fittings R |
|---|---|---|---|---|
| **2010** | | | | |
| **Beginning of year** | | | | |
| – Cost | 356 749 | 252 750 | 979 | 480 727 |
| – Accumulated depreciation | (105 686) | (37 748) | (979) | (143 439) |
| Net book value | 251 063 | 215 002 | – | 337 288 |
| – Additions | 71 799 | 39 581 | – | – |
| – Depreciation | (123 166) | (139 088) | – | (96 031) |
| – Acquisition of subsidiary (note 9) | 489 113 | – | – | 2 117 518 |
| **Balance at end of year** | 688 809 | 115 495 | – | 2 358 775 |
| **Made up as follows:** | | | | |
| – Cost | 917 661 | 292 331 | 979 | 2 598 245 |
| – Accumulated depreciation | (228 852) | (176 836) | (979) | (239 470) |
| Net book value | 688 809 | 115 495 | – | 2 358 775 |
| **2009** | | | | |
| **Beginning of year** | | | | |
| – Cost | 153 211 | 7 513 | 979 | 394 976 |
| – Accumulated depreciation | (36 876) | (7 513) | (979) | (51 214) |
| Net book value | 116 335 | – | – | 343 762 |
| – Disposal cost | (21 430) | – | – | – |
| – Disposal accumulated depreciation | 8 729 | – | – | – |
| – Additions | 224 968 | 245 237 | – | 85 751 |
| – Depreciation | (77 539) | (30 235) | – | (92 225) |
| **Balance at end of year** | 251 063 | 215 002 | – | 337 288 |
| **Made up as follows:** | | | | |
| – Cost | 356 749 | 252 750 | 979 | 480 727 |
| – Accumulated depreciation | (105 686) | (37 748) | (979) | (143 439) |
| Net book value | 251 063 | 215 002 | – | 337 288 |
| **2008** | | | | |
| **Beginning of year** | | | | |
| – Cost | 32 166 | 7 513 | 979 | – |
| – Accumulated depreciation | (11 614) | (4 383) | (979) | – |
| Net book value | 20 552 | 3 130 | – | – |
| – Additions | 121 045 | – | – | 394 976 |
| – Depreciation | (25 262) | (3 130) | – | (51 214) |
| **Balance at end of year** | 116 335 | – | – | 343 762 |
| **Made up as follows:** | | | | |
| – Cost | 153 211 | 7 513 | 979 | 394 976 |
| – Accumulated depreciation | (36 876) | (7 513) | (979) | (51 214) |
| Net book value | 116 335 | – | – | 343 762 |

| Leasehold improvements R | Motor vehicles R | Plant and equipment – machines R | Plant and equipment – other R | Gaming equipment R | Premises soft furnishings R | Total R |
|---|---|---|---|---|---|---|
| 554 585 | – | – | – | – | – | 1 645 790 |
| (178 181) | – | – | – | – | – | (466 033) |
| 376 404 | – | – | – | – | – | 1 179 757 |
| – | 70 000 | – | – | – | – | 181 380 |
| (110 613) | (9 895) | – | – | – | – | (478 793) |
| 2 894 034 | – | 46 723 876 | 1 238 291 | 11 675 021 | 18 291 677 | 83 429 530 |
| 3 159 825 | 60 105 | 46 723 876 | 1 238 291 | 11 675 021 | 18 291 677 | 84 311 874 |
| | | | | | | |
| 3 448 619 | 70 000 | 46 723 876 | 1 238 291 | 11 675 021 | 18 291 677 | 85 256 700 |
| (288 794) | (9 895) | – | – | – | – | (944 826) |
| 3 159 825 | 60 105 | 46 723 876 | 1 238 291 | 11 675 021 | 18 291 677 | 84 311 874 |
| | | | | | | |
| 544 201 | – | – | – | – | – | 1 100 880 |
| (67 889) | – | – | – | – | – | (164 471) |
| 476 312 | | | | | | 936 409 |
| – | – | – | – | – | – | (21 430) |
| – | – | – | – | – | – | 8 729 |
| 10 384 | – | – | – | – | – | 566 340 |
| (110 292) | | | | | | (310 291) |
| 376 404 | – | – | – | – | – | 1 179 757 |
| | | | | | | |
| 554 585 | – | – | – | – | – | 1 645 790 |
| (178 181) | – | – | – | – | – | (466 033) |
| 376 404 | – | – | – | – | – | 1 179 757 |
| | | | | | | |
| – | – | – | – | – | – | 40 658 |
| – | – | – | – | – | – | (16 976) |
| – | | | | | | 23 682 |
| 544 201 | – | – | – | – | – | 1 060 222 |
| (67 889) | | | | | | (147 495) |
| 476 312 | – | – | – | – | – | 936 409 |
| | | | | | | |
| 544 201 | – | – | – | – | – | 1 100 880 |
| (67 889) | – | – | – | – | – | (164 471) |
| 476 312 | – | – | – | – | – | 936 409 |

## 14 PROPERTY, PLANT AND EQUIPMENT
CONTINUED

### COMPANY

| | Computer equipment R | Software R | Audiovisual R | Furniture and fittings R |
|---|---|---|---|---|
| **2010** | | | | |
| **Beginning of year** | | | | |
| – Cost | 356 749 | 252 750 | 979 | 480 727 |
| – Accumulated depreciation | (105 686) | (37 748) | (979) | (143 439) |
| Net book value | 251 063 | 215 002 | – | 337 288 |
| – Additions | 71 799 | 39 581 | – | – |
| – Depreciation | (123 166) | (139 088) | – | (96 031) |
| **Balance at end of year** | 199 696 | 115 495 | – | 241 257 |
| **Made up as follows:** | | | | |
| – Cost | 428 548 | 292 331 | 979 | 480 727 |
| – Accumulated depreciation | (228 852) | (176 836) | (979) | (239 470) |
| Net book value | 199 696 | 115 495 | – | 241 257 |
| **2009** | | | | |
| **Beginning of year** | | | | |
| – Cost | 153 211 | 7 513 | 979 | 394 976 |
| – Accumulated depreciation | (36 876) | (7 513) | (979) | (51 214) |
| Net book value | 116 335 | – | – | 343 762 |
| – Disposal cost | (21 430) | – | – | – |
| – Disposal accumulated depreciation | 8 729 | – | – | – |
| – Additions | 224 968 | 245 237 | – | 85 751 |
| – Depreciation | (77 539) | (30 235) | – | (92 225) |
| **Balance at end of year** | 251 063 | 215 002 | – | 337 288 |
| **Made up as follows:** | | | | |
| – Cost | 356 749 | 252 750 | 979 | 480 727 |
| – Accumulated depreciation | (105 686) | (37 748) | (979) | (143 439) |
| Net book value | 251 063 | 215 002 | – | 337 288 |
| **2008** | | | | |
| **Beginning of year** | | | | |
| – Cost | 32 166 | 7 513 | 979 | – |
| – Accumulated depreciation | (11 614) | (4 383) | (979) | – |
| Net book value | 20 552 | 3 130 | – | – |
| – Additions | 121 045 | – | – | 394 976 |
| – Depreciation | (25 262) | (3 130) | – | (51 214) |
| **Balance at end of year** | 116 335 | – | – | 343 762 |
| **Made up as follows:** | | | | |
| – Cost | 153 211 | 7 513 | 979 | 394 976 |
| – Accumulated depreciation | (36 876) | (7 513) | (979) | (51 214) |
| Net book value | 116 335 | – | – | 343 762 |

| Leasehold improvements R | Motor vehicles R | Plant and equipment – machines R | Plant and equipment – other R | Gaming equipment R | Premises soft furnishings R | Total R |
|---|---|---|---|---|---|---|
| 554 585 | – | – | – | – | – | 1 645 790 |
| (178 181) | – | – | – | – | – | (466 033) |
| 376 404 | – | – | – | – | – | 1 179 757 |
| – | – | – | – | – | – | 111 380 |
| (110 613) | – | – | – | – | – | (468 898) |
| 265 791 | – | – | – | – | – | 822 239 |
| 554 585 | – | – | – | – | – | 1 757 170 |
| (288 794) | – | – | – | – | – | (934 931) |
| 265 791 | – | – | – | – | – | 822 239 |
| 544 201 | – | – | – | – | – | 1 100 880 |
| (67 889) | – | – | – | – | – | (164 471) |
| 476 312 | – | – | – | – | – | 936 409 |
| – | – | – | – | – | – | (21 430) |
| – | – | – | – | – | – | 8 729 |
| 10 384 | – | – | – | – | – | 566 340 |
| (110 292) | – | – | – | – | – | (310 291) |
| 376 404 | – | – | – | – | – | 1 179 757 |
| 554 585 | – | – | – | – | – | 1 645 790 |
| (178 181) | – | – | – | – | – | (466 033) |
| 376 404 | – | – | – | – | – | 1 179 757 |
| – | – | – | – | – | – | 40 658 |
| – | – | – | – | – | – | (16 976) |
| – | | | | | | 23 682 |
| 544 201 | – | – | – | – | – | 1 060 222 |
| (67 889) | | | | | | (147 495) |
| 476 312 | – | – | – | – | – | 936 409 |
| 544 201 | – | – | – | – | – | 1 100 880 |
| (67 889) | – | – | – | – | – | (164 471) |
| 476 312 | – | – | – | – | – | 936 409 |

| | Trademarks R | Exclusivity agreements R | Licence acquisition costs R | Computer software R | Other R | Total R |
|---|---|---|---|---|---|---|
| **15 INTANGIBLE ASSETS** | | | | | | |
| 2010 | | | | | | |
| GROUP | | | | | | |
| Net book value at beginning of year | – | – | – | – | – | – |
| Acquisition of subsidiary (note 9) | 3 467 000 | 6 475 000 | 26 266 901 | 1 194 907 | 129 000 | 37 532 808 |
| Net book value at end of year | 3 467 000 | 6 475 000 | 26 266 901 | 1 194 907 | 129 000 | 37 532 808 |
| **Balance made up as follows:** | | | | | | |
| – Cost | 3 467 000 | 6 475 000 | 26 266 901 | 1 194 907 | 129 000 | 37 532 808 |
| Net book value at end of year | 3 467 000 | 6 475 000 | 26 266 901 | 1 194 907 | 129 000 | 37 532 808 |

| | GROUP 2010 R |
|---|---|
| **16 INVENTORY** | |
| Spare parts | 1 296 405 |
| Consumables | 32 215 |
| | 1 328 620 |

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 2010 R | Restated 2009 R | Restated 2008 R | 2010 R | 2009 R | 2008 R |
| **17 TRADE AND OTHER RECEIVABLES** | | | | | | |
| Other receivables | 1 384 145 | 1 250 578 | 255 138 | 360 585 | 20 920 | 255 138 |
| Prepayments | 160 085 | 139 532 | 9 380 | 160 085 | 139 532 | 9 380 |
| Related party – Akhona GPI | 2 561 085 | 2 500 000 | – | 2 561 085 | 2 500 000 | – |
| Acquisition of subsidiary (notes 9 and 17.1) | 16 007 565 | – | – | – | – | – |
| | 20 112 880 | 3 890 110 | 264 518 | 3 081 755 | 2 660 452 | 264 518 |

| | GROUP 2010 R |
|---|---|
| **17.1 Acquisition of subsidiary** | |
| Trade revenue receivables | 1 201 471 |
| Trade premises receivables | 3 595 298 |
| Less: Impairment of receivables | (864 795) |
| | 3 931 974 |
| Sundry receivables | 6 178 493 |
| Prepayments | 5 897 098 |
| | 16 007 565 |

## 17.2 Acquisition of subsidiary – Trade and other receivables at year-end

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

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers dispersed across the Western Cape and KwaZulu-Natal.

