GRAND PARADE
INVESTMENTS LIMITED

www.grandparade.co.za

Grand Parade Investments Limited Integrated Annual Report 2011

GRAND PARADE
INVESTMENTS LIMITED

2011
INTEGRATED ANNUAL REPORT

Our Investments

SunWest owns and operates South Africa's most successful casino, GrandWest, and the five-star Table Bay Hotel. It also owns a stake in the world-class Cape Town International Convention Centre. All three of these investments have become landmarks in their own right, and share pride of place in servicing and driving local and international business to the "Mother City".

Grandslots is the market-leading LPM route operation in the Western Cape. It is wholly owned by GPI and having one competitor, it enjoys a 55.8% market share.

Kingdomslots is the market-leading LPM route operation in KwaZulu-Natal, and is also wholly owned by GPI. With three competitors in KwaZulu-Natal, it enjoys a 48.0% market share.

Grand Gaming is one of five licensed LPM route operators in Gauteng. It was acquired by GPI in April 2011 with the intention to secure market share leadership in the medium term. 30.6% of the entity will soon be transferred to a special purpose vehicle representing local black shareholders in terms of its local licence conditions.

Golden Valley Casino and ***Lodge*** has already entrenched itself as an integral part of the community in Worcester and is the entertainment destination of choice in the Breede Valley.

Real Africa Holdings owns equity in Carnival City Casino in Johannesburg, Sibaya Casino in Durban and the Boardwalk Casino in Port Elizabeth. Sibaya Casino continues to be strategically placed to benefit even further from its proximity to King Shaka International Airport. (Through its stake in Akhona GPI, GPI effectively owns an additional 3.3% in Sibaya Casino.)

ince.motiv





Our vision

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

Our values

Grand Parade Investments Limited (GPI) is committed to promoting broad-based black economic empowerment (BBBEE) and our very roots stem from offering ordinary people an opportunity to enter the corporate environment in a sustainable and responsible manner.

- We strive to promote BBBEE in as meaningful and inclusive way as possible
- We conduct business in line with best business practice
- We uphold the highest ethical and moral standards
- We invest in the finest people and promote personal growth

Table of contents

inside front cover OUR INVESTMENTS
1 VISION AND VALUES
2 GPI OVERVIEW
3 HIGHLIGHTS AND GRAPHS
4 FIVE-YEAR FINANCIAL REVIEW
6 GROUP STRUCTURE
7 ENGAGING WITH OUR STAKEHOLDERS
8 EXECUTIVE CHAIRMAN'S REPORT
10 BOARD OF DIRECTORS
12 OPERATIONS REPORT
17 SUSTAINABILITY REPORT
20 CORPORATE GOVERNANCE REPORT
30 ANNUAL FINANCIAL STATEMENTS
92 SHAREHOLDERS' INFORMATION
93 NOTICE OF ANNUAL GENERAL MEETING
attached FORM OF PROXY
101 SHAREHOLDERS' DIARY
102 COMPANY INFORMATION
103 GLOSSARY OF TERMS

Our first integrated annual report

Since its listing on the JSE Limited (JSE) in 2008, GPI has traditionally reported on a "triple bottom line". We are cognisant of the requirements of the King Code and Report on Governance for South Africa (King III) and as such this is our first integrated report.

The format of this report will evolve and we will be able to present a fully integrated report that reflects all aspects of our business and how each aspect contributes to the success and sustainability of GPI.

In addition to the above, and as permitted by the new Companies Act No. 71 of 2008, as amended (Companies Act), we will in future only distribute summarised annual financial statements and future notices of Annual General Meetings (AGM) by post. The full integrated annual report will then be made available via our website. Your support of this initiative will assist with decreasing our environmental impact and our costs.

Who we are

GPI is a wholly-owned black South African company that was formed in 1997 to partner Sun International Limited (Sun International) with their casino licence application in Cape Town. Subsequent to the successful bid for that licence, GPI has grown considerably from a company with a net asset value in 1999 of R1 million to an audited net asset value at the end of June 2011 of R1,8 billion.

Until June 2010 GPI was solely an investment company, owning shares in a number of Sun International's "best of breed" hotels and casinos as well as a minority stake in two Limited Payout Slot Machine (LPM) operations in South Africa. By taking control of the aforementioned two LPM operations on 30 June 2010, GPI broadened its focus to become both an investor and an operator.

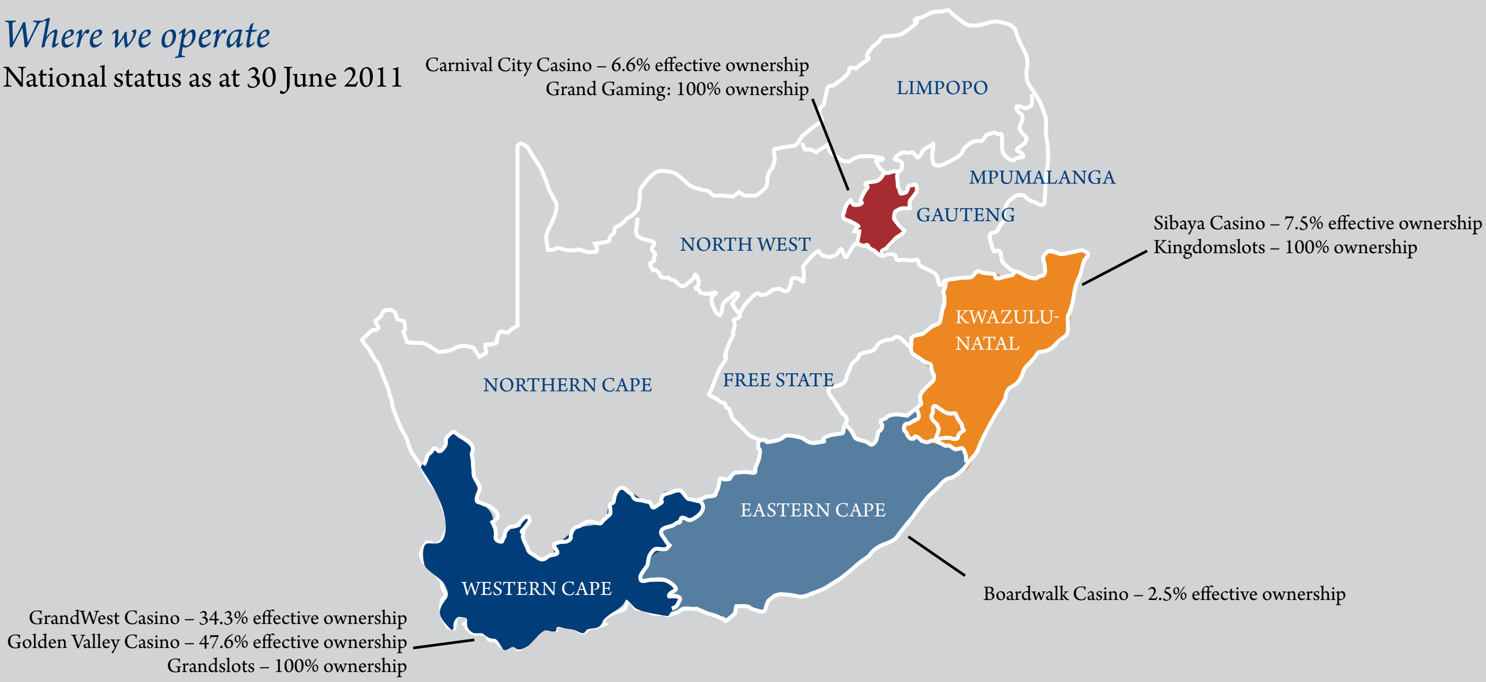
What we do

GPI continues to be primarily an investment company with a significant shareholding, and joint control, in both GrandWest Casino and Entertainment World (GrandWest Casino) and the Table Bay Hotel (SunWest International (Pty) Limited) (SunWest) and Worcester Casino (Pty) Limited (Worcester Casino or Golden Valley Casino). We also own smaller stakes in Afrisun Gauteng (Pty) Limited (Carnival City Casino), Afrisun KZN (Pty) Limited (Sibaya Casino) and Emfuleni Casino Resorts Manco (Pty) Limited (Boardwalk Casino).

Furthermore, we own and operate three LPM slot routes in the Western Cape, KwaZulu-Natal and Gauteng, totalling in excess of 1 700 operational LPMs at over 350 individually licensed LPM sites.