## 17.3 Acquisition of subsidiary – Tax receivable

| | GROUP 2010 R |
|---|---|
| Receiver of revenue | 672 737 |
| | 672 737 |

## 17.4 Age analysis of accounts receivables

The age analysis of the financial assets within the accounts receivables is listed in the table below:

### 17.4.1 Fully performing accounts receivable

Group revenue debtors and premises debtors are reviewed on a site-by-site basis for impairment. Group revenue debtors are considered overdue three days from the invoice date and Group premises debtors 12 months from the invoice date.

| | GROUP 2010 R |
|---|---|
| **Revenue/Related parties** | |
| Fully performing | 304 508 |
| Past due not impaired | 713 935 |
| Past due and impaired | 183 028 |
| | 1 201 471 |
| **Premises** | |
| Fully performing | 2 673 524 |
| Past due not impaired | 240 007 |
| Past due and impaired | 681 767 |
| | 3 595 298 |
| **Sundry** | |
| Fully performing | 6 178 493 |
| Past due not impaired | – |
| Past due and impaired | – |
| | 6 178 493 |

| | GROUP 2010 R |
|---|---|

## 17 TRADE AND OTHER RECEIVABLES CONTINUED

### 17.4 Age analysis of accounts receivables continued

#### 17.4.2 Past due but not impaired accounts receivable

| | GROUP 2010 R |
|---|---|
| The age analysis of these debtors is as follows: | |
| 0 to 30 days | 713 427 |
| 30 to 60 days | – |
| 60 to 120 days | 14 468 |
| over 120 days | 226 047 |
| | 953 942 |

#### 17.4.3 Past due and impaired accounts receivable

The individually impaired receivables mainly relate to sites that have invoices in excess of 30 days overdue or are no longer operational.

| | GROUP 2010 R |
|---|---|
| The age analysis of these revenue and premises debtors is as follows: | |
| 0 to 30 days | 111 631 |
| 30 to 60 days | 23 216 |
| 60 to 120 days | 50 188 |
| over 120 days | 679 760 |
| | 864 795 |
| Opening balance | 798 433 |
| Charge to the statement of comprehensive income | 551 809 |
| Impairment utilised | (485 447) |
| Closing balance | 864 795 |

## 18 RELATED PARTY LOANS

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

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 2010 R | Restated 2009 R | Restated 2008 R | 2010 R | 2009 R | 2008 R |
| Employee loans | 3 783 034 | 3 783 034 | – | – | – | – |
| – Non-directors | 318 795 | 318 795 | – | – | – | – |
| – Directors | 3 464 239 | 3 464 239 | – | – | – | – |
| GPSIT | – | – | – | 15 400 000 | 15 400 000 | – |
| Akhona GPI | 15 935 989 | 15 935 989 | 8 118 000 | 15 935 989 | 15 935 989 | 8 118 000 |
| BVI 575 | – | – | – | – | – | 23 753 673 |
| Utish | – | – | – | 192 642 982 | 264 652 135 | – |
| GPI Slots | – | – | – | 100 065 713 | – | – |
| **Total current assets** | 19 719 023 | 19 719 023 | 8 118 000 | 324 044 684 | 295 988 124 | 31 871 673 |
| BVI 575 | – | – | – | (78 623 746) | (34 173 809) | – |
| GPI Slots | – | – | – | – | (486 343) | (565 081) |
| GPIMS | – | – | – | (200 746) | – | – |
| Akhona GPI | (11 004 747) | – | – | – | – | – |
| Wild Rush | (4 834 966) | – | – | – | – | – |
| **Total current liabilities** | (15 839 713) | – | – | (78 824 492) | (34 660 152) | (565 081) |

Employee loans are secured by the shares issued to employees. The market value of the shares at 30 June 2010 amounts to R3 916 000.

Other related party loans are unsecured, interest-free and payable on demand, as there are no repayment terms the loans are recorded at cost.

## 19 CASH AND CASH EQUIVALENTS

Cash at bank and deposit bank accounts includes Money Market call accounts with floating interest rates that fluctuated between 7% and 5.9% during the year.

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 2010 R | Restated 2009 R | Restated 2008 R | 2010 R | 2009 R | 2008 R |
| Cash and cash equivalents | 38 275 132 | 55 754 405 | 81 834 197 | 30 136 388 | 4 293 033 | 44 478 668 |
| Cash acquired – subsidiary (note 9) | 42 916 396 | – | – | – | – | – |
| | 81 191 528 | 55 754 405 | 81 834 197 | 30 136 388 | 4 293 033 | 44 478 668 |

## 20 SHARE CAPITAL AND PREMIUM

| | GROUP 2010 R | GROUP Restated 2009 R | GROUP Restated 2008 R | COMPANY 2010 R | COMPANY 2009 R | COMPANY 2008 R |
|---|---|---|---|---|---|---|
| **Authorised** | | | | | | |
| 2 000 000 000 ordinary shares of 0,00025 cent each | 500 000 | 500 000 | 500 000 | 500 000 | 500 000 | 500 000 |
| Opening balance – 1 July | 697 381 738 | 740 835 489 | 112 283 566 | 697 177 038 | 740 835 489 | 112 283 566 |
| Shares issued during the year | 29 962 500 | – | 636 949 163 | 29 962 500 | – | 636 949 163 |
| Share issue expenses | (41 951) | – | (8 397 240) | (41 951) | – | (8 397 240) |
| Premium on treasury shares issued | – | 204 700 | – | – | – | – |
| Shares repurchased | – | (43 658 451) | – | – | (43 658 451) | – |
| Closing balance (issued and fully paid) – 30 June | 727 302 287 | 697 381 738 | 740 835 489 | 727 097 587 | 697 177 038 | 740 835 489 |
| **Reconciliation of number of shares in issue** | | | | | | |
| Opening balance – 1 July | 449 581 319 | 469 028 354 | 83 009 513 | 449 581 319 | 469 028 354 | 83 009 513 |
| Issued during the year | 12 750 000 | – | 386 018 841 | 12 750 000 | – | 386 018 841 |
| Shares repurchased | – | (19 447 035) | – | – | (19 447 035) | – |
| Closing balance – 30 June | 462 331 319 | 449 581 319 | 469 028 354 | 462 331 319 | 449 581 319 | 469 028 354 |
| **Treasury shares** | | | | | | |
| Opening balance – 1 July | (11 669 100) | – | | | | |
| Shares repurchased | – | (15 238 000) | | | | |
| Shares issued | – | 3 568 900 | | | | |
| Closing balance – 30 June | (11 669 100) | (11 669 100) | | | | |
| **Reconciliation of number of treasury shares** | | | | | | |
| Opening balance – 1 July | (5 820 000) | – | | | | |
| Shares repurchased | – | (7 600 000) | | | | |
| Shares issued | – | 1 780 000 | | | | |
| Closing balance – 30 June | (5 820 000) | (5 820 000) | | | | |

| | GROUP 2010 R | Restated 2009 R | Restated 2008 R |
|---|---|---|---|

## 21 CUMULATIVE REDEEMABLE PREFERENCE SHARE CAPITAL AND PREMIUM

Redeemable at the option of the holder – debt

### 21.1 Issued preference shares – Standard Bank/Depfin

**Authorised**

203 356 redeemable preference shares of R1 per share (2009: 203 356)

| | 2010 R | Restated 2009 R | Restated 2008 R |
|---|---|---|---|
| Balance at beginning of year – 1 July | 179 398 108 | 201 398 108 | – |
| Preference shares issued – par value | – | – | 203 356 |
| Preference shares issued – premium | – | – | 203 152 643 |
| Share issue expenses | – | – | (1 957 891) |
| Preference shares redeemed | (24 000 000) | (22 000 000) | – |
| Closing balance – 30 June | 155 398 108 | 179 398 108 | 201 398 108 |

Interest is calculated at 75% of the prime rate and is paid semi-annually on 31 March and 30 September. The above redemptions were made voluntarily as allowed by the subscription agreement. The preference shares are redeemable from 2011 to 2014. This facility is secured by 26.42% of SunWest ordinary shares held by the Group, with a proportionate carrying amount of R347 603 552.

### 21.2 Issued preference shares – Sanlam

**Authorised**

200 redeemable preference shares of R0,01 per share (2009: 200)

| | GROUP 2010 R | Restated 2009 R | Restated 2008 R |
|---|---|---|---|
| Balance at beginning of year – 1 July | 105 725 757 | – | – |
| Preference shares issued – par value* | 1 | 1 | – |
| Preference share premium | 19 999 999 | 105 725 756 | – |
| Closing balance – 30 June | 125 725 757 | 105 725 757 | – |

Interest is calculated at 83% of the prime rate and is paid semi-annually on 31 March and 30 September. The preference shares are redeemable from 2011 to 2014. This facility is secured by 110 535 507 RAH ordinary shares, with a carrying amount of R537 548 748.

* The par value of the preference shares issued to Sanlam is less than R1. It has therefore been rounded to R1.

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 2010 R | Restated 2009 R | Restated 2008 R | 2010 R | 2009 R | 2008 R |
| **21.3 Redeemable at the option of the Group – equity – Sun International South Africa** | | | | | | |
| Balance at beginning of year – 1 July | – | – | 57 797 500 | | | |
| Preference shares redeemed | – | – | (57 797 500) | | | |
| Closing balance – 30 June | – | – | – | | | |
| Total closing balance – 30 June | 281 123 865 | 285 123 865 | 201 398 108 | | | |

## 22 INTEREST-BEARING BORROWINGS

| | 2010 R | Restated 2009 R | Restated 2008 R | 2010 R | 2009 R | 2008 R |
|---|---|---|---|---|---|---|
| Grindrod Bank | 40 057 518 | – | – | 40 057 518 | – | – |
| Sanlam Capital Markets | 80 000 000 | – | – | – | – | – |
| | 120 057 518 | – | – | 40 057 518 | – | – |

The Grindrod Bank loan bears interest at prime plus 1%. Interest is capitalised monthly and paid quarterly. The loan is repayable within two years from 30 June 2010. The loan is secured by 560 000 SunWest shares. The 140 182 SunWest shares purchased during June 2010 also has to be pledged. The proportionate carrying amount of the shares pledged amounts to R208 578 550.

GPI used R23 130 030 of the Grindrod Bank loan to pay for the SunWest options and R15 million was used as part of the LPM acquisition funding. The latter was transferred to GPI Slots in order to settle the Carentan purchase price.

The Sanlam Capital Markets loan bears interest at the Jibar rate plus 3.75%. Interest is capitalised monthly and paid quarterly. The loan is repayable in 20 quarterly instalments of R4 000 000 each.

GPIMS has ceded all it rights, title and interest in and to (1) the lease agreements (to be acquired by GPIMS pursuant to the provisions of Carentan Sale of Business Agreement) including without limitation GPIMS' right to receive payment of all and any amounts due under the terms of the Lease Agreement and (2) the required insurances, whether actual, prospective or contingent, direct or indirect, whether a claim for the payment of money or the performance of any other obligation, and whether or not the said rights were within the contemplation of the parties at the signature date.

The following cessions/securities have also been given by the Group. All intra-group cessions/securities have not been disclosed as part of the Group cession/securities as it forms part of the company's annual financial statement disclosure.

– cession of the insurance policy in respect of the slots machines;

– a notarial bond over the moveable assets (LPMs) for R80 000 000 has been registered; and

– cession of Grandslots bank deposits.

The R80 million loan secured with Sanlam was raised as part of the LPM acquisition funding and was paid to GPI Slots in order to settle the purchase price of the machines and other assets acquired by GPIMS.

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 2010 R | Restated 2009 R | Restated 2008 R | 2010 R | 2009 R | 2008 R |
| **23 TRADE AND OTHER PAYABLES** | | | | | | |
| **Trade payables** | 1 657 602 | 737 839 | 330 769 | 575 785 | 737 836 | 330 769 |
| **Preference dividends accrual** | 5 268 456 | 6 658 612 | 5 741 229 | – | – | – |
| **Other payables and accruals** | 57 790 010 | 16 514 332 | 1 236 998 | 8 199 234 | 16 477 918 | 1 107 426 |
| Annual leave accrual | 201 386 | 126 135 | – | 179 428 | 126 135 | – |
| Audit fee accrual | 1 088 640 | 731 448 | 646 804 | 739 588 | 541 472 | 517 443 |
| Payroll accrual | 360 596 | 255 636 | 118 553 | 295 854 | 255 636 | 118 553 |
| Sundry accrual | – | 3 362 | – | – | 3 362 | – |
| Lease accrual | 73 192 | 78 353 | 33 655 | 73 192 | 78 353 | 33 655 |
| Other payables | 31 747 815 | 15 319 398 | 437 986 | 6 911 172 | 15 472 960 | 437 775 |
| Acquisition of subsidiary (note 9) | 24 318 381 | – | – | – | – | – |
| | 64 716 068 | 23 910 783 | 7 308 996 | 8 775 019 | 17 215 754 | 1 438 195 |

| | 2010 R |
|---|---|
| **23.1 Trade and other payables – Acquisition of subsidiary (note 9)** | |
| **Trade payables** | 9 014 860 |
| **Other payables** | 15 303 521 |
| Annual leave accrual | 832 797 |
| Audit fee accrual | 733 230 |
| Gaming accrual | 3 174 587 |
| Payroll accrual | 646 363 |
| Sundry accrual | 8 473 823 |
| VAT payable | 1 442 721 |
| | 24 318 381 |

## 24 PROVISIONS

| | Additional leave | Employee bonuses | Total 2010 |
|---|---|---|---|
| **GROUP** | | | |
| **2010** | | | |
| At beginning of the year | – | – | – |
| Acquisition of subsidiary (note 9) | 93 859 | 1 652 482 | 1 746 341 |
| At end of year | 93 859 | 1 652 482 | 1 746 341 |
| Non-current provisions | | | 93 859 |
| Current provisions | | | 1 652 482 |
| | | | 1 746 341 |

## 25 OPERATING LEASES

The future minimum lease payments under non-cancelable operating leases are as follows:

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | **2010 R** | Restated 2009 R | Restated 2008 R | **2010 R** | 2009 R | 2008 R |
| Rentals due within 1 year | 11 003 250 | 489 879 | 448 418 | 484 718 | 489 879 | 448 418 |
| Due within 1 to 5 years | 10 971 257 | 719 484 | 1 209 363 | 161 573 | 719 484 | 1 209 363 |
| | 21 974 507 | 1 209 363 | 1 657 781 | 646 291 | 1 209 363 | 1 657 781 |

## 26 SEGMENTAL ANALYSIS

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and return that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

IFRS 8: Operating segments requires a "management approach" whereby segment information is presented on the same basis as that used for internal reporting purposes to the chief operating decisionmaker/s who have been identified as the Board of directors. These directors review the Group's internal reporting by investment in equity-accounted investments. The directors do not review these equity-accounted investments by geographical sector and therefore no such disclosure has been made.

Only GPI's profit from equity-accounted investments can be reconciled to the statement of comprehensive income.

### Profit from equity-accounted investments

| | 2010<br>R | Restated<br>2009<br>R | %<br>Variance on<br>prior year |
|---|---|---|---|
| **Total revenue** | | | |
| Jointly-controlled entities | | | |
| Western Cape Manco | 37 493 000 | 40 230 000 | (7) |
| SunWest | 1 749 114 000 | 1 841 382 000 | (5) |
| – GrandWest | 1 582 040 000 | 1 641 977 000 | (4) |
| – Table Bay Hotel | 167 074 000 | 199 405 000 | (16) |
| Associates | | | |
| RAH | 62 718 000 | 77 041 000 | (19) |
| Grandslots | 193 164 000 | 188 240 000 | 3 |
| Akhona GPI | 4 870 000 | 2 427 000 | 101 |
| **Total EBITDA** | | | |
| Jointly-controlled entities | | | |
| Western Cape Manco | 34 058 000 | 37 542 000 | (9) |
| SunWest | 649 370 000 | 739 526 000 | (12) |
| – GrandWest | 614 051 000 | 674 630 000 | (9) |
| – Table Bay Hotel | 35 319 000 | 64 896 000 | (46) |
| Associates | | | |
| RAH | 85 759 000 | 105 152 000 | (18) |
| Grandslots | 41 526 000 | 39 629 000 | 5 |
| Akhona GPI | 9 246 000 | 389 000 | 2 277 |
| **Total attributable earnings** | | | |
| Jointly-controlled entities | | | |
| Western Cape Manco | 22 180 000 | 24 603 000 | (10) |
| SunWest | 242 981 000 | 291 718 000 | (17) |
| – GrandWest | 280 899 000 | 304 107 000 | (8) |
| – Table Bay Hotel | (37 918 000) | (12 389 000) | (206) |
| Associates | | | |
| RAH | 77 268 000 | 91 948 000 | (16) |
| Grandslots | 19 928 000 | 18 192 000 | 10 |
| Akhona GPI | 9 074 000 | 348 000 | 2 507 |

| | 2010 R | Restated 2009 R | % Variance on prior year |
|---|---|---|---|
| **Profit from equity-accounted investments** | | | |
| Jointly-controlled entities | | | |
| Western Cape Manco | 11 090 000 | 12 301 500 | (10) |
| SunWest | 71 110 422 | 85 298 343 | (17) |
| – GrandWest | 82 207 422 | 88 921 343 | (8) |
| – Table Bay Hotel | (11 097 000) | (3 623 000) | (206) |
| Associates | | | |
| RAH | 23 619 882 | 28 108 504 | (16) |
| Grandslots | 5 002 053 | 4 566 233 | 10 |
| Akhona GPI | 6 805 845 | 217 776 | 3 025 |
| Profit from equity-accounted investments | 117 628 202 | 130 492 356 | (10) |

| | 2010 R | Restated 2009 R |
|---|---|---|
| **Carrying value of equity-accounted investments** | | |
| Jointly-controlled entities | | |
| Western Cape Manco | 3 407 000 | 4 027 500 |
| SunWest | 1 315 683 390 | 1 303 488 675 |
| Associates | | |
| RAH | 537 548 748 | 520 001 544 |
| Grandslots | – | 5 908 719 |
| Akhona GPI | 31 896 453 | 25 090 608 |
| Grand World Vision Events | 33 | – |
| | 1 888 535 624 | 1 858 517 046 |

## 27 FINANCIAL INSTRUMENTS

The Group's principal financial liabilities comprise cumulative redeemable preference shares, interest-bearing borrowings, trade and other payables and related party loans payable. The main purpose of these instruments is to raise finance for the Group operations and investments.

The Group has financial assets such as available-for-sale investments, trade and other receivables and cash which arise directly from its operations. The main risks arising from financial instruments are market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk.

The fair values of each class of financial instrument approximate the carrying amounts.

| | Loans and receivables R | Available-for-sale R | Non-financial assets R | Total R |
|---|---|---|---|---|
| **FINANCIAL ASSETS – GROUP** | | | | |
| **2010** | | | | |
| Cash and cash equivalents | 81 191 528 | – | – | 81 191 528 |
| Related party loans | 19 719 023 | – | – | 19 719 023 |
| Trade and other receivables | 14 055 697 | – | 6 057 183 | 20 112 880 |
| Available-for-sale investments | – | 21 278 239 | – | 21 278 239 |
| Total | 114 966 248 | 21 278 239 | 6 057 183 | 142 301 670 |
| **2009** | | | | |
| Cash and cash equivalents | 55 754 405 | – | – | 55 754 405 |
| Related party loans | 19 719 023 | – | – | 19 719 023 |
| Trade and other receivables | 3 750 578 | – | 139 532 | 3 890 110 |
| Available-for-sale investments | – | 16 685 000 | – | 16 685 000 |
| Total | 79 224 006 | 16 685 000 | 139 532 | 96 048 538 |
| **2008** | | | | |
| Cash and cash equivalents | 81 834 197 | – | – | 81 834 197 |
| Related party loans | 8 118 000 | – | – | 8 118 000 |
| Trade and other receivables | 255 138 | – | 9 380 | 264 518 |
| Available-for-sale investments | – | 20 329 677 | – | 20 329 677 |
| Total | 90 207 335 | 20 329 677 | 9 380 | 110 546 392 |

| | Financial liabilities measured at amortised cost R | Non-financial liabilities R | Total R |
|---|---|---|---|
| **FINANCIAL LIABILITIES – GROUP** | | | |
| **2010** | | | |
| Trade and other payables | 56 162 556 | 8 553 512 | 64 716 068 |
| Dividends payable | 4 713 358 | – | 4 713 358 |
| Related party loans | 15 839 713 | – | 15 839 713 |
| Preference shares | 281 123 865 | – | 281 123 865 |
| Interest-bearing borrowings | 120 057 518 | – | 120 057 518 |
| Total | 477 897 010 | 8 553 512 | 486 450 522 |
| **2009** | | | |
| Trade and other payables | 22 719 211 | 1 191 572 | 23 910 783 |
| Dividends payable | 4 245 736 | – | 4 245 736 |
| Preference shares | 285 123 865 | – | 285 123 865 |
| Total | 312 088 812 | 1 191 572 | 313 280 384 |
| **2008** | | | |
| Trade and other payables | 6 509 984 | 799 012 | 7 308 996 |
| Dividends payable | 3 866 268 | – | 3 866 268 |
| Preference shares | 201 398 108 | – | 201 398 108 |
| Total | 211 774 360 | 799 012 | 212 573 372 |

| | Loans and receivables R | Non-financial assets R | Total R |
|---|---|---|---|
| **FINANCIAL ASSETS – COMPANY** | | | |
| **2010** | | | |
| Cash and cash equivalents | 30 136 388 | – | 30 136 388 |
| Related party loans | 324 044 684 | – | 324 044 684 |
| Trade and other receivables | 2 921 670 | 160 085 | 3 081 755 |
| Total | 357 102 742 | 160 085 | 357 262 827 |
| **2009** | | | |
| Cash and cash equivalents | 4 293 033 | – | 4 293 033 |
| Related party loans | 295 988 124 | – | 295 988 124 |
| Trade and other receivables | 2 520 920 | 139 532 | 2 660 452 |
| Total | 302 802 077 | 139 532 | 302 941 609 |
| **2008** | | | |
| Cash and cash equivalents | 44 478 668 | – | 44 478 668 |
| Related party loans | 31 871 673 | – | 31 871 673 |
| Trade and other receivables | 255 138 | 9 380 | 264 518 |
| Total | 76 605 479 | 9 380 | 76 614 859 |

| | Financial liabilities measured at amortised cost R | Non-financial liabilities R | Total R |
|---|---|---|---|
| **FINANCIAL LIABILITIES – COMPANY** | | | |
| **2010** | | | |
| Trade and other payables | 7 486 957 | 1 288 062 | 8 775 019 |
| Related party loans | 78 824 492 | – | 78 824 492 |
| Dividends payable | 4 713 358 | – | 4 713 358 |
| Interest-bearing borrowings | 40 057 518 | – | 40 057 518 |
| Total | 131 082 325 | 1 288 062 | 132 370 387 |
| **2009** | | | |
| Trade and other payables | 16 214 159 | 1 001 595 | 17 215 754 |
| Related party loans | 34 660 152 | – | 34 660 152 |
| Dividends payable | 4 245 736 | – | 4 245 736 |
| Total | 55 120 047 | 1 001 595 | 56 121 642 |
| **2008** | | | |
| Trade and other payables | 768 544 | 669 651 | 1 438 195 |
| Related party loans | 565 081 | – | 565 081 |
| Dividends payable | 3 866 268 | – | 3 866 268 |
| Total | 5 199 893 | 669 651 | 5 869 544 |

## 27 FINANCIAL INSTRUMENTS CONTINUED

As at 30 June 2010, the Group held the following financial instruments measured at fair value:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:**
Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:**
Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:**
Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

| | Level 1<br>R | Level 2<br>R | Level 3<br>R | Total<br>R |
|---|---|---|---|---|
| **2010** | | | | |
| Available-for sale-investments (note 12) | – | – | 21 278 239 | 21 278 239 |
| Total | – | – | 21 278 239 | 21 278 239 |
| **2009** | | | | |
| Available-for sale-investments (note 12) | – | – | 16 685 000 | 16 685 000 |
| Total | – | – | 16 685 000 | 16 685 000 |
| **2008** | | | | |
| Available-for sale-investments (note 12) | – | – | 20 239 677 | 20 239 677 |
| Total | – | – | 20 239 677 | 20 239 677 |

During the reporting period ended 30 June 2010 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Group does not have any exposure to currency risk.

### Interest rate risk
Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's obligation in terms of the preference shares and bank accounts.

The Group manages this by ensuring that sufficient available funds are maintained in bank accounts. The table overleaf 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 | Decrease in basis points | Effect on pre-tax profit R |
|---|---|---|---|---|
| GROUP | | | | |
| 2010 | 100 | (3 648 937) | (100) | 3 648 937 |
| 2009 | 100 | (2 649 733) | (100) | 2 649 733 |
| 2008 | 100 | (508 390) | (100) | 508 390 |
| COMPANY | | | | |
| 2010 | 100 | (99 211) | (100) | 99 211 |
| 2009 | 100 | 42 930 | (100) | (42 930) |
| 2008 | 100 | 444 787 | (100) | (444 787) |

### Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the cash flows received from the investment.

Discounted cash flows have been used in order to determine the fair values of unlisted investments. The valuation requires management to make estimates about the expected future cash flows of the shares which are discounted at current rates. The fair value of the investment was calculated with reference to the growth in the cash flows to be received from the investment.

The fair value sensitivity analysis was calculated by increasing or decreasing the Group's growth on investment by 1% assuming that all other variables remain constant.

| | Increase in growth rate % | Effect on equity R | Decrease in growth rate % | Effect on equity R |
|---|---|---|---|---|
| GROUP | | | | |
| 2010 | 1 | (2 735 028) | (1) | 3 749 874 |
| 2009 | 1 | (1 401 629) | (1) | 1 611 544 |
| 2008 | 1 | (9 466 832) | (1) | 1 467 784 |

### Credit risk

Credit risk is the risk of financial loss caused by the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. There is no independent rating procedure for customers as the credit quality for customers is assessed by taking into account their financial position, past experience and other factors that are used in evaluating the acceptability of the clients. No individual credit limit is set as gross gaming revenue generated from gaming operations is required to be paid over by the site operator on a weekly basis to the Group. On a weekly basis management rigorously monitors site operators' compliance with this policy.

The Group 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 which has not been adequately provided for.

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

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

The Group monitors its risk to a shortage of funds based on future cash flow commitments. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The Group has minimised its liquidity risk by ensuring that it has adequate banking facilities.