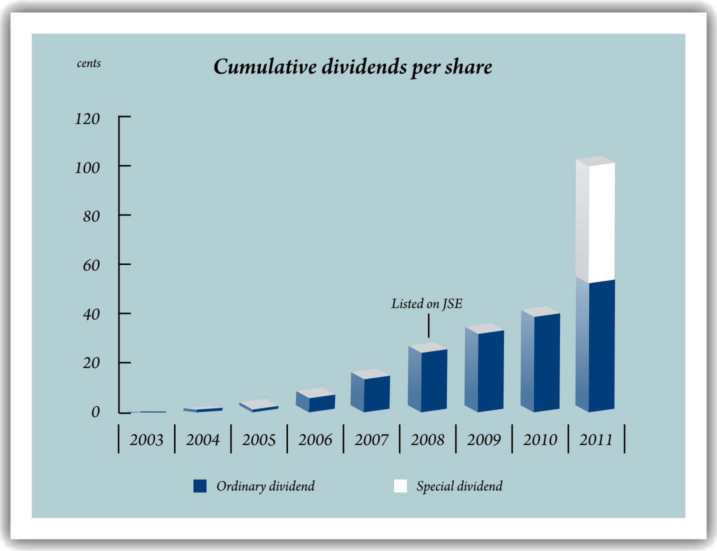
Where we operate

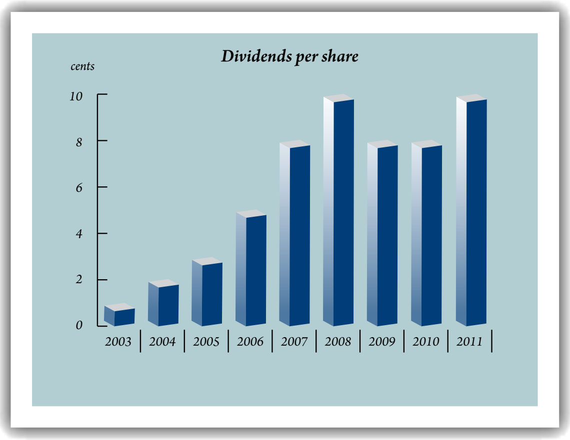
National status as at 30 June 2011

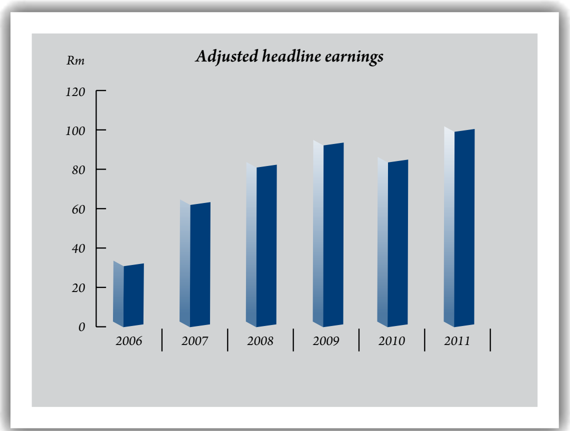


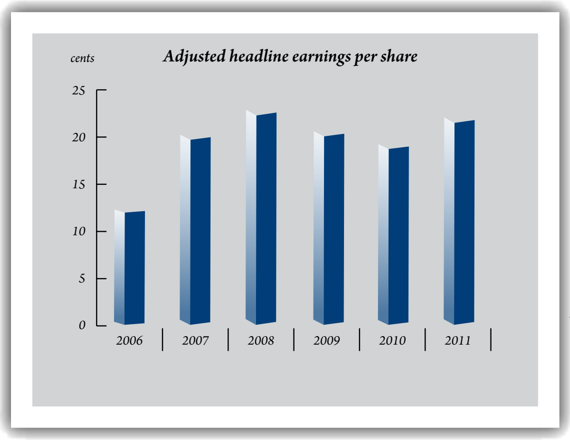
Highlights and graphs

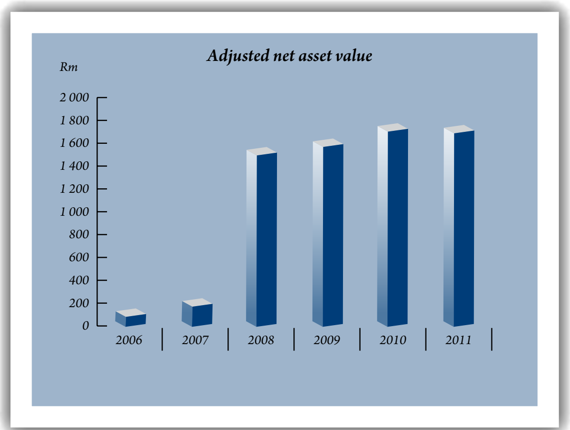
- Reached an agreement to restructure certain common interests with Sun International
- Increased the dividend by 33% to 10 cents per share
- Increased adjusted HEPS by 15%
- Acquired a LPM route operator licence in Gauteng
- Successfully completed the integration of the Slots business and the restructure of the acquired Slots group
- Acquired the remaining effective 7.5% interest in Kingdomslots to effect 100% control
- Able to recommend a final special dividend of 50 cents per share, subject to the successful conclusion of the Proposed Restructuring with Sun International and securing of the necessary regulatory approvals

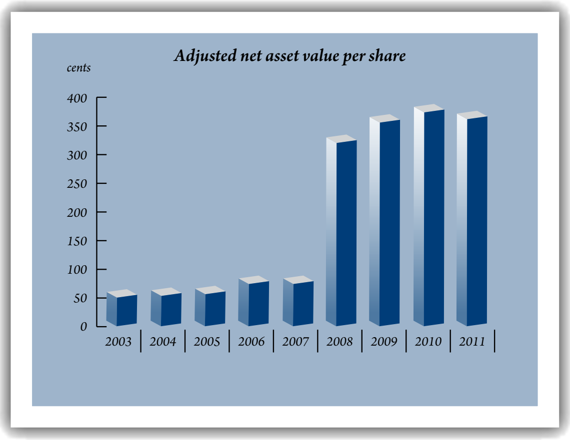












Five-year financial review

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	Note	2011 R'000s	2010 R'000s	2009 R'000s	2008 R'000s	2007 R'000s
Revenue		326 442	6 329	6 733	11 971	69 970
Cost of sales		(184 343)	–	–	–	–
Profit from operations		142 099	–	–	–	–
Operating costs	1	(88 378)	(26 479)	(13 189)	(14 131)	(7 161)
Profit from equity-accounted investments		119 566	117 628	130 492	60 176	12 002
Profit from jointly-controlled entities		88 643	82 200	97 600	49 933	11 635
Profit from associates		30 923	35 428	32 893	10 243	367
Remeasurement of investment		–	42 488	–	–	–
Negative goodwill		–	–	80 623	784 087	–
Depreciation and amortisation		(36 010)	(479)	–	–	–
Impairment of investments	4	(113 485)	(3 860)	–	(92 132)	(750)
Net income before finance costs and taxation		23 792	135 627	204 659	749 971	74 061
Finance income		1 745	–	–	–	–
Finance costs		(32 916)	(29 835)	(31 939)	(8 934)	(36)
(Loss)/profit before taxation		(7 379)	105 792	172 720	741 037	74 025
Taxation		(15 292)	(1 084)	(1 000)	(2 454)	(946)
(Loss)/profit for the year		(22 671)	104 708	171 720	738 583	73 079
Attributable to ordinary shareholders		(22 671)	104 708	171 720	738 583	73 079
Headline earnings	2	88 694	70 226	96 473	84 763	66 217
Adjusted headline earnings	3	102 496	87 595	96 516	84 763	66 217

Notes:

1. Operating costs include transaction costs in respect of the LPM acquisitions and the SunWest lock-in transaction during both 2010 and 2011, as well as the consolidated LPM operating costs for 2011.
2. Headline earnings is the profit attributable to ordinary shareholders after reversing the adjustments detailed in note 7 of the annual financial statements.
3. Adjusted headline earnings takes into account the reversal of transaction costs and the consolidation of the Employee Share Trust as the group does not receive the economic benefits of the Trust as detailed in note 7 of the annual financial statements.
4. The impairment of investments comprises the IFRS 5 impairment to the investment in RAH of R95,7 million and the IAS 36 impairment to the investment in Worcester of R32,8 million, and the reversal to the impairment of the investment in Worcester of R15,0 million arising from the inclusion of a portion of Worcester in the impending transaction with Sun International.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June

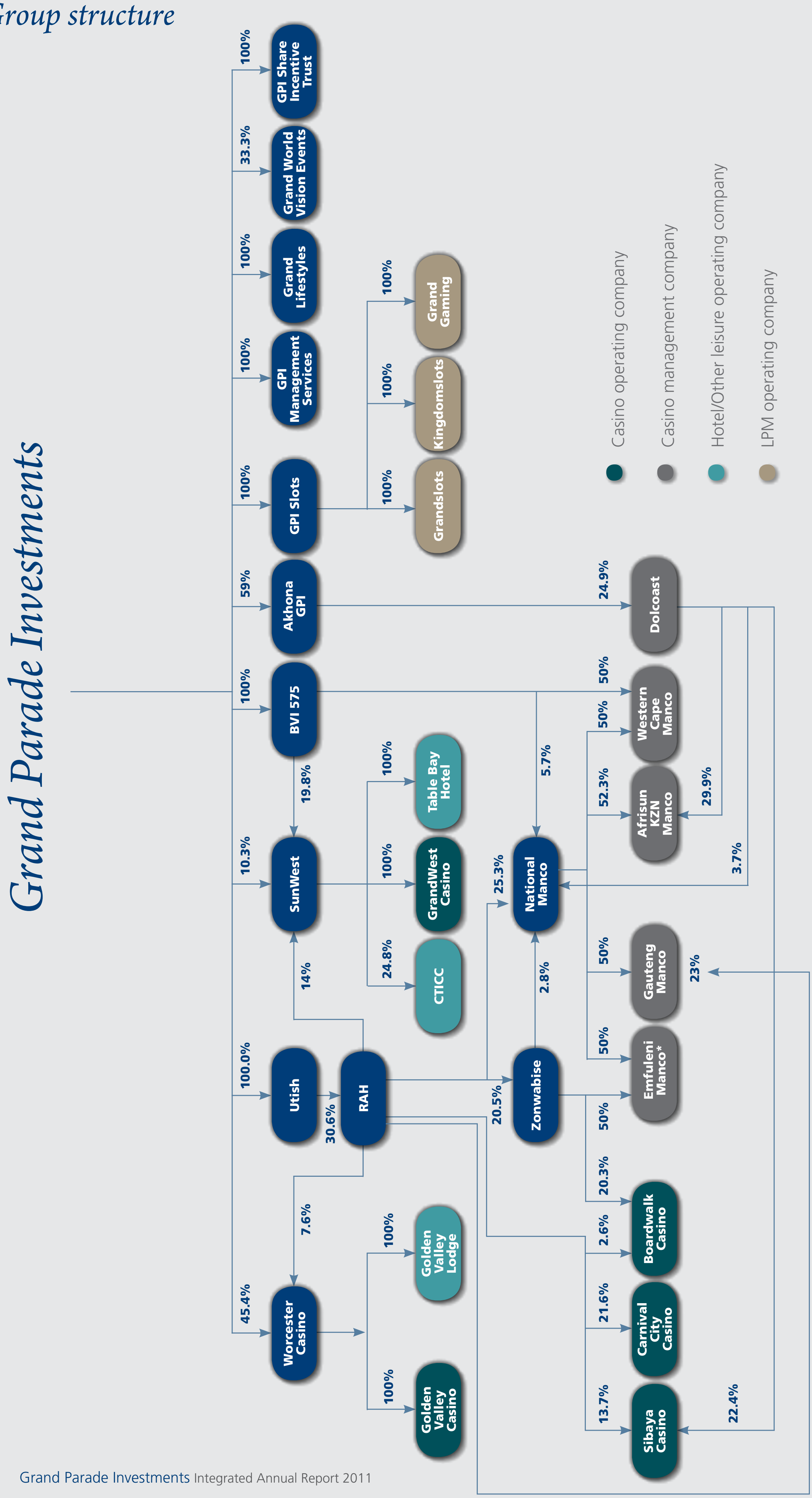
	2011 R'000s	2010 R'000s	2009 R'000s	2008 R'000s	2007 R'000s
Non-current assets	**1 631 715**	2 156 126	1 876 394	1 700 266	227 965
Non-current assets held for sale	**451 000**	–	–	–	–
Current assets	**112 179**	122 352	79 363	90 216	76 232
Total assets	**2 194 894**	2 278 478	1 955 757	1 790 482	304 197
Shareholders' interest	**1 756 792**	1 767 402	1 639 715	1 572 534	294 529
Non-controlling interest	**–**	4 978	–	–	–
Non-current liabilities					
– Provisions	**126**	94	–	–	–
– Deferred tax liabilities	**23 618**	17 112	2 384	2 851	2 923
– Interest-bearing borrowings	**89 500**	108 058	–	–	–
– Cumulative redeemable preference shares	**193 157**	256 961	285 124	201 398	–
Current liabilities	**131 701**	123 873	28 534	13 699	6 745
Total equity and liabilities	**2 194 894**	2 278 478	1 955 757	1 790 482	304 197

SHARE STATISTICS

	2011	2010	2009	2008	2007
Shares in issue at year-end (before deducting treasury shares) (000's)	**470 459**	462 331	449 581	469 028	332 038
Adjusted shares in issue (after deducting treasury shares)** (000's)	**468 239**	456 511	443 761	469 028	332 038
Weighted average number of shares in issue (000's)	**463 757**	454 507	462 033	365 766	323 010
Adjusted weighted average number of shares in issue (000's)	**457 937**	448 687	462 033	365 766	323 010
Basic and diluted (loss)/earnings per share (cents)	**(4,89)**	23,04	37,17	200,98	20,34
Headline and diluted headline earnings per share (cents)	**19,13**	15,45	20,88	23,17	20,50
Adjusted and diluted adjusted headline earnings per share** (cents)	**22,38**	19,52	20,89	23,17	20,50
Proposed dividends per share* (cents)	**10,0**	7,5	7,5	10,0	7,5
Tangible net asset value per share (cents)	**347**	351	365	335	90
Adjusted tangible net asset value per share (cents)	**349**	356	370	335	90
Net asset value per share (cents)	**373**	383	365	335	90
Adjusted net asset value per share (cents)	**375**	388	370	335	90

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

Group structure



* In the process of being deregistered.

ENGAGING WITH OUR STAKEHOLDERS

GPI, since diversifying to be both an investor and an operator, is cognisant of how often, and more importantly, how well, it engages with and responds to the demands of its greater "market".

Detailed below is a broad overview of our stakeholders and how we engage with them in order to ensure they reap the highest rewards.

Customers (players and LPM site owners)
Website
Monthly site visits
Quarterly magazine
Marketing initiatives and co-operative promotions
Customer loyalty programme

Shareholders
Investor relations section on our website
Analyst presentations
SENS announcements
Annual General Meeting

Employees
Weekly "Grand News" staff newsletter
Monthly "Grand Idea" staff business efficiency submissions
Quarterly management updates
Biannual performance assessments
Employee Share Trust
Staff training

Regulators and monitors
Daily statutory compliance
Monthly reports
Quarterly meetings
Ad-hoc policy engagement sessions
Biannual compliance audits
Central monitoring system

Business relationships
Investor relations
Funder engagement
Partnerships
Joint ventures
Acquisitions

Suppliers
Procurement policy
Concessionaires
Service providers
Empowerment compliance
Scorecard monitoring

Communities
Corporate social investment
Entrepreneurial development
Educational awareness
Environmental sustainability
Staff initiatives
Bursary scheme




Executive Chairman's report

In June 2008 GPI listed on the JSE. Not only was this date a significant milestone in the history of GPI as a company, but it also demonstrated the coming of age of BBBEE in South Africa.

Our intention when creating GPI in 1997 was to establish an investment company which embraced communities as inclusively as possible, especially those that had limited access to opportunities. GPI has rewarded these communities and has successfully established its credentials as a reputable BBBEE-listed entity.

The past three years have been challenging as a result of the global economic slow-down, the impact of which has affected the growth and performance of businesses throughout the world. GPI's underlying investments and operations were no exceptions in this regard. Notwithstanding these challenges, GPI has continuously strived for growth by being innovative in the face of adversity, always believing that during such periods, opportunities will arise.

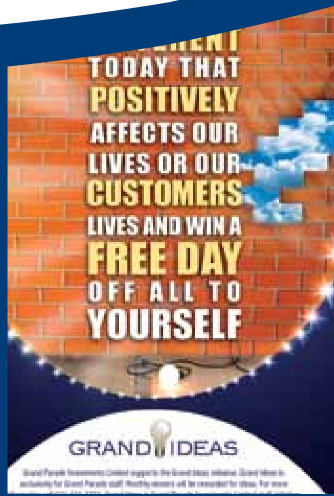
INTEGRATED YEAR UNDER REVIEW

In this integrated annual report, we have endeavoured to report in a format that represents a philosophy of sustainability and our understanding of the need to embrace and respond not only to shareholders, but to all stakeholders. The very make-up of GPI through the empowerment of our broad-based communities shows our commitment towards corporate responsibility and, as such, this report demonstrates our commitment to meaningful and measureable deliverables to the company, the people who work for us, our investment communities and the environment. That said, we remain driven by our triple bottom-line policy which encapsulates profit, people and the planet (PPP) and the integrated manner in which these factors contribute to our success.

ON THE MOVE

Despite the global recession, GPI continues to change the landscape of its business by being proactive in adopting smart solutions that will ensure sustainability and growth. We continue to seek new opportunities by utilising our strong financial position, an achievement attained by removing inherent risks, such as high gearing, whilst at the same time remaining committed to being a dividend-active company.

The most significant event of this financial year was reaching an agreement for the proposed restructuring of our common interests with Sun International (the Proposed Restructure), which will see us raise R785,2 million in cash from the sale



of our share in Real Africa Holdings Limited (RAH) and a small portion of SunWest and of Worcester Casino. This Proposed Restructure will allow us to propose a special dividend of 50 cents per share to our shareholders subject to the fulfilment of certain conditions precedent and afford us significant capital for further investment. While the listing of GPI was the start of great things to come we are even more optimistic that the conclusion of this restructuring deal will allow us to execute our strategies and vision with greater vigour.

On the operational side of our business, we successfully entered the Gauteng LPM market by acquiring Playmeter Leisure Services (Pty) Limited's (Playmeter) LPM route operator licence, and in so doing became a national LPM operator. We now have licensed capacity for 3 000 LPMs in the three largest gaming provinces in South Africa, namely Gauteng, the Western Cape and KwaZulu-Natal.

FUTURE PROSPECTS

Despite the fact that we have been busy consummating the Sun International and Playmeter transactions we have continued to pursue other opportunities. We have publically stated our vision to become a major and respected force in the gaming and leisure industry in Africa, and as such, we continue to seek opportunities beyond our boundaries and into new gaming ventures. This includes technology-based gaming, which will allow us to enter the sports betting arena and also prepare us for online gaming, and to this end we have invested in human capital to further develop this initiative. In addition to technology-based gaming, we also remain committed to our strategically stated low capital-intensive LPM gaming operations and continue to actively pursue the licensing of Type-B 40 LPM sites. Our projections show that these Type-B 40 LPM sites will add significant value to our LPM operations. Furthermore, we are also entering the non-gaming arena under the banner of Grand Capital.

In closing, I would like to express my sincere appreciation for the work done during the past financial year by the Board of directors, our management, staff and consultants. I thank you all for adding to the success of GPI.

Hassen Adams
Executive Chairman
19 September 2011

Board of Directors

Executive Directors

Hassen Adams (58)
Appointed 1997

Executive Chairman
Appointed 11 February 2011

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

Hassen is a consulting engineer and a founding member of GPI. Not only is he the Executive Chairman of the GPI Board, but is also the Chairman of SunWest and the GPI Board's Investment Committee. Hassen also serves on a number of other Boards.

Sukena Petersen (31)
Appointed 11 February 2011

Financial Director

B.Com Hons, CA(SA)

Sukena is a qualified Chartered Accountant. The experience she gained at GPI in her role as Group Financial Manager and her involvement as a key executive has provided her with a solid foundation for her role as Financial Director.