## 27 FINANCIAL INSTRUMENTS CONTINUED

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

| | On demand R | Less than 3 months R | 3 – 12 months R | 1 – 2 years R | > 2 years R | Total R |
|---|---|---|---|---|---|---|
| **GROUP** | | | | | | |
| **2010** | | | | | | |
| Trade and other payables | – | 56 162 556 | – | | | 56 162 556 |
| Preference shares | – | – | 24 162 000 | 65 761 727 | 193 157 030 | 283 081 757 |
| Interest-bearing borrowings | – | – | 12 000 000 | 16 000 000 | 92 000 000 | 120 000 000 |
| Interest on preference shares | – | – | 22 124 696 | 18 705 687 | 19 753 804 | 60 584 187 |
| Related party loan | 15 839 713 | – | – | – | – | 15 839 713 |
| Dividends payable | 4 713 358 | – | – | – | – | 4 713 358 |
| Total | 20 553 071 | 56 162 556 | 58 287 696 | 100 467 414 | 304 910 834 | 540 381 571 |
| **2009** | | | | | | |
| Trade and other payables | – | 22 719 211 | – | – | – | 22 719 211 |
| Preference shares | – | – | 24 000 000 | 24 163 000 | 238 918 757 | 287 081 757 |
| Interest on preference shares | – | 6 376 015 | 14 442 775 | 42 787 461 | 20 510 767 | 84 117 018 |
| Dividends payable | 4 245 736 | – | – | – | – | 4 245 736 |
| Total | 4 245 736 | 29 095 226 | 38 442 775 | 66 950 461 | 259 429 524 | 398 163 722 |
| **2008** | | | | | | |
| Trade and other payables | – | 6 509 984 | – | – | – | 6 509 984 |
| Preference shares | – | – | 22 000 000 | 24 000 000 | 157 356 000 | 203 356 000 |
| Interest on preference shares | – | 11 894 129 | 24 220 667 | 24 220 667 | 67 222 775 | 127 558 238 |
| Dividends payable | 3 866 268 | – | – | – | – | 3 866 268 |
| Total | 3 866 268 | 18 404 113 | 46 220 667 | 48 220 667 | 224 578 775 | 341 290 490 |
| **COMPANY** | | | | | | |
| **2010** | | | | | | |
| Trade and other payables | – | 7 486 957 | – | – | – | 7 486 957 |
| Related party loan | 78 824 492 | – | – | – | – | 78 824 492 |
| Interest-bearing borrowings | – | – | – | – | 40 057 518 | 40 057 518 |
| Dividends payable | 4 713 358 | – | | | | 4 713 358 |
| Total | 83 537 850 | 7 486 957 | – | – | 40 057 518 | 131 082 325 |
| **2009** | | | | | | |
| Trade and other payables | – | 16 214 159 | – | – | – | 16 214 159 |
| Related party loan | 34 660 152 | – | – | – | – | 34 660 152 |
| Dividends payable | 4 245 736 | – | – | – | – | 4 245 736 |
| Total | 38 905 888 | 16 214 159 | – | – | – | 55 120 047 |
| **2008** | | | | | | |
| Trade and other payables | – | 768 544 | – | – | – | 768 544 |
| Related party loan | 565 081 | – | – | – | – | 565 081 |
| Dividends payable | 3 866 268 | – | – | – | – | 3 866 268 |
| Total | 4 431 349 | 768 544 | – | – | – | 5 199 893 |

**Gains and losses on financial instruments**

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

| | Fair value movement R | Interest income R | Interest expense R | Total R |
|---|---|---|---|---|
| GROUP | | | | |
| 2010 | | | | |
| Loans and receivables | – | 3 943 109 | – | 3 943 109 |
| Available-for-sale investments | 26 340 876 | – | – | 26 340 876 |
| Financial liabilities at amortised cost | – | – | (29 834 946) | (29 834 946) |
| Total | 26 340 876 | 3 943 109 | (29 834 946) | 449 039 |
| 2009 | | | | |
| Loans and receivables | – | 2 836 632 | – | 2 836 632 |
| Available-for-sale investments | (3 134 422) | – | – | (3 134 422) |
| Financial liabilities at amortised cost | – | – | (31 938 621) | (31 938 621) |
| Total | (3 134 422) | 2 836 632 | (31 938 621) | (32 236 411) |
| 2008 | | | | |
| Loans and receivables | – | 10 429 084 | – | 10 429 084 |
| Available-for-sale investments | (446 574) | – | – | (446 574) |
| Financial liabilities at amortised cost | – | – | (8 934 260) | (8 934 260) |
| Total | (446 574) | 10 429 084 | (8 934 260) | 1 048 250 |
| COMPANY | | | | |
| 2010 | | | | |
| Financial liabilities at amortised cost | – | – | (58 249) | (58 249) |
| Loans and receivables | – | 1 748 878 | – | 1 748 878 |
| Total | – | 1 748 878 | (58 249) | 1 690 629 |
| 2009 | | | | |
| Financial liabilities at amortised cost | – | – | (2 089 389) | (2 089 389) |
| Loans and receivables | – | 1 315 483 | – | 1 315 483 |
| Total | – | 1 315 483 | (2 089 389) | (773 906) |
| 2008 | | | | |
| Loans and receivables | – | 7 891 925 | – | 7 891 925 |
| Total | – | 7 891 925 | – | 7 891 925 |

## 28 DIRECTORS' EMOLUMENTS

### Directors' fees

**2010**

| **Executive directors** | Salary R | Other benefits R | Bonuses R | Director fees R | Audit committee R | Remuneration and nomination committee R | Total remuneration R |
|---|---|---|---|---|---|---|---|
| A P Funkey | 1 660 726 | 213 168 | 131 083 | – | – | – | 2 004 977 |
| R J Hoption | 954 865 | 81 293 | 75 000 | – | – | – | 1 111 158 |
| | 2 615 591 | 294 461 | 206 083 | – | – | – | 3 116 135 |
| **Non-executive directors** | | | | | | | |
| H Adams | – | – | – | 1 002 981 | – | – | 1 002 981 |
| A Abercrombie | – | – | – | 102 500 | – | 30 750 | 133 250 |
| A W Bedford | – | – | – | 102 500 | – | 61 500 | 164 000 |
| R G Freese | – | – | – | 102 500 | 61 500 | – | 164 000 |
| N Mlambo | – | – | – | 102 500 | – | 30 750 | 133 250 |
| N V Maharaj | – | – | – | 102 500 | 30 750 | – | 133 250 |
| C W WIlliams | – | – | – | 102 500 | 30 750 | – | 133 250 |
| | – | – | – | 1 617 981 | 123 000 | 123 000 | 1 863 981 |
| | 2 615 591 | 294 461 | 206 083 | 1 617 981 | 123 000 | 123 000 | 4 980 116 |

**2009**

| **Executive directors** | Salary R | Director fees R | Audit committee R | Remuneration and nomination committee R | Total remuneration R |
|---|---|---|---|---|---|
| A P Funkey | 1 254 000 | – | – | – | 1 254 000 |
| R J Hoption | 776 923 | – | – | – | 776 923 |
| | 2 030 923 | – | – | – | 2 030 923 |
| **Non-executive directors** | | | | | |
| H Adams | – | 905 958 | – | – | 905 958 |
| A Abercrombie | – | 80 000 | – | – | 80 000 |
| A W Bedford | – | 80 000 | – | 30 000 | 110 000 |
| R G Freese | – | 80 000 | 30 000 | – | 110 000 |
| N Mlambo | – | 80 000 | – | 15 000 | 95 000 |
| N V Maharj | – | 80 000 | 15 000 | – | 95 000 |
| C W Williams | – | 80 000 | 15 000 | – | 95 000 |
| | – | 1 385 958 | 60 000 | 45 000 | 1 490 958 |
| | 2 030 923 | 1 385 958 | 60 000 | 45 000 | 3 521 881 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2010 R | 2009 R | 2010 R | 2009 R |

## 29 DIVIDENDS DECLARED AND PAID

| | GROUP 2010 R | GROUP 2009 R | COMPANY 2010 R | COMPANY 2009 R |
|---|---|---|---|---|
| Final dividend in respect of the 2009 financial year of 10 cents (2008: 7,5 cents per share) | 33 282 049 | 46 281 570 | 33 718 599 | 46 281 570 |

The final dividend in respect of the 2010 financial year of 7,5 cents per share was declared on 22 September 2010.

## 30 NOTES TO THE CASH FLOW STATEMENT

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 2010 R | Restated 2009 R | Restated 2008 R | 2010 R | 2009 R | 2008 R |
| **30.1 Taxation paid** | | | | | | |
| Taxation – beginning of the year | 377 509 | 2 523 291 | 573 536 | 128 925 | 1 836 278 | 732 262 |
| Amount per income statement (note 7) | | | | | | |
| – current year | 923 502 | 810 537 | 2 340 128 | 314 443 | 332 347 | 1 780 292 |
| – prior year underprovision | 157 292 | – | 92 851 | 192 637 | – | – |
| – STC | – | 149 231 | – | – | 149 231 | – |
| Taxation – LPM operations (note 9) | 173 554 | – | – | – | – | – |
| Taxation – closing balance | (790 049) | (377 509) | (2 523 291) | (153 709) | (128 925) | (1 836 278) |
| | 841 808 | 3 105 550 | 483 224 | 482 296 | 2 188 931 | 676 276 |
| **30.2 Dividends paid** | | | | | | |
| Opening balance | 4 245 736 | 3 866 268 | 3 757 380 | 4 245 736 | 3 866 268 | 3 757 380 |
| Dividends declared | 33 282 049 | 46 281 570 | 24 902 854 | 33 718 599 | 46 281 570 | 24 902 854 |
| Closing balance | (4 713 358) | (4 245 736) | (3 866 268) | (4 713 358) | (4 245 736) | (3 866 268) |
| | 32 814 427 | 45 902 102 | 24 793 966 | 33 250 977 | 45 902 102 | 24 793 966 |

| | Balance (owed)/ receivable 2010 R | Receipts/ (payments) 2010 R | Balance (owed)/ receivable 2009 R | Receipts/ (payments) 2009 R |
|---|---|---|---|---|
| **31 RELATED PARTY TRANSACTIONS** | | | | |
| **GROUP** | | | | |
| DLA Cliffe Dekker Hofmeyr | – | (147 671) | – | – |
| Proman | – | (569 314) | (619 223) | 49 183 |
| GPSIT loans to directors | 3 464 239 | – | 3 464 239 | 3 464 239 |
| Asch | (7 960) | (94 298) | (136 129) | (7 757) |
| Short-term employee benefits | – | (4 685 655) | (3 521 881) | – |
| **COMPANY** | | | | |
| DLA Cliffe Dekker Hofmeyr | – | 59 895 | – | – |
| Proman | – | (569 314) | (619 223) | 49 183 |
| Asch | (7 960) | (94 298) | (136 129) | (7 757) |
| Short-term employee benefits | – | (4 685 655) | (3 521 881) | – |

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

Listed below are the related party transactions identified.

**Third parties**

DLA Cliffe Dekker Hofmeyr (formerly known as Hofmeyr Herbstein & Gihwala Inc.) is a firm of attorneys that provides legal services to the Group. Directors of DLA Cliffe Dekker Hofmeyr, A Abercrombie and C W Williams, are also directors of the company.

GPI rents office space from Proman. H Adams, a director of the company, is also a director of Proman.

Asch are engineering consultants. Asch provides GPI with IT support services. H Adams, a director of the company, is also a director of Asch.

**Subsidiaries**

Refer to note 18 for balances owed/due to subsidiaries.

**Jointly-controlled entities**

Refer to note 10 for transactions and balances relating to jointly-controlled entities.

**Associates**

Refer to note 11 for transactions and balances relating to associates.

**Other related party transactions**

Certain of the directors also had the following interest in contracts due to the acquisition of Carentan. H Adams and A Abercrombie: the sale of BVI 967, Slots Solutions and Stripe holding minority interests of 10% in Thuo SA, 4.9% in Grandslots and 7.72% in Golden Valley Casino respectively to GPI Slots for R22 million.

In achieving the 35% black Lock-in required to enable GPI to exercise the remaining portion of the SunWest option, GPI concluded Lock-in Agreements on 25 June 2010 ("Lock-in Agreements") with Quintessence Opportunities (Proprietary) Limited, Nadesons Investments (Proprietary) Limited, Prosperity Through Partnership Limited and Mr A Abercrombie ("the Locked-in parties"), all of which are either black persons or other black entities as defined in terms of the Option Agreement who beneficially own and control ordinary shares in GPI.

The Lock-in Agreements provide that for the duration of the lock-in period (being the period ending 30 June 2012), the Locked-in parties shall each be restricted in trading their Locked-in shares.

In terms of the fairness opinion obtained from Mazars a payment of up to 15 cents was determined as fair to these shareholders.

In lieu of limiting their rights in such manner, and in securing GPI's exercise of the remaining portion of the SunWest option, the Board resolved to compensate the Locked-in parties in the amount of 10 cents for each of their Locked-in shares, representing a maximum of R4,3 million in aggregate in cash ("the Lock-in consideration"). In determining the quantum in respect of the Lock-in consideration, the Board duly considered the value attributable to the additional SunWest shares.

The JSE has ruled this compensation to be a specific payment to shareholders. This transaction therefore requires shareholders approval which will be sought at our next AGM.

H Adams, A Abercrombie, R G Freese and A W Bedford are all related parties to the entities mentioned above. H Adams and A Abercrombie will be receiving R1 million and R339k respectively of the BEE Lock-in transaction fees. R G Freese and A W Bedford will be receiving R40k and R50k respectively in respect of the BEE Lock-in transaction fees.

## 31 RELATED PARTY TRANSACTIONS CONTINUED

**Fees received from investee companies**

Certain of the directors receive director fees due to being Board members on the Board committees of the underlying investment companies. These fees are paid directly to these directors.

| | 2010 | 2009 |
|---|---|---|
| **SunWest** | | |
| H Adams | 69 000 | 64 800 |
| A Abercrombie | 40 500 | 43 200 |
| R G Freese | 43 250 | 43 200 |
| N Mlambo | 46 000 | 43 200 |
| A P Funkey | 46 000 | 43 200 |
| | 244 750 | 237 600 |
| **Kingdomslots** | | |
| A P Funkey | 120 000 | 30 000 |
| | 120 000 | 30 000 |
| **Grandslots** | | |
| Nadesons Investments (Proprietary) Limited | 144 000 | 144 000 |
| A Abercrombie | 144 000 | 144 000 |
| A P Funkey | 144 000 | 36 000 |
| | 432 000 | 324 000 |

Grandslots paid Nadesons Investments (Proprietary) Limited consulting fees. Mr H Adams, a director of GPI, is also a director of Nadesons Investments (Proprietary) Limited.

## 32 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 manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary source of capital is issued share capital and preference share capital.

## 33 CAPITAL REDEMPTION RESERVE FUND

In terms of section 98 of the Companies Act of South Africa, 1973 (No. 61 of 1973), as amended, a capital redemption reserve fund must be created for the par value of the preference shares redeemed during the year.