Non-executive Directors

Dr Norman Victor Maharaj (60)
Appointed 2008

Lead Independent Director
Appointed 11 February 2011

MB, ChB (UCT)

Norman is a qualified medical doctor. His extensive public service and trade union movement experience has helped broaden the GPI Board's analytical and decision-making abilities. Norman also serves on the Board's Social and Ethics, and Audit and Risk Committees.

Alexander Abercrombie (60)
Appointed 1997

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

Alex is an attorney and a director at DLA Cliffe Dekker Hofmeyr. He has served on the GPI Board since inception and is not only the Chairman of our Slots operations' Boards, but also serves on the Board's Remuneration and Nomination Committee, Investment Committee, Social and Ethics Committee, and Audit and Risk Committee.

Nombeko Mlambo (65)
Appointed 1997

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

Nombeko has served on the GPI Board since inception and was the co-founder of the Council for Black Education & Research Trust, an educational NGO, in 1982. She currently chairs the Western Cape Women Investment Forum and is a member of the Board's Remuneration and Nomination Committee.

Mogamat Faldi Samaai (50)
Appointed 11 February 2011

M.Sc (Eng.) (UCT)

Faldi is a qualified civil engineer and Chief Executive Officer of Nadesons Consulting Services (Pty) Limited. He also serves on the Board of AfriPark. He is extremely passionate about environmental sustainability and was instrumental in managing the sustainability elements of the Cape Town FIFA 2010 Fan Fest and the Witsand eco-housing project. Faldi is also a member of the Board's Remuneration and Nomination Committee.

Richard Julian Hoption (51)

Appointed 2008
Reappointed 22 July 2011

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

Richard is a qualified Chartered Accountant. He joined the group in January 2008 and was GPI's Chief Executive Officer at the time of its listing. Until February 2011, he was the Group Financial Director and Company Secretary and has also served GPI as Director of Strategy and Investments and as Business Development Manager. He is a member of the Board's Investment Committee with a key focus on projects and investments.

Anthony William Bedford (56)

Appointed 1997

B.Admin (Hons) (Industrial Psychology) (UNISA), N.Dip (Accounts & Finance) (PenTech)

Tony has extensive local and international experience in general management, HR and marketing. He is the Chairman of the Board's Remuneration and Nomination Committee.

Ralph Gordon Freese (52)

Appointed 1997
Reappointed 20 July 2011

Ralph is a founding member of GPI and currently serves on the Boards of various developmental NGOs (arts, housing and financial) and businesses. His experience in the developmental sphere is invaluable to us, where in addition he chaired the Board's Audit and Risk Committee until 25 November 2010 and is also a member of our Investment Committee.

Administration

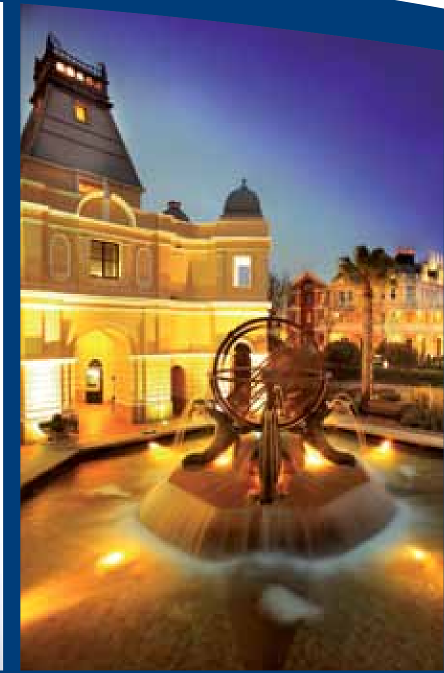
Lazelle Christian Parton (54)

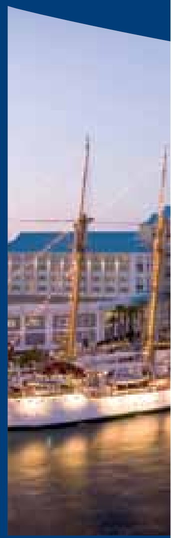
Appointed 11 February 2011

Company Secretary

BA (Political Science) (UN)

Lazelle has over 20 years of legal and compliance experience in both the public and private sectors as a policy-maker and in stakeholder negotiations. In addition to her Company Secretary role, she also heads up the legal and compliance departments of our LPM operations.





Operations report

OVERVIEW

Despite the continued global economic downturn, GPI has again managed to find opportunities in these adverse times. Our major achievements during the 2011 financial year include:

- The conclusion of a major restructuring deal with Sun International, the highlights of which are:
  - GPI receiving R785,2 million in cash upon reaching an agreement to restructure certain common interests with Sun International;
  - proposing a special dividend of 50 cents per share subject to the fulfilment of certain conditions precedent; and
  - the strengthening of our long-term relationship with Sun International at GrandWest Casino, the Table Bay Hotel and Golden Valley Casino.
- The successful acquisition of a Gauteng LPM route operator licence, the significance of which is:
  - that GPI now has licences to operate 3 000 LPMs in the three largest provinces (in terms of gaming revenue);
  - LPMs offer major growth opportunities in the local gaming arena; and
  - we are even better placed to be the market leader in this industry.
- The integration of the Slots business into the GPI group.
- Acquiring the remaining effective 7.5% interest in Kingdomslots to effect 100% control.

PERFORMANCE REVIEW

GrandWest Casino achieved a 4.4% increase in revenue to R1,652 million and a 2.2% increase in EBITDA to R625 million which were achieved despite the depressed economic environment prevailing in the Western Cape over the last year. The EBITDA margin decreased slightly from 38.8% last year to 37.8% this year.

GrandWest's initial 10-year exclusivity in the Cape Metropole expired during December 2010. The Provincial Government of the Western Cape is still considering whether to permit the relocation of one of the other four casino licences in the Western Cape to the Cape Metropole.

The Table Bay Hotel achieved revenue of R160 million and EBITDA of R27 million which is 4.2% and 22.7% lower than last year respectively. The decrease in demand for luxury hotel accommodation worldwide was further illustrated by a decline in occupancy from 53.4% last year to 48.1% this year with only a marginal increase in the average room rate during this year (from R2 033 last year to R2 060 this year).

Golden Valley Casino and Lodge achieved a 9.8% increase in revenue from last year to R123,3 million with a reported EBITDA of R31 million, up 14.8% from last year. The operation continues to be loss-making although these losses have declined year on year as the operation becomes more established and efficient. This investment has been highly leveraged and in the current financial year, the shareholders took up their proportionate share of the rights issue which resulted in a decrease in the debt from R211 million to R143 million.

RAH comprises investments in select urban casinos in the Sun International portfolio. Revenue of R64,4 million was marginally up from R62,7 million last year, largely as a result of higher dividends received by RAH from SunWest, off-set in part by lower dividends from Sibaya.

Dividends declared to shareholders by RAH were slightly down on last year, largely as a result of the tough economic environment's impact on cash flows as well as the cash contribution required from RAH (R7,1 million) for its share of the Golden Valley Casino capitalisation.

Our **LPM operations** delivered a solid performance and remain one of the key elements of our investment strategy. The integration of the LPM business into the GPI group has gone extremely well and we are pleased to report that the restructure of the acquired Slots group has been done. Our influence, as controlling shareholder of the LPM business, is bearing fruit with double-digit gross gaming revenue (GGR*) growth in both our Western Cape (Grandslots: 11.9%) and KwaZulu-Natal (Kingdomslots: 21.8%) operations, despite an efficiency-related strategic 5.0% decrease in the actual number of active machines at year-end. This performance is extremely encouraging.

Grandslots is the trading name of Thuo Gaming Western Cape (Pty) Limited and Kingdomslots is the trading name of Thuo Gaming KwaZulu-Natal (Pty) Limited.

Our slots staff and management team are committed to ensuring that the best possible product, offering a value-for-money entertainment experience is available at the best possible LPM sites.

In addition to product, we remain committed to delivering timeous and knowledgeable technical support and service delivery to our LPM sites and site owners. This commitment is reflected in the continued market leadership of both Grandslots and Kingdomslots.

The commencement of operations in Gauteng in April 2011 is an exciting development and we have already begun to see the positive effects of our efforts bear fruit with an increase in revenue market share over the initial couple of months of trade as Grand Gaming.

Grandslots achieved an 11.9% increase in revenue from last year to R213,6 million.

Our Western Cape-based LPM business continues to deliver a significant portion of our LPM operations' revenue not only as a result of the fact that the Western Cape is the best-performing province in terms of LPM revenue, it grew 14.0% year on year from R335,7 million to R382,8 million to June 2011, but also as a result of the concerted efforts of our LPM site owners, and our local management team and staff.

With two licensed operators in the Western Cape, Grandslots enjoyed an active LPM market share at 30 June 2011 of 53.2% and an even larger portion of the total provincial LPM revenue at 55.8%.

Kingdomslots achieved a 21.8% increase in revenue from last year to R99,6 million.

Our KwaZulu-Natal-based LPM operation made significant progress during the financial year by actively managing their network of LPM sites in order to ensure greater operational efficiencies. The success thereof is reflected in their 21.8% year-on-year revenue growth despite the strategic decrease of 57 (7.6%) active LPMs at end-June 2011 compared to 30 June 2010.

Provincially, KwaZulu-Natal saw a 22.6% annual increase in total LPM revenue from R183,9 million to R225,4 million for the year ended 30 June 2011. The active number of LPMs at 30 June 2011 grew 0.8% year on year.

* GGR is the term used for the revenue generated from a LPM, being the amount of cash played through the LPM less the payment to players.

Operations report continued

With four licensed operators in KwaZulu-Natal, Kingdomslots enjoyed an active LPM market share at 30 June 2011 of 36.4% and a considerably larger portion of the total provincial LPM revenue at 48.0%.

During the financial year we also successfully acquired the minority shareholder's stake in Kingdomslots, which ensured us 100% ownership of this LPM operation.

Grand Gaming (Thuo Gaming Gauteng (Pty) Limited) acquired the LPM operations of Playmeter in Gauteng at the end of April 2011.

All former Playmeter employees were retained by Grand Gaming.

The values, business ethic and spirit of GPI are currently being shared and instilled at Grand Gaming with the assistance of staff from our existing Grandslots and Kingdomslots operations and continued support from GPI Management Services (Pty) Limited (GPIMS).

The rebranding of all former Playmeter LPM sites commenced in June 2011, including two flagship Grand Gaming venues in Pretoria North (Da Vinci's) and Germiston (Brian's Pub). Feedback with regard to service, product and general technical and sales support from site owners has been extremely positive and we look forward to achieving more than our fair market share of both revenue and active LPMs in the medium term.

For the two full months' trade of this financial year, Grand Gaming generated R3 million in GGR.

During the year the GPI management team instituted a number of **cost-saving** measures which are expected to result in significant savings for the group in the forthcoming years. Certain specific examples include reducing property costs by moving all employees into one building, the implementation of cost control measures to limit operational costs throughout the group and the reduction of communication and printing costs including limiting the costs of printing this integrated annual report, which is printed on cheaper and more environmentally friendly paper.

THE SUN INTERNATIONAL RESTRUCTURE

As previously advised to shareholders, GPI and Sun International have agreed to the Proposed Restructure of certain of their common interests. In terms of the Proposed Restructure, GPI will receive a combined consideration of R717,8 million for the sale of shares in SunWest, Worcester Casino and RAH, subject to the fulfilment of a precondition, while still retaining significant interests (25.1%) in both SunWest and Worcester Casino. A further consideration of R67,4 million (after tax) will be received from the cancellation of existing management contracts and the implementation of new beneficial long-term operating agreements with Sun International to manage GrandWest Casino, Golden Valley Casino and the Table Bay Hotel.

There are two other important elements to the Proposed Restructure:

(i) GPI is to be released from all empowerment lock-in obligations. This will ultimately result in the unbundling of 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), following which unit-holders will receive GPI shares which they will be able to trade freely.

(ii) The Proposed Restructure clearly defines the terms of the relationship between GPI and Sun International and allows GPI to further its own gaming interests independently, particularly with regard to its LPM operations.

As set out in the table below, the Proposed Restructure provides GPI with the opportunity to realise a fair value for its investments in RAH and the portions of SunWest and Worcester Casino that are being sold.

Asset	% sold	Gross consideration (R million)
SunWest	4.9	251,8
RAH	30.6	451,4
Worcester Casino	20.3	14,6
Consideration for assets		717,8
Cancellation of management contracts (net of taxes)		67,4
Total consideration		785,2

The Board believes that the optimal manner of applying the proceeds of the Proposed Restructure is through the reduction of debt and a once-off special dividend with the balance being retained for the pursuit of certain new investment opportunities. This approach will result in an:

(i) improved risk profile;

(ii) increased dividend flow to shareholders through the once-off special dividend; and

(iii) enhanced capacity for future dividends arising from the reduction in gearing.

GEARING

We have adequately managed our debt levels and are comfortable that we have the ability to meet future scheduled repayments.

Subsequent to the transaction with Sun International, GPI's debt will be approximately R200 million. Current borrowing costs are below 9% and it therefore makes sense to keep a reasonable and serviceable amount of gearing.

OUR BOARD AND MANAGEMENT

There were changes to the GPI Board during the year, however, we maintain that all Board members made significant contributions to our business through their active participation in all aspects of the business.

The Board and management team continue to be fully committed to the future of the group and strive to deliver a superior return to all shareholders.

A great number of extra meetings, necessary for considering the many transactions which were concluded during the year, have contributed to what was an extremely demanding twelve months for both the members of the Board and our management team. The combined commitment from both groups has not gone unnoticed and their respective dedication and devotion of time to the success of our business must be commended.

OUR STAFF

Our workforce has committed a significant amount of extra time and has made a huge collective effort to complete the necessary tasks to keep growing revenues in what can only be described as tough trading conditions.

As such, we would like to also commend our team at the "coal face" for their commitment to the growth of GPI over the past year; Hassen Adams (Executive Chairman), together with Richard Hoption (Executive Director: Investments and Projects), Sukena Petersen (Financial Director) and Alisha Sadler-Almeida (Chief Operating Officer: Slots) form our executive and they, and their respective management teams and staff, continue to work tirelessly at implementing our plans and strategies in order to meet GPI's objectives.

DIVIDEND

GPI has a track record of being a dividend-active company and it is therefore rewarding to note that the cumulative dividend since 2003 amounts to 103 cents per share (adjusted for the 2008 share split and including the proposed 2011 ordinary and special dividend). This amount will exceed by more than five times the 17,5 cents (adjusted for the 2008 share split) investment that was made by those broad-based shareholders who invested in GPI at its inception, many of whom are still shareholders today.

We are pleased to be able to continue our policy of being dividend active, and as such the Board has proposed a final ordinary dividend of 10 cents per share for the 2011 financial year.

Furthermore on finalisation of the Proposed Restructure, it is the Board's intention to declare a special dividend of 50 cents per share, thereby further rewarding our loyal shareholders.

STRATEGY AND OBJECTIVES

The Board believes that the Proposed Restructure with Sun International will leave GPI in a strong position as:

(i) we will continue to hold significant interests in established businesses that are highly cash-generative;

(ii) we will also be able to continue to operate and expand our own gaming operations in the form of high-growth LPM business; and

(iii) after completion of the Proposed Restructure we will have the financial capability which, together with our BBBEE credentials and impeccable track record, will allow us to take advantage of new investment opportunities.

As alluded to in the Executive Chairman's report, GPI's new investment strategy may extend beyond gaming activities. In order to harness the full benefits of the Proposed Restructure, the Board has developed a three-tiered strategy.

Gaming and leisure investments

We intend holding and managing our established, cash-generating assets of SunWest that include GrandWest and the Table Bay and our equity stake in Golden Valley Casino. In respect of GPI's investment in Sibaya Casino through Akhona Gaming Portfolio Investments (Pty) Limited (Akhona GPI), the Board intends to increase GPI's share to a level where it is able to exert significant influence or if unable to do so, exit the investment.

We also aim to reduce the gearing that we hold against our investments in order to pass through a greater portion of the dividends received from these assets to our shareholders.

Gaming and other operations

We will continue to focus on controlling and operating gaming assets that are self-funding and which show potential for significant growth.

These include our existing LPM operations, particularly in Gauteng following our recent LPM route operator licence acquisition. We also intend increasing our involvement and investment in technology-based gaming and other forms of gaming. We are fully aware that technology-based gaming is an area of major growth potential and we are positioning ourselves to take advantage of opportunities in this segment of the gaming industry.

Other investments

We currently find ourselves in a favourable position, in that we are:

- a truly broad-based black economic empowerment group;
- listed on the JSE;
- have a sound track record; and
- subsequent to the consummation of our restructuring deal with Sun International, we will have significant capital available for investment.

In this context we intend pursuing an approach focused on investing in key sectors where we can utilise our BBBEE credentials and existing customer base. This is an important element of our future strategy as it will help to diversify GPI's income stream by including non-gaming-related activities. A number of opportunities in this regard are currently being investigated and we look forward to reporting on our successful pursuit of these in the not too distant future.

Hassen Adams
Interim Chief
Executive Officer

19 September 2011

Sukena Petersen
Financial Director

19 September 2011

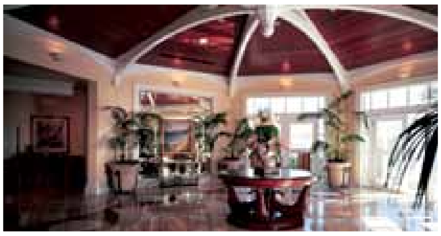
Sustainability report

	2011	2010	2009
BEE rating			
Ownership	25.00%	25.00%	25.00%
Management	24.95%	24.95%	24.95%
Employment equity	27.00%	27.00%	27.00%
Preferential procurement	25.00%	25.00%	25.00%
Total	101.95%	101.95%	101.95%

Grandslots			
Direct and indirect jobs	1 210	1 196	1 242
Energy used (kWh)	275 832	338 635	345 233
Taxes paid (R million)	61,5	54,0	60,0
Social investment (R million)	1,4	1,3	1,3
Responsible gaming (R million)	0,19	0,18	0,16
Capital expenditure (R million)	8,3	9,1	20,3


Kingdomslots			
Direct and indirect jobs	1 117	965	849
Energy used (kWh)	231 921	228 493	267 865
Taxes paid (R million)	27,5	22,9	17,1
Responsible gaming (R million)	0,08	0,06	0,03
Capital expenditure (R million)	4,8	7,4	17,1

GrandWest Casino			
Direct and indirect jobs	3 163	3 175	2 867
Energy used (kWh)	35 754 310	35 783 051	35 935 992
Water consumption (kl)	360 457	348 435	312 240
Taxes paid (R million)	594,4	490,1	538,6
Social investment (R million)	9,8	7,5	9,4
Capital expenditure (R million)	44,5	67,1	18,1



The Table Bay Hotel			
Direct and indirect jobs	796	672	520
Energy used (kWh)	7 493 100	7 311 702	7 952 607
Water consumption (kl)	55 181	54 107	77 875
Taxes paid (R million)	5,0	8,8	9,9
Social investment (R million)	0,4	0,2	0,2
Capital expenditure (R million)	6,3	10,3	13,3

Golden Valley Casino			
Direct and indirect jobs	403	381	360
Energy used (kWh)	4 786 101	4 342 293	4 127 497
Water consumption (kl)	35 742	34 060	33 594
Taxes paid (R million)	25,1	22,7	22,2
Social investment (R million)	0,1	0,7	0,1
Capital expenditure (R million)	9,8	6,9	7,1

Note: Playmeter was acquired at the end of April 2011, as a result of a limited eight weeks of trade in this financial year full details, that will be more relevant, will be included in our 2012 integrated annual report. Furthermore, our BBBEE rating for 2011/2012 is in the process of being completed, and as such our rating for the 2010/2011 period is reflected above.