## 34 CAPITAL COMMITMENTS

**Authorised but not contracted**

In terms of the shareholders' agreement signed on 6 April 2010 it was agreed that once the funding of the Golden Valley Casino's contribution towards the Worcester Interchange has been approved by its directors, that a further issue and allotment of shares be made and that each shareholder will participate in the equity raising exercise.

## 35 LITIGATION

There are no legal or arbitration proceedings (including any such proceedings that are pending) of which the Group is aware.

## 36 SUBSEQUENT EVENTS

Subsequent to year-end GPI Slots offered to acquire Akhona GPI's 7.5% stake in Kingdomslots. While the Board of Akhona GPI has accepted this offer it is still subject to certain conditions, which include inter alia, agreement on the manner of payment of the purchase price and obtaining the KwaZulu-Natal Gambling Board's approval.

In addition Golden Valley Casino had a rights issue in July 2010 and GPI's share of this cost amounted to R16,6 million and resulted in a further increase in its stake to 46.30%. At a Golden Valley Casino directors meeting held on 5 November 2010, it was resolved to raise R35 million funding from the shareholders in December 2010. GPI's share of this contribution amounts to R16,2 million.

On 15 October 2010, a total of 9 693 930 GPI shares were purchased by Razifin for R20 066 435,10. Certain GPI directors are also shareholders of Razifin and has the following interest in the entity:

– 24.9% held by Alex Abercrombie

– 67.2% held by Nadesons Investments (Proprietary) Limited, a company which is held 78.5% by Hassen Adams

– 7.9% held by Adrian Funkey

Hassen Adams is also a director of Razifin.

On 1 July 2010 Carentan and Thuo SA sold its assets and liabilities, including the machine leasing and management services contracts, to GPIMS.

Subsequent on 1 July 2010, GPI Slots sold Stripe to GPI at a cost of R3 860 000.

# *Shareholders' Information*

| Shareholder spread | Number of shareholders | % | Number of shares | % |
|---|---|---|---|---|
| 1 – 1 000 shares | 155 | 2.44 | 98 525 | 0.02 |
| 1 001 – 10 000 shares | 4 152 | 65.26 | 21 428 114 | 4.63 |
| 10 001 – 100 000 shares | 1 812 | 28.48 | 50 621 432 | 10.95 |
| 100 001 – 1 000 000 shares | 187 | 2.94 | 55 285 606 | 11.96 |
| 1 000 001 shares and over | 56 | 0.88 | 334 897 642 | 72.44 |
| **Total** | 6 362 | 100 | 462 331 319 | 100 |

| Distribution of shareholders | Number of shares | % |
|---|---|---|
| Banks | 4 530 787 | 0.98% |
| Brokers | 13 035 854 | 2.82% |
| Close Corporations | 2 006 131 | 0.43% |
| Endowment Funds | 347 445 | 0.08% |
| Individuals | 102 455 988 | 22.16% |
| Insurance Companies | 41 399 | 0.01% |
| Investment Companies | 21 336 259 | 4.61% |
| Medical Aid Schemes | 21 656 | 0.00% |
| Mutual Funds | 46 010 395 | 9.95% |
| Nominees and Trusts | 102 286 360 | 22.12% |
| Other Corporations | 2 149 570 | 0.46% |
| Pension Funds | 10 576 969 | 2.29% |
| Private Companies | 87 550 436 | 18.94% |
| Public Companies | 64 162 070 | 13.88% |
| GPSIT | 5 820 000 | 1.26% |
| **Total** | 462 331 319 | 100.00% |

| Public/non-public shareholders | Number of shareholders | % |
|---|---|---|
| **Non-public shareholders** | 8 | 0.13% |
| Directors and associates of the company | 7 | 0.11% |
| GPSIT | 1 | 0.02% |
| **Public shareholders** | 6 354 | 99.87% |
| **Total** | 6 362 | 100% |

| Beneficial shareholders holding 3% or more | Number of shares | % |
|---|---|---|
| The GPI SPV Trust | 38 728 436 | 8.38 |
| Quintessence Opportunities Ltd | 27 186 788 | 5.88 |
| Sancino Projects Limited | 25 943 236 | 5.61 |
| Midnight Storm Investment 387 (Pty) Ltd | 25 130 506 | 5.44 |
| Tri-Linear Empowerment Trust | 19 387 860 | 4.19 |
| Rowmoor Investments 769 Pty Ltd | 18 000 000 | 3.89 |
| Chandos Trust | 17 886 842 | 3.87 |
| Baleine Capital (Pty) Ltd | 16 018 867 | 3.46 |
| Sanlam | 13 717 937 | 2.97 |

Note 1: The above analysis is based on a report compiled by an independent service provider.

Note 2: An internal audit of GPI's shareholding confirmed that black shareholding ownership is in excess of 50% and therefore GPI qualifies in terms of the code as a 100% black business.

Notice is hereby given that the AGM of shareholders of Grand Parade Investments Limited ("GPI" or "the company"), will be held at Market Hall, GrandWest Casino, Goodwood on Wednesday, 15 December 2010, at 18h00 to consider, propose and/or conduct the following business (registration closes 15 minutes before the meeting commences):

1. **To transact such other business as may be transacted at an AGM.**

2. **Ordinary Resolution Number One**
   To re-elect Alex Abercrombie as director of the company.

   "RESOLVED THAT Alex Abercrombie who retires by rotation in terms of the articles of association of the company and being eligible for re-election, be and is hereby reappointed as director of the company."

   A summary of the curriculum vitae of Alex Abercrombie is provided on page 20.

3. **Ordinary Resolution Number Two**
   To re-elect Norman Victor Maharaj as director of the company.

   "RESOLVED THAT Norman Victor Maharaj who retires by rotation in terms of the articles of association of the company and being eligible for re-election, be and is hereby reappointed as director of the company."

   A summary of the curriculum vitae of Norman Maharaj is provided on page 21.

4. **Ordinary Resolution Number Three**
   To re-elect Charl Wayne Williams as director of the company.

   "RESOLVED THAT Charl Wayne Williams who retires by rotation in terms of the articles of association of the company and being eligible for re-election, be and is hereby reappointed as director of the company."

   A summary of the curriculum vitae of Charl Williams is provided on page 22.

5. **Ordinary Resolution Number Four**
   To receive, consider and adopt the audited annual financial statements of the company and the Group for the financial year ended 30 June 2010.

   "RESOLVED THAT the audited annual financial statements in respect of the company and the Group for the financial year ended 30 June 2010 be and are hereby confirmed and approved."

6. **Ordinary Resolution Number Five**
   To approve the directors' fees as disclosed in the annual financial statements of the company and the Group for the year ended 30 June 2010.

   "RESOLVED THAT the directors' fees for the year ended 30 June 2010 be and are hereby approved."

7. **Ordinary Resolution Number Six**
   To reappoint Ernst & Young Inc. as auditors of the company and the Group for the ensuing financial year.

   "RESOLVED THAT Ernst & Young Inc. be reappointed as the auditors of the company and the Group until the company's next AGM."

8. **Ordinary Resolution Number Seven**
   To authorise the directors to determine and pay the auditors' remuneration for the past audit.

   "RESOLVED THAT the directors of the company be and are hereby authorised to determine and pay the remuneration of the company's and the Group's auditors for the audit services provided during the financial year ended 30 June 2010."

9. **Ordinary Resolution Number Eight**
   To consider and if deemed fit, to pass the following ordinary resolution with or without modification:

   To place the unissued shares of the company under the directors' control.

   "RESOLVED THAT the unissued share capital of the company, from time to time, be and is hereby placed under the control of the directors of the company until the next AGM of the company, with the authority to allot and issue all or part thereof in their discretion, subject to sections 221 and 222 of the Companies Act 1973 (No. 61 of 1973), as amended, the articles of association of the company and the provisions of the Listings Requirements of the JSE."

10. **Ordinary Resolution Number Nine**
    To consider and if deemed fit, to pass the following ordinary resolution with or without modification:

    To issue shares for cash as contemplated in terms of the Listings Requirements of the JSE.

    "RESOLVED THAT the directors of the company be and are hereby authorised by way of a general authority, to allot and issue for cash any of its unissued shares placed under their control as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE, the Companies Act, 1973 (No. 61 of 1973), as amended, and the articles of association of the company, and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 15% of the issued share capital as at 30 June 2010, provided further that:

    - the approval shall be valid until the date of the next AGM of the company, provided it shall not extend beyond fifteen months from the date of this resolution;
    - a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
    - the general issues of shares for cash in the aggregate in any one financial year may not exceed 15% of the applicant's issued share capital (number of securities) of that class. The securities of a particular class will be aggregated with the securities that are compulsorily convertible into securities of that class; and, in

the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible. The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year, provided that any securities of that class to be issued pursuant to a rights issue (which has been announced, is irrevocable and is fully underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application;

- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the directors (the committee of the JSE should be consulted for a ruling if the applicant's securities have not traded in such 30-business day period);
- any such issue will only be made to public shareholders as defined in paragraph 4.22 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue."

At least 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of these resolutions.

**11. Special Resolution Number One**

To consider and if deemed fit, to pass the following special resolution with or without modification.

To authorise the company to purchase its own shares in accordance with the provisions of sections 85 to 88 of the Companies Act, as amended.

"RESOLVED THAT as a special resolution, that the company be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 85 to 88 of the Companies Act, 1973 (No. 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of the JSE provided that:

- the general authority shall be valid until the next AGM of the company or for a period of 15 months from the passing of this resolution (whichever period is shorter);
- the general authority be limited to a maximum of 20% of the issued share capital of that class in one financial year;
- repurchases shall not be made at a price more than 10% above the weighted average of the market value of the securities traded for the five business days immediately preceding the date on which the transaction was effected. The JSE should be consulted for a ruling if the securities have not traded in such five-business day period;
- the general repurchase of securities being implemented through the order book operated by the JSE's trading system (open market) and without any prior understanding or arrangement with any counterparty (reported trades prohibited);
- the company will, at any point in time, appoint only one agent to effect the repurchase(s) on the company's behalf;
- after such repurchase(s), at least 300 public shareholders, as defined in the Listings Requirements of the JSE, continue to hold at least 20% of the company's issued shares;
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase plan in place as contemplated in terms of paragraph 5.72(g) of the Listings Requirements of the JSE;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the time that the general authority is granted, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter; and
- a certificate by the company's sponsor in terms of paragraph 2.12 of the Listings Requirements of the JSE confirming the statement by the directors regarding working capital referred to hereunder in this notice convening the meeting, be issued before commencement of any repurchase."

**12. Special Resolution Number Two**

To consider and if deemed fit, to pass the following special resolution with or without modification.

To authorise the company's subsidiaries to purchase shares in the company and/or their own shares in accordance with the provisions of sections 85 to 89 of the Companies Act, as amended.

"RESOLVED THAT as a special resolution, that the company, in so far as it may be necessary to do so, hereby approves, as a general approval, and authorises the acquisition by any subsidiary of the company of shares issued by such subsidiary and/or the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 85 to 89 of the Companies Act, 1973 (No. 61 of 1973), as amended, the articles of association of the company, and the Listings Requirements of the JSE provided that:

- the general authority shall be valid until the next AGM of the company or for a period of 15 months from the passing of this resolution (whichever period is shorter);
- the general authority be limited to a maximum of 20% of the issued share capital of that class in one financial year of the acquiree company's issued share capital at the time the authority is granted, subject to a maximum of 10% in aggregate in the event that it is the company's share capital that is repurchased by a subsidiary;
- repurchases shall not be made at a price more than 10% above the weighted average of the market value of the securities traded for the five business days immediately preceding the date on which the transaction was effected. The JSE should be consulted for a ruling if the securities have not traded in such five-business day period;
- the general repurchase of securities being implemented through the order book operated by the JSE's trading system (open market) and without any prior understanding or arrangement with any counterparty (reported trades prohibited);
- the company's subsidiaries will, at any point in time, appoint only one agent to effect the repurchase(s) on the company's subsidiaries' behalf;
- after such repurchase(s), at least 300 public shareholders, as defined in the Listings Requirements of the JSE, continue to hold at least 20% of the company's issued shares;
- the company's subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase plan in place as contemplated in terms of paragraph 5.72(g) of the Listings Requirements of the JSE;
- an announcement must be published as soon as any subsidiary has acquired shares constituting, on a cumulative basis, 3% of the number of shares of the acquiree company in issue at the time that the general authority is granted, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter; and
- a certificate by the company's sponsor in terms of paragraph 2.12 of the Listings Requirements of the JSE confirming the statement by the directors regarding working capital referred to hereunder in this notice convening the meeting, be issued before commencement of repurchase."

**13. Ordinary Resolution Number Ten**

To authorise the company to make a specific payment to certain shareholders as compensation for restricting the sale of their shares until June 2012.

"RESOLVED THAT, as an ordinary resolution, that, subject to the Listings Requirements of the JSE, the Articles of Association of the Company, and the Companies Act, No 61 of 1973, as amended ("the Companies Act"), the company makes a specific cash payment of R0.10 (ten cents) per each GPI share constituting a total payment of R4 314 065.50 that is locked-in in accordance with the terms and conditions of the Lock-in agreements as concluded between the company and the locked-in parties ('the Lock-in consideration"), as more fully set out and described in Annexure 1 to this notice of AGM, which forms part of the annual report ("the specific payment")."