Cape Town drug counselling centre
Staff helping out at Factreton Primary School

CSI Tertiary Bursary Fund

INTRODUCTION

GPI is a company that emerged from humble beginnings in the 1990s and the concepts of transformation and empowerment fundamentally underpin our very existence.

Our considerable growth from those humble beginnings bears testimony to our commitment, to not only sustainability, but the continued pursuit of investment and now operational expansion opportunities. Our shareholder status, as well as our financial capability subsequent to the completion of the aforementioned Sun International and GPI restructure will allow us to pursue our three-tiered strategy which is to:

- maintain and manage our existing gaming and leisure investments;
- expand and operate existing and new self-funding gaming operations; and
- maximise our financial capacity by investing in key sectors where we can utilise our BBBEE credentials and existing customer base.

OVERALL BBBEE RATING

GPI's BEE rating is completed annually by an accredited rating agency. In last year's report we noted that our level 1 rating may change during 2011 based on the fact that until 2011, we had been categorised as a small/medium-sized entity.

The completion of our 2011/2012 rating assessment has not yet been finalised, but in all probability, as a result of the full integration of our LPM operations into our business, our rating profile is likely to be diluted accordingly.

SHAREHOLDER EMPOWERMENT

Shareholders are extremely well positioned as a result of GPI's BBBEE credentials and pending restructuring with Sun International to not only directly share in our successes through a special dividend, but to also benefit from the additional financial capacity that the restructuring has realised through investments in sectors where we can leverage off our credentials and existing customer base.

INVESTMENT STRATEGY

GPI is aware of its founding commitment to offer ordinary people an opportunity to enter the corporate environment in a sustainable and responsible manner.

Up until the watershed moment in June 2010, when we acquired our LPM operations, we had channelled our resources into entities where, as an investor, we were able to exercise significant influence, and as such grow in a sustainable manner.

During the 2011 financial year, our first as both an investor and an operator, we were able to maintain our commitment to shareholders in so far as being able to continue to exercise significant influence over our investments, and also secure a restructuring of equity with Sun International, that will realise significant value for shareholders in the short term, and in the medium to long term.

In addition to our investment success, we remained true to the fact that our newly-acquired Slots operations should remain self-funding. Furthermore, we also managed to secure a third LPM route operator licence in Gauteng, taking our total national allocation of LPMs to 3 000. In so doing we made further inroads into the less capital intensive LPM sector and got closer to our objective of acquiring licensing for 5 000 LPMs in the medium term.




Nants' ingqayi Arts development tea
Velokhaya's Anita Zenani

Nosithembele Training Academy

Communicare
More staff working in the community

RESPONSIBLE GAMBLING

The commitment of both our gaming investments and operations to supporting the National Responsible Gambling Programme (NRGP) remain as strong as ever, with all subsidiaries and investments making a monthly contribution to the programme of 0.01% of GGR.

NATIONAL Responsible Gambling PROGRAMME

Social investment

GAMING AND LEISURE INVESTMENTS

GPIs gaming and leisure investments, namely GrandWest Casino, the Table Bay Hotel and Golden Valley Casino invested a combined total of R10,3 million into a wide range of social beneficiaries encompassing the sectors of health, HIV and tuberculosis, housing, education and enterprise development.

Funding is granted to registered non-profit organisations and/or Section 21 companies and/or registered charitable trusts and individuals. In addition to the above criteria, beneficiaries should have a management board in place, audited financial results and have been in existence for at least two years.

GAMING AND LEISURE OPERATIONS

Our LPM Slots operations are all committed to allocating at least 5% of pre-tax profits to the Thuo Gaming Corporate Social Investment Company (Section 21) (TGCSI).

At present only Grandslots is able to make a direct contribution to the TGCSI, but we look forward to contributions from Kingdomslots in the near future and Grand Gaming in the medium term. Furthermore, all our operations continue to assist, where possible, independently of formal CSI initiatives.

A total of R1,4 million was allocated directly to approved beneficiaries across all corners of the Western Cape in 2011, including medical equipment for a hospital in Ceres, renovations to an old-age home in Atlantis, ongoing vehicle running costs for a van sponsored to the QuadPara Association of the Western Cape, bursaries for fourteen Boys' and Girls' Town learners in Macassar and Kenilworth, as well as medical equipment for sufferers of epilepsy in Knysna.

Corporate governance report

In keeping with the principles of King III, we have embarked on a path to integrate leadership, sustainability and corporate citizenship to ensure long-term value creation for all stakeholders.

To this end, the elements of King III are applied in our day-to-day activities, and practices are being aligned with the King III elements as part of an ongoing process and not as a once-off activity. Consequently our business practices are continually reviewed to ensure adherence to the "comply or explain" regime recommended. We have nevertheless endeavoured to comply, in all material respects, with King III.

In addition to the above, we are also busy implementing the various requirements of the new Companies Act, as well as reviewing the company's memorandum of incorporation in order to align it with the Act. Shareholders will be appropriately notified of developments or changes in this regard.

Emphasis is furthermore placed on ensuring compliance with JSE Listings Requirements, the Companies Act, other applicable legislation and, especially in the case of certain of our subsidiaries, compliance with national and provincial gambling laws.

The extent of compliance with the aforegoing is described more fully in the relevant sections of this report.

BOARD OF DIRECTORS

The Board is the focal point of the company's corporate governance system and 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 the Board's 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 the Board's responsibility for management's performance of its functions;
- acting responsibly towards the company's stakeholders;
- being aware of, and committed to, the underlying principles of good corporate 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 risks 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 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. The Board also consults independent experts as and when required.

At the commencement of the accounting period the Board comprised nine suitably qualified and highly experienced directors of whom five were non-executive directors, two were independent non-executive directors and two were executive directors (Chief Executive Officer and Financial Director).

Following the resignations of a non-executive director (R G Freese) on 25 November 2010 and the then Financial Director (R J Hoption) on 10 February 2011, the Board appointed two non-executive directors (Ms D Naidoo, also an independent director, and M F Samaai) as well as a new Financial Director (MS S Petersen). These appointments were effective from 11 February 2011 on which day the Chairman, Hassen Adams, was also appointed as Executive Chairman and Dr Norman Maharaj as the Lead Independent Director. Subsequent to the aforementioned changes, Messrs Freese and Hoption were reappointed in July 2011, Mr Adrian Funkey resigned as Chief Executive Officer on 30 June 2011, and Ms Naidoo and Mr Charl Williams resigned on 19 and 21 July 2011 respectively.

DIRECTORS' PERIOD OF OFFICE AND RETIREMENT

Non-executive directors hold office for a period of three years after which they retire by rotation with the longest-serving directors retiring first. One-third of the directors are subject to retirement by rotation at least once a year. Directors remain eligible for re-election provided they have not reached the retirement age of 70 years and they satisfy the eligibility and qualification criteria of the Companies Act.

Any non-executive directors who are appointed to fill vacancies must be confirmed at the company's next AGM.

Details of the directors who will be retiring by rotation during 2012 and whose appointments are required to be confirmed at the next AGM are provided in the perforated proxy form at the back of this annual report.

Executive directors have employment contracts with GPI containing terms and conditions that are normal for such contracts.

APPOINTMENT AND PERFORMANCE OF DIRECTORS

Our appointment procedures are formal and transparent and considered to be a matter for the Board as a whole with guidance and advice being provided to the Board by its Remuneration and Nomination Committee. Whenever a vacancy arises on the Board, the Committee assists the Board with the identification of potential directors and considers their skills and qualifications with due regard to the Board's knowledge and skills requirements as well as those laid down in the Companies Act.

The Committee also ensures that the eligibility and disqualification provisions of the Companies Act are taken into account prior to recommending a candidate for appointment to the Board.

The shareholders ultimately decide on the appointment of the director and the Board provides full disclosure of director appointments to shareholders.

On appointment, a director is provided with relevant information and induction aimed at promoting an understanding of the provisions of the Companies Act and developing insight into the group's investment and operations activities. Furthermore, new directors are informed and enlightened to the products and services offered by our Slots operations, as well as the business environment and the markets in which the group operates. All directors are also informed of the closed periods for dealing in the company's securities, the procedure they are required to follow prior to dealing in securities and the requirements pertaining to declaring related party transactions.

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 and within reason, 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 interests 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 and are required to recuse themselves from discussions or decisions on those matters should such conflicts arise. A director is required to recuse himself/herself from the meeting for the duration of the matter under discussion. Where required, the matter is put to the shareholders for approval in accordance with the Listings Requirements of the JSE.

BOARD MEETINGS

As a minimum, the Board meets quarterly for the discharge of its statutory obligations and to ensure adherence with the company's strategic focus as determined by the directors prior to the commencement of its financial year. Additional meetings are held during the course of the year to attend to other specific business as and when the need arises.

Details of the Board meetings held during the accounting period and attendance at the meetings are as follows:

Name	Maximum number of meetings	Actual number meetings of attended	Notes
H Adams	9	9	
A Abercrombie	9	8	
A W Bedford	9	8	
R G Freese	3	3	1
A P Funkey	9	6	5
R J Hoption	4	4	2
N V Maharaj	9	7	
N Mlambo	9	8	
D Naidoo	5	5	3
S Petersen	5	5	4
M F Samaai	5	5	4
C W Williams	9	7	6

The maximum number of meetings represents those meetings that took place during the relevant director's period of office within the accounting period.

Notes:

1 Resigned on 25 November 2010, reappointed 20 July 2011.
2 Resigned 10 February 2011, reappointed 22 July 2011.
3 Appointed 11 February 2011, resigned on 19 July 2011.
4 Appointed 11 February 2011.
5 Resigned 30 June 2011.
6 Resigned 21 July 2011.

BOARD COMMITTEES

The Board has a number of standing committees, namely the Audit and Risk Committee, Investment Committee and Remuneration and Nomination Committee, all of which met at various intervals during the year. The Board recently also appointed a Social and Ethics Committee whose terms of reference will be incorporated into a Committee Charter during the course of the ensuing year.

Audit and Risk Committee

Composition: R G Freese (Chairman until 25 November 2010, reappointed as director on 20 July 2011), Ms D Naidoo (Chairman, resigned 19 July 2011), N V Maharaj, C W Williams (resigned 21 July 2011), A Abercrombie (appointed 1 September 2011)

The Committee comprised three independent non-executive directors.

The purpose of the Committee is to fulfil its statutory obligations and to carry out functions as delegated to it by the Board so as to assist the Board in discharging its fiduciary duties and fulfilling its oversight responsibility to shareholders, potential shareholders, the investment community and others with reference to:

- the integrity of the company's and group's financial statements;
- the company's and group's compliance with legal and regulatory requirements; and
- the independent external auditor firm's qualifications, performance and independence.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent external auditors and management of the company and group, and to determine that all parties are aware of their responsibilities.

The Committee meets at least once a quarter with two meetings being set aside specifically to deal with the company's financial results and the remaining two for purposes of dealing with its other responsibilities, namely, monitoring the effectiveness of internal controls; ensuring that adequate accounting records are kept; that risk is properly managed and controlled; that all applicable laws and prescripts are universally complied with throughout the group; overseeing integrated reporting for the group and other business that may arise from time to time.

All members of the Audit and Risk Committee are financially literate.

The Chairman of the Audit and Risk Committee, or in his/her absence, another member of the Committee nominated by him/her, attends the AGM to answer any questions that may arise within the mandate of the Committee.

Details of the meetings held during the accounting period and attendance at the meetings are as follows:

Name	Maximum number of meetings	Actual number of meetings attended	Notes
R G Freese	4	4	1
N V Maharaj	6	4	
D Naidoo	2	2	2
C W Williams	6	5	3

Notes:

1 Resigned on 25 November 2010.

2 Appointed 11 February 2011 and resigned on 19 July 2011.

3 Resigned 21 July 2011.

Report of the Audit and Risk Committee

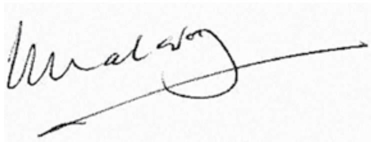
The Committee discharged its statutory duties, as prescribed in section 94(7) of the new Companies Act, the JSE Listings Requirements and its Charter as follows:

- considered the annual appointment and evaluated the external auditors, with due regard to the provisions of sections 90 and 94(8) of the Companies Act, and found them and the designated audit partner to be independent of the group and management. The Committee accordingly appointed Ernst & Young Incorporated as independent auditors to continue in office until the conclusion of the 2012 AGM;
- considered non-audit services performed by the external auditors;
- reviewed the interim report and annual financial statements, including the valuation of 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, 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.

The Chairman of the Audit and Risk Committee is required to report to the Board of directors on matters attended to by that Committee, and Board members receive a copy of Audit and Risk Committee minutes.

The external auditors have unrestricted access to the Committee and all of its members throughout the year.

Each year the Committee must consider and be satisfied with the appropriateness of the expertise, experience and adequacy of the finance function and in particular of its Finance Director. The Committee is satisfied that the Finance Director and the finance department collectively, possess the appropriate level of expertise and experience to fulfil their responsibilities to the Board and the company.



Dr Norman Victor Maharaj
Audit and Risk Committee Member

Remuneration and Nomination Committee

Composition: A W Bedford (Chairman), A Abercrombie, Ms N Mlambo, M F Samaai (appointed 1 July 2011)

The Committee comprises non-executive directors and its mandate is to:

- assist the Board with the process of identifying suitable members for appointment to the Board, consider the eligibility and qualifications of potential directors and recommend potential candidates to the Board for possible appointment;
- assist the Board in setting and administering remuneration policies including base pay and performance bonuses, employee contracts, severance and retirement benefits and share-based and other long-term incentive schemes;
- ensure that remuneration is aligned with the strategy of the company and is linked to the realisation of objectives as well as individual performance;

- recommend non-executive director and Committee member fees to the Board and shareholders; and
- ensure that consideration is given to succession planning in the group.

The Committee is required to meet at least once a year but may meet at other times to dispose of business as and when issues concerning the Committee arise.

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

The Committee is further developing remuneration practices with regards to King III.

Details of the meetings held during the accounting period and attendance at the meetings are as follows:

Name	Maximum number of meetings	Actual number of meetings attended
A W Bedford	2	2
N Mlambo	2	2
A Abercrombie	2	2

A number of informal meetings were also held during the accounting period.

Investment Committee

Composition: H Adams (Chairman), A Abercrombie, R G Freese, R J Hoption

The Investment Committee provides significant strategic input to the Board. It engages in regular discussions where it develops investment strategies that will achieve above average returns for shareholders. The company's corporate advisers and executive management also attend these meetings by invitation.

Remuneration paid to directors and three highest paid employees

	Salary R'000s	Bonuses R'000s	Short-term benefits† R'000s	Long-term benefits R'000s	Lump sum payment R'000s	Directors' fees R'000s	Audit and Risk R'000s	Remuneration and Nomination R'000s	**Total 2011 R'000s**	Total 2010 R'000s
Executive										
H Adams*	1 205	–	15	144	–	–	–	–	**1 364**	–
A P Funkey#	1 687	150	195	700	3 043	–	–	–	**5 775**	2 005
R J Hoption	612	70	51	90	–	–	–	–	**823**	1 111
S Petersen*	252	–	15	38	–	–	–	–	**305**	–
Sub-total	3 756	220	276	972	3 043	–	–	–	**8 267**	3 116
Non-executive										
H Adams*	–	–	–	–	–	–	–	–	**–**	1 003
A Abercrombie**	–	–	–	–	–	301	–	34	**335**	133
A W Bedford	–	–	–	–	–	113	–	68	**181**	164
R G Freese	–	–	–	–	–	56	34	–	**90**	164
N Mlambo	–	–	–	–	–	113	–	34	**147**	133
N V Maharaj	–	–	–	–	–	113	34	–	**147**	133
D Naidoo	–	–	–	–	–	44	27	–	**71**	–
M F Samaai	–	–	–	–	–	44	–	–	**44**	–
C W Williams	–	–	–	–	–	113	34	–	**147**	133
Sub-total	–	–	–	–	–	897	129	136	**1 162**	1 863
Total	3 756	220	276	972	3 043	897	129	136	**9 429**	4 979
Top three senior employees‡	2 419	454	80	362	–	–	–	–	**3 315**	–
Prescribed officer										
A L Sadler-Almeida##	896	159	7	134	–	–	–	–	**1 196**	–

* Appointed executive director on 11 February 2011.

** Director fees paid in respect of additional duties on the Slots operations.

\# A P Funkey resigned on 30 June 2011. A lump sum payment of R3,043 million and a povident fund contribution of R0,5 million was paid during July 2011.

\## Ms A L Sadler-Almeida has been identified as a prescribed officer in terms of the Companies Act. No comparative figures have been disclosed as the Slots operations were acquired on 30 June 2010.

† Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.

‡ All three of our top-earning senior employees form part of our Slots operations, which were acquired on 30 June 2010 and as such there are no comparative figures. This amount includes Ms A L Sadler-Almeida's remuneration which has also been separately disclosed under the section for prescribed officer.

Social and Ethics Committee

Composition: H Adams, A Abercrombie, N V Maharaj

The Social and Ethics Committee was appointed by the Board in terms of the Companies Act with effect 1 July 2011. The Committee's composition complies with the provisions of the Companies Act in terms of which at least one director must not be an executive of the company or have been one during the previous three financial years.

The Committee will meet twice a year to discharge its statutory duties, which involve monitoring of the company's activities in line with relevant legislation or prevailing codes of best practice to ensure good corporate citizenship through the promotion of:

- social and economic development;
- fair labour practices and employment equity;
- broad-based black economic empowerment;
- prevention of discrimination;
- anti-corrupt practices;
- development of the communities in which our activities are predominantly conducted or within which our products or services are predominantly marketed;
- charitable giving;
- preservation of the environment, health and public safety, including the impact of the company's activities and of its products or services; and
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws.

RISK MANAGEMENT

GPI is risk averse. Our Board and relevant Board Committees continuously assess, in association with the management of both our investments and operations, the prevailing business environment and possible changes to it, in order to strategically position the group as favourably as possible at all times.