The directors are of the opinion, after considering the effect of the specific payment, that:

- the company and the Group will be able, in the ordinary course of business, to pay its debts for a period of twelve months from the date of the specific payment;
- the assets of the company and the Group fairly valued in accordance with IFRS, will be in excess of the liabilities of the company and the Group for a period of twelve months from the date of the specific payment;
- the company and the Group will have adequate capital for a period of 12 (twelve) months after the date of the specific payment; and
- the working capital of the company and the Group will be adequate for a period of 12 (twelve months) after the date of the specific payment.

The sponsor of the company has provided a letter to the JSE on the adequacy of working capital in terms of section 2.12 of the Listings Requirements of the JSE in so far as the specific payment is concerned.

*Full details regarding the specific payment of the Lock-in consideration have been set out in Annexure 1 to this notice of the AGM.*

**14. Ordinary Resolution Number Eleven**

To consider the appointment and re-election of the members of the audit committee.

The directors deem it fit that in preparation for the new Companies Act of 2008 that the audit committee members be appointed and re-elected by the shareholders as required by the new Companies Act of 2008. The new Companies Act of 2008 has not been implemented and this resolution is an early adoption of this specific section.

"RESOLVED THAT Ralph Gordon Freese be appointed and re-elected as member of the audit committee."

"RESOLVED THAT Norman Victor Maharaj be appointed and re-elected as member of the audit committee."

"RESOLVED THAT Charl Wayne Williams be appointed and re-elected as member of the audit committee."

**15. Ordinary Resolution Number Twelve**

To consider and if deemed fit, to pass the following ordinary resolution with or without modification:

Granting the directors of the company and/or the Company Secretary general authority to implement all of the aforesaid resolutions.

"RESOLVED THAT the directors of the company and/or the Company Secretary be and are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to give effect to and implement the resolutions set out in the notice convening the AGM at which this Ordinary Resolution Number Twelve will be considered."

**EXPLANATORY NOTES**

**Reason for and effect of the special resolutions**

The reasons for and effects of Special Resolutions Numbers 1 and 2 are:

To grant the directors a general authority in terms of the Companies Act (No. 61 of 1973), as amended, ("the Act") for the acquisition by the company/subsidiary of shares issued by it on the basis reflected in such special resolutions.

The Board does not intend to use such power unless prevailing circumstances (including the relevant tax dispensations and market conditions) warrant such a step. All required certificates and relevant statements shall be issued. The effect thereof will be that the directors will have the authority to implement a general repurchase of shares in accordance with the provisions of the Act, the articles of association of the company and the Listings Requirements of the JSE.

The directors are of the opinion, after considering the effect of a maximum repurchase of shares, that:

- the company and the Group will be able, in the ordinary course of business, to pay its debts for a period of twelve months from the date of the notice of this AGM;
- the assets of the company and the Group fairly valued in accordance with IFRS, will be in excess of the liabilities of the company and the Group for a period of twelve months from the date of the notice of this AGM;
- the company and the Group will have adequate capital for a period of 12 (twelve) months after the date of this notice of the AGM; and
- the working capital of the company and the Group will be adequate for a period of 12 (twelve months) after the date of this notice of the AGM.

The special resolutions are a renewal of the resolutions approved at the previous AGM held on 9 December 2009.

**Information relating to the special and ordinary resolutions**

The following general information is reflected in the annual report:

- directors and management of the company and its subsidiaries (refer to page 20);
- major shareholders of the company (refer to page 93);
- director's interests in the company's securities (refer to page 42); and
- share capital of the company (refer to page 75).

**Directors' responsibility**

The directors, whose names are given on page 106 of this annual report, collectively and individually accept full responsibility for the information given in this notice and certify that to the best of their knowledge and belief there are no facts that have been omitted, which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made.

**Material changes**

There have been no material changes in the financial trading position of the Group since the publication of the financial results for the period ended 30 June 2010.

**Litigation statement**

The directors are not aware of any information on any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have had, in the previous 12 months, a material effect on the company's or the Group's financial position.

**Voting and Proxies**

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

A form of proxy, in which is set out the relevant instructions for its completion, is enclosed for use by a certificated or dematerialised shareholder with own name registration who wishes to be represented at the general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

A form of proxy is attached for the convenience of all of those shareholders who wish to be so represented. Duly completed forms of proxy together with the documents conferring the authority to the signatory and under which it is signed (if any) must be forwarded to the transfer secretaries by not later than 18h00 on Monday, 13 December 2010, in accordance with the instructions therein.

Any shareholder who has dematerialised his/her shares (other than those with "own name registration"), who wishes to attend the AGM must instruct his/her Central Securities Depository Participant ("CSDP") or broker to issue them with the necessary written authority in terms of the custody agreement entered into between the shareholder and his/her CSDP or broker, in order to attend the AGM, or if such shareholder wishes to vote by way of proxy they should provide the CSDP or broker with their voting instruction.

By order of the Board

**Hassen Adams**
Chairman

**Grand Parade Investments Limited**
8 November 2010

# *ANNEXURE 1:* "GPI" or "the company" information regarding the specific payment of the Lock-in consideration

**1. INTRODUCTION**

1.1. In terms of the Option Agreement of 17 August 2007 concluded between GPI and SunWest International (Proprietary) Limited ("Sunwest") ("the Option Agreement"), GPI was granted the option to subscribe for between 500 131 and 700 182 new "N" ordinary shares in SunWest ("the SunWest Option"), subject inter alia to GPI ensuring that between 25% and 35% of its issued share capital is beneficially held by black persons or other black entities in a Lock-in structure (as defined in the Option Agreement) until 30 June 2012. The Option Agreement furthermore required that the SunWest Option be exercised before 29 June 2010, failing which any unexercised portion thereof would lapse.

1.2. Shareholders are referred to the SENS announcement of 6 August 2008 in terms of which GPI exercised its option to acquire 560 000 "N" ordinary shares in SunWest in terms of the SunWest Option. On 28 June 2010 GPI duly exercised the remaining portion of the SunWest Option to acquire 140 182 new "N" ordinary shares in SunWest in accordance with the Option Agreement ("the additional SunWest Shares").

**2. PARTICULARS OF THE EXERCISE OF THE SUNWEST OPTION**

2.1. GPI subscribed for the additional SunWest Shares at R165 per share for a total subscription consideration of R23 130 030, which amount has already been settled in cash by GPI in accordance with the Option Agreement.

2.2. Notwithstanding GPI's exercise of the SunWest Option, the implementation thereof in terms of the Option Agreement was subject to SunWest's auditors performing an audit of GPI's Locked-in shareholding which was required to confirm that at least 35% of GPI's issued ordinary share capital is beneficially held by black persons or other black entities (as defined in the Option Agreement), who must also agree in writing that for the duration of the Lock-in period (being the period ending 30 June 2012) they will only dispose of their GPI shares to other suitably qualified black persons or other black entities.

2.3. The Board of GPI ("the Board") is pleased to report that the aforementioned audit has been concluded and GPI has satisfied the above conditions.

**3. PAYMENT OF THE LOCK-IN CONSIDERATION**

3.1. In achieving the 35% threshold as referred to in 2.2 above so as to enable GPI to exercise the remaining portion of the SunWest Option, GPI concluded Lock-in Agreements on 25 June 2010 ("Lock-in Agreements") with Quintessence Opportunities (Proprietary) Limited, Nadesons Investments (Proprietary) Limited, Prosperity Through Partnership Limited and Mr A. Abercrombie ("the Locked-in parties"), all of which are either black persons or other black entities as defined in terms of the Option Agreement who beneficially own and control ordinary shares in GPI. Given the time constraints in exercising the SunWest Option timeously, and the inhibitive costs associated with any extended offer being made to all black GPI shareholders, the Board identified the Locked-in parties as being the most practicable parties to approach on such short notice under the circumstances.

3.2. The Lock-in Agreements provide that for the duration of the Lock-in period (being the period ending 30 June 2012), the Locked-in parties shall each be restricted in trading their Locked-in shares in the manner as contemplated in paragraph 2.2 above.

3.3. In lieu of limiting their rights in such manner, and in securing GPI's exercise of the remaining portion of the SunWest Option, the Board resolved to compensate the Locked-in parties in the amount of 10 cents per each of their Locked-in shares, representing a maximum of R4,3 million in aggregate in cash ("the Lock-in consideration"). In determining the quantum in respect of the Lock-in consideration, the Board duly considered the value attributable to the additional SunWest shares.

3.4. In the interests of transparency and fairness to all GPI shareholders, the Board obtained, on a voluntary basis, a fairness opinion in this regard from Mazars. Mazars determined that the terms of payment of the Lock-in consideration are fair to GPI shareholders and such fairness opinion shall be available for inspection at the registered office of GPI from the posting date of the annual report until the date of the AGM of the company as referred to in 4.2 below.

**4. SPECIFIC PAYMENT TO CERTAIN SHAREHOLDERS**

4.1. The JSE has ruled that the payment of the Lock-in consideration by GPI to the Locked-in parties is a specific payment to shareholders as defined in terms of rule 5.85 of the JSE's Listings Requirements.

4.2. Accordingly, notwithstanding the terms of the Lock-in Agreements that require inter alia the satisfactory completion of the audit verification process as referred to in paragraph 2.2 above, the payment of the Lock-in consideration is further subject to the passing of an ordinary resolution for such specific payment which is to be tabled at GPI's AGM to be held on or about 15 December 2010.

4.3. Although the Locked-in parties are in terms of the JSE's Listings Requirements related parties as defined, the specific payment of the Lock-in consideration is not a related party transaction. Accordingly, in the interest of good corporate governance, the Locked-in parties will be taken into account for quorum purposes in respect of the aforementioned ordinary resolution, but will be excluded from voting thereon.

4.4. Subject to shareholders' approval, it is anticipated that payment of the Lock-in consideration will be made to the respective Locked-in parties as soon as possible after the AGM.

## 5. SOURCE OF PAYMENT

The specific payment of the Lock-in consideration is of an income nature and will be paid out of excess available cash resources.

## 6. UNAUDITED *PRO FORMA* FINANCIAL EFFECTS OF THE SPECIFIC PAYMENT OF LOCK-IN CONSIDERATION

The illustrative unaudited *pro forma* financial effects of the specific payment of the Lock-in consideration as set out below have been prepared to assist GPI shareholders in assessing the impact of the payment of the Lock-in consideration on Net Asset Value per share ("NAV") and Tangible Net Asset Value per share ("TNAV"), as well as earnings per share ("EPS") and headline earnings per share ("HEPS").

The material assumptions are set out in the notes following the table. The *pro forma* financial effects are the responsibility of the directors and are provided for illustrative purposes only. The unaudited *pro forma* financial effects is presented in a manner that is consistent with the accounting policies of GPI.

The unaudited *pro forma* financial effects as set out in the table below should be read in conjunction with the unaudited *pro forma* statement of financial position and statement of comprehensive income set out in Annexure 2 to the notice of AGM, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 2.

The Independent Reporting Accountants' report on the *pro forma* financial effects of the payment of the Lock-in consideration is set out in Annexure 3 to the notice of AGM.

Due to the nature of *pro forma* financial effects, they may not necessarily fairly present the financial position of the Company, change in equity, results of operations or cash flow after the payment of the Lock-in consideration.

| | Results including the Lock-in consideration (cents) | Before the payment of the Lock-in consideration (cents) | After the payment of the Lock-in consideration (cents) | Change (%) |
|---|---|---|---|---|
| EPS | 23,04 | 24,13 | 22,96 | (4.85) |
| HEPS | 15,45 | 16,54 | 15,37 | (7.07) |
| NAV | 383 | 384 | 383 | (0.26) |
| TNAV | 351 | 352 | 351 | (0.28) |

**Notes:**

1) The amounts in the "Results including the Lock-in consideration" column represent the EPS, HEPS, NAV per share and TNAV per share results as disclosed in the audited financial results for the year ended 30 June 2010. A provision for the Lock-in consideration and transaction costs has already been accounted for in the aforementioned audited results.

2) The amounts in the "Before the payment of the Lock-in consideration" column exclude the payment of the Lock-in consideration amounting to R4,3 million and transaction costs of R0,6 million.

3) The "After the payment of the Lock-in consideration" column represents the EPS and HEPS after the inclusion of the Lock-in consideration, actual transaction costs amounting to R0,8 million and interest foregone on the Lock-in consideration paid which has been calculated at an average interest rate of 6.51% assuming the effective date of the payment of the Lock-in consideration was 1 July 2009.

4) A taxation rate of 28% has been applied to interest foregone as calculated in accordance with note 3 above. No tax effect has been provided for on the Lock-in consideration and transaction costs as these items are capital in nature.

5) The amounts in the "After the payment of Lock-in consideration" column represent the NAV and TNAV per share after the inclusion of the Lock-in consideration and actual transaction costs amounting to R0.8 million assuming the Lock-in consideration was paid as at 30 June 2010.

6) The percentage change column has been calculated as the difference between the "After" and "Before" payment of the Lock-in consideration columns.

7) The specific payment of the Lock-in consideration will be paid out of excess available cash resources.

8) Refer to Annexure 2 for the detailed *pro forma* financial information.

9) Refer to Annexure 3 of the Reporting Accountants report on the *pro forma* financial information.

**7. BENEFITS OF EXERCISING THE SUNWEST OPTIONS**

Based on the average price of the SunWest shares purchased by GPI during the course of April and May 2010 of R331,56 per SunWest share, the cash cost of exercising the remaining portion of the SunWest option of R165 per SunWest share and the additional dividend of R7,5 million accruing to GPI as a result thereof, it is estimated that all of the shareholders of GPI have benefitted some 5.5 cents per GPI share after the provision for the Lock-in consideration and transaction costs as referred to in notes 1 and 2 above (6.69 cents per GPI share before the Lock-in consideration and transaction costs as referred to in notes 1 and 2 above).

**8. DIRECTORS' OPINION AND RECOMMENDATION**

The directors of GPI are of the opinion that the specific payment of the Lock-in consideration is in the interest of GPI shareholders. Accordingly, the directors who are shareholders (excluding the Locked-in parties) intend to vote in favour of the ordinary resolution to approve the specific payment of the Lock-in consideration to the Locked-in parties.

**9. COSTS**

The estimated costs of preparing and distributing this annual report incorporating the proposed specific payment of the Lock-in consideration to the Locked-in parties, including the fees payable to professional advisers are approximately R761 520 and include the following:

| Professional adviser | Rand |
|---|---|
| Sponsor – PSG Capital | 75 000 |
| Corporate Adviser – Leaf Capital | 350 000 |
| Legal Adviser – Bernadt Vukic Potash & Getz | 50 000 |
| Legal fees – Grindrod Bank | 53 000 |
| Announcement fees – Ince | 55 000 |
| Fairness report – Mazars | 50 000 |
| Reporting Accountants and Auditors | 35 000 |
| Total costs excluding value added tax | 668 000 |
| Total costs including value added tax | 761 520 |

Note: GPI is not eligible to claim value added tax on costs incurred in terms of the Value Added Tax Act 89 of 1991.

**10. CONSENTS**

The Sponsor, Corporate Adviser, Legal Adviser, Independent Reporting Accountants and Transfer Secretaries have consented in writing to act in their capacities stated and to their names being included and have not withdrawn their consents prior to the publication of the Annual Report incorporating the notice of AGM,

**11. ADDITIONAL INFORMATION REQUIRED IN TERMS OF THE SPECIFIC PAYMENT OF LOCK-IN CONSIDERATION**

Additional information required in terms of the Listings Requirements of the JSE with regard to the specific payment of the Lock-in consideration appears in the annual financial statements, to which this notice of AGM is annexed as indicated below:

11.1. Directors of the Company – page 106

11.2. Major shareholders – page 93

11.3. Directors' interests in securities – page 42

11.4. Share capital of the Company – page 75

11.5. Litigation statement – page 97

11.6. Directors' responsibility statement – page 97

11.7. Material changes – page 97

**12. WORKING CAPITAL STATEMENT**

The directors confirm that:

(a) the company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of the specific payment;

(b) the assets of the company and the Group will exceed the liabilities of the company and the Group for a period of 12 (twelve) months after the date of the specific payment. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest Group annual financial statements;

(c) the share capital and reserves of the company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months from the date of the specific payment;

(d) the working capital of the company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months from the date of the specific payment; and

(e) the sponsor of the company has provided a letter to the JSE on the adequacy of working capital in terms of section 2.12 of the Listings Requirements of the JSE.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or copies thereof will be available for inspection by GPI shareholders during normal business hours at the company's registered office and at the Sponsor's offices from 8 November 2010 until 15 December 2010, the date of the AGM:

13.1. the memorandum and articles of association of GPI;

13.2. the memorandum and articles of association of GPI's subsidiaries;

13.3. the audited annual financial statements of GPI for each of the past three financial years being 2009, 2008 and 2007;

13.4. unaudited interim results for the six months ended 31 December 2009;

13.5. the consent letters of the professional advisers of the Company;

13.6. the signed report of the Independent Reporting Accountants and Auditors on the *pro forma* financial information of GPI; and

13.7. a signed copy of this notice of AGM/annual report.

The unaudited *pro forma* consolidated statement of comprehensive income and statement of financial position of GPI for the year ended 30 June 2010 are set out below. The unaudited *pro forma* consolidated statement of comprehensive income and statement of financial position have been prepared for illustrative purposes only to provide information on how the specific payment might have affected the reported historical financial information of GPI. Because of their nature, the unaudited *pro forma* statement of comprehensive income and statement of financial position may not fairly present GPI's financial position, changes in equity, results of operations or cash flow after the specific payment, nor of its future earnings. The directors of GPI are responsible for the preparation of the unaudited *pro forma* financial information. The unaudited *pro forma* statement of comprehensive income and statement of financial position are presented in a manner that is consistent with the accounting policies of GPI.

The independent reporting accountants' limited assurance report relating to the unaudited *pro forma* financial information of the specific payment is set out in Annexure 3 to the notice of AGM which forms a part of the company's annual report for the year ended 30 June 2010.

Unaudited *pro forma* consolidated statement of comprehensive income of GPI

**UNAUDITED *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME**

| | Results including the Lock-in consideration R | Excluding Lock-in consideration R | Before the payment of the Lock-in consideration R | Including Lock-in consideration R | After the payment of the Lock-in consideration R |
|---|---|---|---|---|---|
| **Revenue** | 6 328 888 | – | 6 328 888 | (330 421) | 5 998 467 |
| Operating costs | (26 958 232) | 4 945 351 | (22 012 881) | (5 075 585) | (27 088 466) |
| **Loss from operations** | (20 629 344) | 4 945 351 | (15 683 993) | (5 406 006) | (21 089 999) |
| **Profit from equity-accounted investments** | 117 628 202 | – | 117 628 202 | – | 117 628 202 |
| Profit from jointly-controlled entities | 82 200 422 | – | 82 200 422 | – | 82 200 422 |
| Profit from associates | 35 427 780 | – | 35 427 780 | – | 35 427 780 |
| Impairment of investment | (3 860 000) | – | (3 860 000) | – | (3 860 000) |
| Re-measurement of investment | 42 488 228 | – | 42 488 228 | – | 42 488 228 |
| **Profit before finance and taxation costs** | 135 627 086 | 4 945 351 | 140 572 437 | (5 406 006) | 135 166 431 |
| Finance costs | (29 834 946) | – | (29 834 946) | – | (29 834 946) |
| **Profit before taxation** | 105 792 140 | 4 945 351 | 110 737 491 | (5 406 006) | 105 331 485 |
| Taxation | (1 084 429) | – | (1 084 429) | 92 518 | (991 911) |
| **Profit for the year** | 104 707 711 | 4 945 351 | 109 653 062 | (5 313 488) | 104 339 574 |

**UNAUDITED *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME continued**

| | Results including the Lock-in consideration | Excluding Lock-in consideration | Before the payment of the Lock-in consideration | Including Lock-in consideration | After the payment of the Lock-in consideration |
|---|---|---|---|---|---|
| **Reconciliation of earnings and dividends per share** | | | | | |
| Shares in issue | 462 331 319 | | 462 331 319 | | 462 331 319 |
| Adjusted shares in issue before deducting the share scheme | 456 511 319 | | 456 511 319 | | 456 511 319 |
| Weighted average number of shares in issue | 454 506 661 | | 454 506 661 | | 454 506 661 |
| Adjusted weighted average number of shares in issue | 448 686 661 | | 448 686 661 | | 448 686 661 |
| Basic and diluted earnings per share (cents) | 23,04 | 4.73% | 24,13 | (4.85%) | 22,96 |
| Adjusted basic and diluted earnings per share (cents) | 23,34 | 4.71% | 24,44 | (4.87%) | 23,25 |
| Headline earnings per share (cents) | 15,45 | 7.06% | 16,54 | (7.07%) | 15,37 |
| Adjusted headline earnings per share (cents) | 19,52 | – | 19,52 | (0.26%) | 19,47 |
| Dividends per share (cents) | 7,50 | – | 7,50 | – | 7,50 |

**Notes:**

1) The amounts in the "Results including the Lock-in consideration" column represent the audited financial results for the year ended 30 June 2010. A provision for the Lock-in consideration and transaction costs has already been accounted for in the aforementioned audited results.
2) The amounts in the "Before the payment of the Lock-in consideration" column exclude the payment of the Lock-in consideration amounting to R4,3 million and transaction costs of R0,6 million.
3) The "After the payment of the Lock-in consideration" column represents the provisional reviewed results after the inclusion of the Lock-in consideration, actual transaction costs amounting to R0,8 million and interest foregone on the Lock-in consideration paid which has been calculated at an average interest rate of 6.51% assuming the effective date of the payment of the Lock-in consideration was 1 July 2009.
4) A taxation rate of 28% has been applied to interest foregone as calculated in accordance with note 3 above. No tax effect has been provided for on the Lock-in consideration and transaction costs as these items are capital in nature.
5) The specific payment of the Lock-in consideration will be paid out of excess available cash resources.

## UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

| BALANCE SHEET | Results including the Lock-in consideration R | Excluding Lock-in consideration R | Before payment of Lock-in consideration R | Including Lock-in consideration R | After the payment of the Lock-in consideration R |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | 2 156 127 342 | – | 2 156 127 342 | – | 2 156 127 342 |
| Property, plant and equipment | 84 311 874 | – | 84 311 874 | – | 84 311 874 |
| Investments in jointly-controlled entities | 1 319 090 390 | – | 1 319 090 390 | – | 1 319 090 390 |
| Investments in associates | 569 445 234 | – | 569 445 234 | – | 569 445 234 |
| Investments | 21 278 239 | – | 21 278 239 | – | 21 278 239 |
| Intangible assets | 37 532 808 | – | 37 532 808 | – | 37 532 808 |
| Goodwill | 110 646 399 | – | 110 646 399 | – | 110 646 399 |
| Deferred tax assets | 13 822 398 | – | 13 822 398 | – | 13 822 398 |
| **Current assets** | 122 352 051 | – | 122 352 051 | (5 075 585) | 117 276 466 |
| Trade and other receivables | 20 112 880 | – | 20 112 880 | – | 20 112 880 |
| Related party loans | 19 719 023 | – | 19 719 023 | – | 19 719 023 |
| Inventories | 1 328 620 | – | 1 328 620 | – | 1 328 620 |
| Cash and cash equivalents | 81 191 528 | – | 81 191 528 | (5 075 585) | 76 115 943 |
| **Total assets** | 2 278 479 393 | – | 2 278 479 393 | (5 075 585) | 2 273 403 808 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| Ordinary share capital and premium | 727 302 287 | | 727 302 287 | | 727 302 287 |
| Treasury shares | (11 669 100) | | (11 669 100) | | (11 669 100) |
| Accumulated profits | 1 010 802 853 | 4 945 351 | 1 015 748 204 | (5 075 585) | 1 010 672 619 |
| Available-for-sale investments fair value reserve | 40 689 927 | | 40 689 927 | | 40 689 927 |
| Capital redemption reserve fund | 276 595 | | 276 595 | | 276 595 |
| Shareholders' interest | 1 767 402 562 | 4 945 351 | 1 772 347 913 | (5 075 585) | 1 767 272 328 |
| Non-controlling interest | 4 978 315 | – | 4 978 315 | – | 4 978 315 |
| **Total equity** | 1 772 380 877 | 4 945 351 | 1 777 326 228 | (5 075 585) | 1 772 250 643 |
| **Non-current liabilities** | 418 386 846 | – | 418 386 846 | – | 418 386 846 |
| Deferred tax liabilities | 17 111 604 | – | 17 111 604 | – | 17 111 604 |
| Cumulative redeemable preference shares | 281 123 865 | – | 281 123 865 | – | 281 123 865 |
| Interest-bearing borrowings | 120 057 518 | – | 120 057 518 | – | 120 057 518 |
| Provisions | 93 859 | – | 93 859 | – | 93 859 |
| **Current liabilities** | 87 711 670 | (4 945 351) | 82 766 319 | – | 82 766 319 |
| Trade and other payables | 64 716 068 | (4 945 351) | 59 770 717 | | 59 770 717 |
| Provisions | 1 652 482 | | 1 652 482 | | 1 652 482 |
| Dividends payable | 4 713 358 | | 4 713 358 | | 4 713 358 |
| Related party loans | 15 839 713 | | 15 839 713 | | 15 839 713 |
| Taxation | 790 049 | | 790 049 | | 790 049 |
| **Total equity and liabilities** | 2 278 479 393 | – | 2 278 479 393 | (5 075 585) | 2 273 403 808 |
| Shares in issue before deducting the share scheme | 462 331 319 | | 462 331 319 | | 462 331 319 |
| Adjusted shares in issue after deducting the share scheme | 456 511 319 | | 456 511 319 | | 456 511 319 |
| **TNAV (cents)** | 351 | 0.28% | 352 | (0.28%) | 351 |
| Adjusted TNAV (cents) | 356 | 0.28% | 357 | (0.28%) | 356 |
| **NAV (cents)** | 383 | 0.26% | 384 | (0.26%) | 383 |
| Adjusted NAV (cents) | 388 | 0.26% | 389 | (0.26%) | 388 |

**Notes:**

1) The amounts in the "Results including the Lock-in consideration" column represent the audited financial results for the year ended 30 June 2010. A provision for the Lock-in consideration and transaction costs has already been accounted for in the aforementioned audited results.
2) The amounts in the "Before the payment of the Lock-in consideration" column exclude the payment of the Lock-in consideration amounting to R4,3 million and transaction costs of R0,6 million.
3) No tax effect has been provided for on the Lock-in consideration and transaction costs as these items are capital in nature.
4) The amounts in the "After the payment of Lock-in consideration" column represent the statement of financial position after the inclusion of the Lock–in consideration and actual transaction costs amounting to R0,8 million assuming the Lock-in consideration was paid as at 30 June 2010.
5) The specific payment of the Lock-in consideration will be paid out of excess available cash resources.

# *ANNEXURE 3:* Independent reporting accountants' report on the unaudited *pro forma* statement of comprehensive income, statement of financial position and the *pro forma* financial effects of Grand Parade Investments Limited

"The Directors
Grand Parade Investments Limited
15th Floor, Triangle House
22 Riebeek Street
Cape Town
8001

22 October 2010

Dear Sirs,

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF FINANCIAL POSITION AND THE *PRO FORMA* FINANCIAL EFFECTS OF GRAND PARADE INVESTMENTS LIMITED ("GPI" or "the Company")**

**INTRODUCTION**

GPI will make a specific payment to certain GPI shareholders as compensation for restricting the sale of their shares in GPI until June 2012 ("the specific payment").

At your request and for the purposes of the annual report to be dated on or about 22 November 2010, we present our limited assurance on the unaudited *pro forma* statement of financial position, statement of comprehensive income and financial effects ("the unaudited *pro forma* financial information") of GPI presented in Annexure 1 and Annexure 2 to the notice of AGM, which forms a part of the company's annual report for the year ended 30 June 2010.

The unaudited *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the specific payment of the Lock-in consideration might have affected the reported historical financial information presented, had the specific payment been undertaken at the commencement of the period or date of the unaudited *pro forma* statement of financial position and statement of comprehensive income being reported on.

**DIRECTORS' RESPONSIBILITY**

The directors of GPI are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the annual report and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the annual report has been properly compiled on the basis stated; the basis is consistent with the accounting policies of GPI; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the annual report. We conducted our assurance engagement in accordance with ISAE 3000 (Revised): International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**SOURCES OF INFORMATION AND WORK PERFORMED**

Our procedures consisted primarily of comparing the unadjusted financial information of GPI with the source documents, considering the *pro forma* adjustments in light of the accounting policies of GPI, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of GPI in respect of the specific payment contained in the annual report.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of GPI and other information from various public, financial and industry sources.

While our work performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

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

**CONCLUSION**

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

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of GPI; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

Ernst & Young Inc.

*Ernst and Young Inc*
Director: EAL Botha
Reporting accountant
Wanderers Office Park
52 Corlett Drive
Johannesburg
South Africa"

# *Company Information*

## DIRECTOR DETAILS

| Full name | Age | Capacity | Business address |
|---|---|---|---|
| Hassen Adams | 58 | Non-executive Chairman | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Richard Julian Hoption | 50 | Financial Director | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Alexander Abercrombie | 59 | Non-executive | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Ralph Gordon Freese | 51 | Non-executive | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Adrian Piers Funkey | 43 | Chief Executive Officer | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Nombeko Mlambo | 61 | Non-executive | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Anthony William Bedford | 55 | Non-executive | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Norman Victor Maharaj | 60 | Non-executive | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |
| Charl Wayne Williams | 36 | Non-executive | 15th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001 |

**Nature of business:** Investment Holding Company

**Company secretary:** Richard Julian Hoption

**Public officer:** Sukena Petersen

**Transfer secretaries**
Computershare Investor Services (Proprietary) Limited
PO Box 61051, Marshalltown, 2107

**Auditors:** Ernst & Young Inc.

**Attorneys:** Bernadt Vukic Potash & Getz

**Bankers:** The Standard Bank of South Africa Limited

**Corporate advisers:**
Leaf Capital (Proprietary) Limited
PO Box 3377, Cape Town, 8001

**Sponsors:**
PSG Capital (Proprietary) Limited
PO Box 7403, Stellenbosch, 7599

**Registered office**
15th Floor, Triangle House
22 Riebeek Street, Cape Town, 8001

**Registration number:** 1997/003548/06

**Share code**: GPL

**ISIN:** ZAE000119814

**Domicile and country of incorporation:** South Africa

# *Shareholders' Diary*

### Annual General Meeting

Wednesday, 15 December 2010 at 18h00

Market Hall, GrandWest Casino, Goodwood

### Reports/Activity

| | |
|---|---|
| Announcement of interim results for the half-year ended 31 December 2009 | March 2010 |
| Announcement of annual results and declaration of final dividend for the year ended 30 June 2010 | September 2010 |
| 2010 annual report published | November 2010 |
| AGM | December 2010 |
| Final dividends – payable on or about | December 2010 |
| Announcement of interim results for the half-year ended 31 December 2010 | March 2011 |
| Announcement of annual results for the year ended 30 June 2011 | September 2011 |
| AGM | December 2011 |

# *Form of Proxy*

GRAND PARADE INVESTMENTS LIMITED

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

A shareholder who is entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend, speak and vote thereat in his/her/its stead and that proxy need not also be a member of the company.

All forms of proxy must be lodged with the transfer secretaries of the company, Computershare Investor Services (Pty) Limited of 70 Marshall Street, Johannesburg, 2001, in order to be received by no later than 18h00 on Monday, 13 December 2010. Facsimile number (011) 688 5238.

I/We ______________________________________________________________ (name/s in block letters)

of ___________________________________________________________________________ (address)

being a member of Grand Parade Investments Limited, hereby appoint

1 __________________________________ of___________________________________ or failing him/her

2 __________________________________ of___________________________________ or failinghim/her

3 __________________________________ of___________________________________ or failinghim/her

the chairman of the meeting as my/our proxy, to vote for me/us and on my/our behalf at the AGM of the company to be held at 18h00 on Wednesday, 15 December 2010 at the Market Hall, GrandWest Casino, Goodwood and at any adjournment thereof as follows:

| | For | Against | Abstain |
|---|---|---|---|
| **Ordinary Resolution Number 1:** To re-elect Alex Abercrombie as director of the company. | | | |
| **Ordinary Resolution Number 2:** To re-elect Norman Victor Maharaj as director of the company. | | | |
| **Ordinary Resolution Number 3:** To re-elect Charl Wayne Williams as director of the company. | | | |
| **Ordinary Resolution Number 4:** Adoption of the audited annual financial statements for the year ended 30 June 2010. | | | |
| **Ordinary Resolution Number 5:** To approve the directors' fees as disclosed in the annual financial statements for the year ended 30 June 2010. | | | |
| **Ordinary Resolution Number 6:** To reappoint Ernst & Young Inc. as auditors of the company and the Group for the ensuing financial year. | | | |
| **Ordinary Resolution Number 7:** To authorise the directors to determine and pay the auditors' remuneration for the past audit. | | | |
| **Ordinary Resolution Number 8:** To place the unissued shares of the company under the directors' control. | | | |
| **Ordinary Resolution Number 9:** To issue shares for cash as contemplated in terms of the Listings Requirements of the JSE Limited. | | | |
| **Special Resolution Number 1:** To authorise the company to purchase its own shares in accordance with the provisions of sections 85 to 88 of the Companies Act. | | | |
| **Special Resolution Number 2:** To authorise the company's subsidiaries to purchase their own shares and/or shares in the company in accordance with the provisions of sections 85 to 89 of the Companies Act. | | | |
| **Ordinary Resolution Number 10:** To authorise the company to make a specific payment to certain shareholders as compensation for restricting the sale of their shares until June 2012. | | | |
| **Ordinary resolution Number 11:** To appoint and re-elect the audit committee members. | | | |
| – To appoint and re-elect Ralph Gordon Freese. | | | |
| – To appoint and re-elect Norman Victor Maharaj. | | | |
| – To appoint and re-elect Charl Wayne Williams. | | | |
| **Ordinary Resolution Number 12:** To grant the directors of the company and/or the Company Secretary general authority to implement the aforesaid resolutions. | | | |

(Indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my proxy may vote as he/she thinks fit.

Signed at ______________________________________this _________day of _________________________2010.

Signature _____________________________________________________________________________

Please read the notes on the reverse side hereof.

# Notes

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead.

A proxy need not be a member of GPI.

Every person present and entitled to vote at the AGM as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, a member holding shares will be entitled to one vote per share held.

Please insert the relevant number of shares in the appropriate spaces on the voting section, indicating how you wish your votes to be cast at the AGM. If you return this form duly signed without any specific instructions, the proxy will vote or abstain from voting at the proxy's discretion.

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares exercisable by you, indicate the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the Chairman, if the Chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all of your shareholder votes exercisable thereat. A shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or its/his/her proxy.
3. Forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services (Pty) Limited of 70 Marshall Street, Johannesburg, 2001, to be received by no later than 18h00 on Monday, 13 December 2010.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the Chairman of the AGM.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The Chairman of the AGM may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the Chairman is satisfied as to the manner in which the shareholder wishes to vote.
8. Joint holders – any such persons may vote at the AGM in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the AGM, the one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
9. Shareholders who hold shares in GPI that have been dematerialised, and are registered by the CSDP on the sub-register in their own name kept by that CSDP, will be entitled to attend the AGM in person or, if they are unable to attend and wish to be represented thereat, then they must complete and return this form of proxy to the transfer secretaries in accordance with the time specified herein.
10. Shareholders who hold shares in the company through a nominee should advise their nominee or, if applicable, their CSDP or broker, timeously of their intention to attend and vote at the AGM or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or broker, to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CDSP or broker, timeously with their voting instructions should they not wish to attend the AGM in person, in order for their nominee to vote in accordance with their instructions at the AGM.

# Glossary of Terms

| | |
|---|---|
| Afrisun KZN Manco | Afrisun KwaZulu-Natal Manco (Proprietary) Limited |
| Akhona GPI | Akhona Gaming Portfolio Investments (Proprietary) Limited |
| AGM | Annual General Meeting |
| Asch | Asch Consulting Engineering (Proprietary) Limited |
| Boardwalk Casino | Boardwalk Casino and Entertainment World |
| BVI 575 | Business Venture Investments No. 575 (Proprietary) Limited |
| BVI 967 | Business Venture Investments No. 967 (Proprietary) Limited |
| BBBEE | Broad-based Black Economic Empowerment |
| Carentan | Carentan Investments (Proprietary) Limited |
| Carnival City | Afrisun Gauteng (Proprietary) Limited |
| $CO_2$ | Carbon dioxide |
| CTICC | Cape Town International Convention Centre (Proprietary) Limited |
| CSDP | Central Securities Depository Participant |
| CSI | Corporate Social Investment |
| Depfin | Depfin Investments (Proprietary) Limited |
| Dolcoast | Dolcoast Investments Limited |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| Emfuleni Manco | Emfuleni Manco (Proprietary) Limited |
| EPS | Earnings per share |
| Golden Valley or Worcester Casino | Worcester Casino (Proprietary) Limited |
| Gauteng Manco | Gauteng Manco (Proprietary) Limited |
| GPI Slots | GPI Slots (Proprietary) Limited |
| GPSIT | Grand Parade Share Incentive Trust |
| GPI | Grand Parade Investments Limited |
| GPIMS | GPI Management Services (Proprietary) Limited |
| GrandWest | GrandWest Casino and Entertainment World |
| Grand Lifestyles | Grand Lifestyles (Proprietary) Limited |
| Grand World Vision Events | Grand World Vision Events (Proprietary) Limited |
| GPI BBBEE Trust | Grand Parade Investments Broad-Based Black Economic Empowerment Trust |
| GPI SPV Trust | Grand Parade Investments Special Purpose Vehicle Trust |
| Grindrod Bank | Grindrod Bank Limited |
| HEPS | Headline earnings per share |
| IFRIC | International Financial Reporting Interpretations Committee |
| IFRS | International Financial Reporting Standards |
| JSE | JSE Limited |
| King II | King Report on Corporate Governance |
| LPM | Limited Payout machines |
| Mazars | Mazars Corporate Finance (Proprietary) Limited |
| National Manco | National Casino Resort Management Company (Proprietary) Limited |
| NAV | Net asset value |
| NRGP | National Responsible Gambling Programme |
| Proman | Proman Project Management Services (Proprietary) Limited |
| RAH | Real Africa Holdings Limited |
| Razifin | Razifin (Proprietary) Limited |
| Sanlam | Sanlam Capital Markets Limited |
| Sibaya Casino | Sibaya Casino and Entertainment Kingdom |
| Standard Bank | Standard Bank of South Africa Limited |
| STC | Secondary Tax on Companies |
| SunWest | SunWest International (Proprietary) Limited |
| Sun International | Sun International Limited |
| SIML | Sun International Management (Proprietary) Limited |
| Slots Solutions | Slots Solutions (Proprietary) Limited |
| Stripe | Stripe Investments 7 (Proprietary) Limited |
| Thuo SA | Thuo Gaming South Africa (Proprietary) Limited |
| Thuo WC/Grandslots | Thuo Gaming Western Cape (Proprietary) Limited |
| Thuo KZN/Kingdomslots | Thuo Gaming KwaZulu-Natal (Proprietary) Limited |
| TNAV | Tangible net asset value |
| Utish | Utish Investments (Proprietary) Limited |
| VWV | VWV Group (Proprietary) Limited |
| WACC | Weighted average cost of capital |
| Western Cape Manco | Western Cape Casino Resort Manco (Proprietary) Limited |
| Wild Rush | Wild Rush Trading 97 (Proprietary) Limited |
| World Sports | WorldSport South Africa (Proprietary) Limited |


GRAND PARADE

INVESTMENTS LIMITED

www.grandparade.co.za