As such, we are fully committed to the effective management of risk and have, with the assistance of our Audit and Risk Committee, developed a Risk Management Framework to ensure that the business achieves its overall strategic objectives and that long-term value is created for all stakeholders. Risk registers are assessed and updated, if necessary, a minimum of once every quarter.

The fundamental elements of our risk management approach include:

- raising awareness of the need for risk management throughout the group and integrating this into the culture of the company;
- eliminating risks or reducing risks within acceptable parameters;
- allowing for controlled risk taking for the benefit of the business within predetermined risk tolerance parameters (specified risk limits);
- ensuring that management acts in a way that increases its ability to anticipate unforeseen risks;
- anticipating and responding to changing social, environmental and legislative requirements which could impact the business; and
- preventing damage or harm to property, finances, equipment and reputation, and reducing the cost of risk.

DIRECTORS' DEALINGS IN SECURITIES AND DISCLOSURES

Prior to dealing in the company's securities it is necessary for directors, the Company Secretary and senior executives to obtain the Chairman's clearance in writing or, in his absence, that of the Lead Independent Director. All requests are referred through the Company Secretary for record-keeping purposes and to facilitate disclosure of such dealings to shareholders on SENS via the company's Sponsor.

Directors, the Company Secretary and certain identified senior executives with access to price-sensitive information may not deal in shares of the company during the closed periods which fall within the following timeframes:

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

Directors are furthermore required to declare their interests prior to and at each Board meeting and to notify the Company Secretary of any related party transactions to which they or their immediate families may be party.

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.

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 and Risk 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 company'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. In addition, there is a high level of management and Board review where internal audit work was performed, such as compliance work as required by the Gambling Boards which was performed by external advisers. The Board is in the process of reviewing the internal audit function and possibly filling it in our next financial year.

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.

IT GOVERNANCE

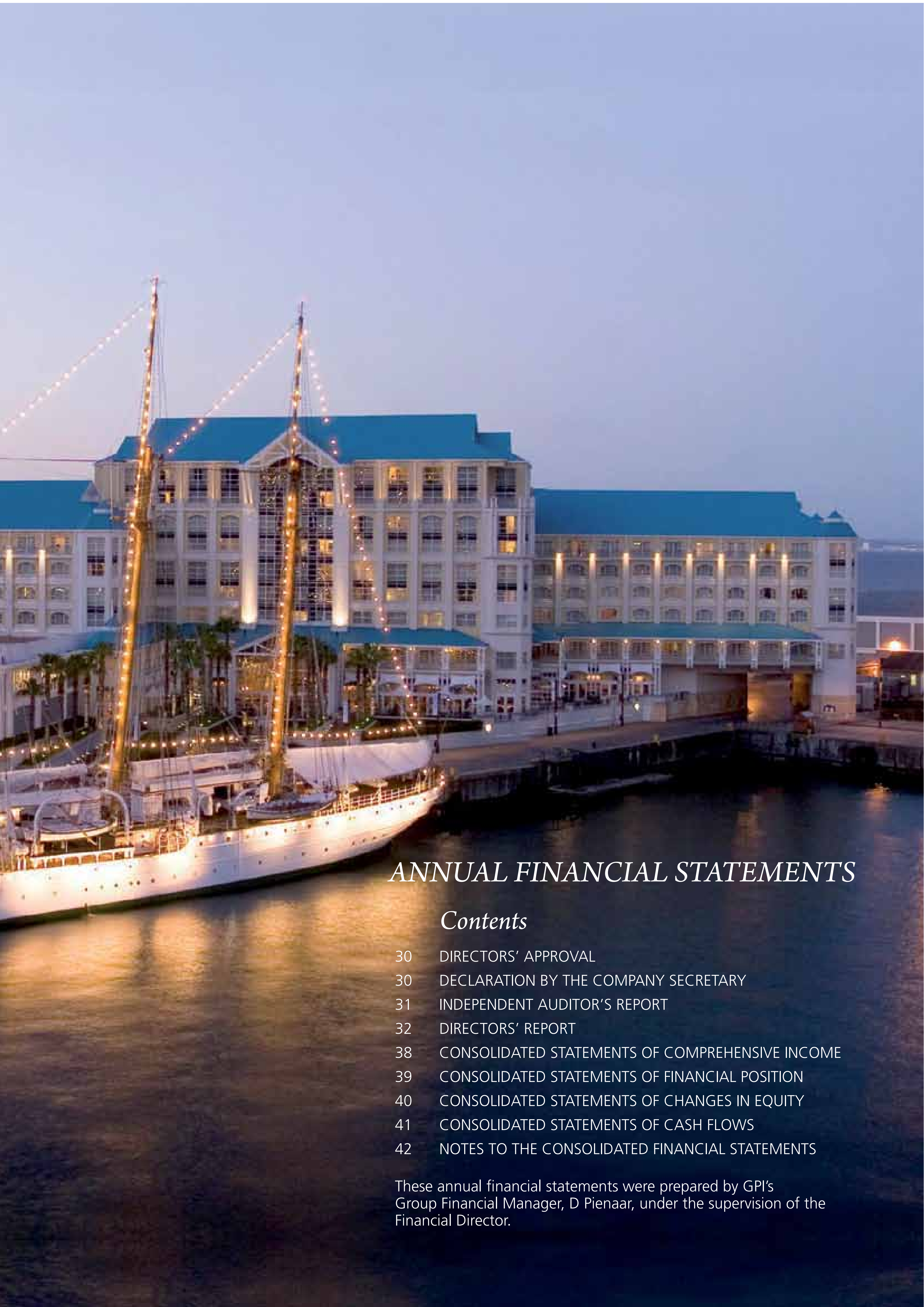
The Board will be developing IT governance practices incorporating existing standards and frameworks, as well as the recommendations of King III.

SOCIAL RESPONSIBILITY

GPI actively promotes, directly through its operating subsidiaries and indirectly 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 endorses the NRGP and interacts with individuals, industry and government to support 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.



ANNUAL FINANCIAL STATEMENTS

Contents

30 DIRECTORS' APPROVAL
30 DECLARATION BY THE COMPANY SECRETARY
31 INDEPENDENT AUDITOR'S REPORT
32 DIRECTORS' REPORT
38 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
39 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
40 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
41 CONSOLIDATED STATEMENTS OF CASH FLOWS
42 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These annual financial statements were prepared by GPI's Group Financial Manager, D Pienaar, under the supervision of the Financial Director.

Statement of responsibility by the Directors and Company Secretary

for the year ended 30 June 2011

DIRECTORS' APPROVAL

The directors are responsible for the preparation of the annual financial statements and other information contained in this report. In their opinion, the financial statements set out in this report fairly represent the 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, 2008, 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 31.

The directors have reviewed the group's budget and cash flow forecast for the year to 30 June 2012. 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 19 September 2011 and are signed on its behalf by:

Hassen Adams
Executive Chairman

Sukena Petersen
Financial Director

Declaration by the Company Secretary

TO THE MEMBERS OF GRAND PARADE INVESTMENTS LIMITED

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

Lazelle Christian Parton
Company Secretary

19 September 2011

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 2011, 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 32 to 91.

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 2011, 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.
Director: Abdul Majid Cader
Registered Auditor
Chartered Accountant (SA)

Cape Town
29 September 2011

Directors' report

for the year ended 30 June 2011

The directors present their report on the activities of the group and company for the year ended 30 June 2011.

NATURE OF THE BUSINESS

The nature of business of the company is investment holding. In addition the group provides management services to the gaming and leisure industry and as of 30 June 2010 manages and operates businesses which are regulated in the South African Gaming Industry. With the acquisition of the LPM operating entities, GPI is now both an investment and operating group. GPI's LPM operations are conducted through its wholly-owned subsidiary GPI Slots (and its group) and GPI's management services are provided through its wholly-owned subsidiary GPIMS.

EARNINGS

It is important to note that when analysing the group's performance, adjusted headline earnings and not net profit/(loss) or total comprehensive income/(loss) is the most appropriate measure to use, since adjusted headline earnings remove distortions caused by adjustments. This is particularly relevant for the current year as on 13 May 2011 the group entered into a heads of agreement to restructure certain common interests with Sun International. The Proposed Restructure, which is fully detailed in a circular sent to shareholders on 15 August 2011, is made up of many parts and will only be concluded if all parts to this transaction are executed as no part can be viewed in isolation.

The results of the group and company are set out in the consolidated statements of comprehensive income on page 38. Adjusted headline earnings per share increased from 19,52 cents per share to 22,38 cents per share. However, basic earnings/(loss) per share decreased from 23,04 cents earnings per share to a 4,89 cents loss per share. This is mainly due to R113,5 million net impairment losses on investments and a R10,9 million deferred tax expense which have been recognised in the current year results as a result of the group's intention to restructure its common interests with Sun International. These adjustments to earnings are more fully explained below.

EFFECT OF PROPOSED RESTRUCTURE WITH SUN INTERNATIONAL ON CURRENT YEAR EARNINGS

The inclusion of the group's investment in RAH in the Proposed Restructure with Sun International has resulted in this investment meeting the specific criteria of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. Accordingly in terms of IFRS 5, the group is required to carry its investment in RAH at the lower of its carrying amount or its fair value less cost to sell. The group has therefore impaired this investment to its fair value less cost to sell of R451 million and recognised a corresponding impairment loss of R95,7 million in the current year profit and loss. In addition, the investment in RAH has been reclassified in the statement of financial position to a non-current investment held for sale as required by IFRS 5.

GPI fully subscribed for its allocation of Golden Valley Casino's rights offer shares allotted in July 2010 and December 2010 at a total cost of R32,8 million. The total carrying amount of the investment was impaired to Rnil and an impairment loss of R32,8 million recognised in the current year profit and loss in terms of IAS 36 – Impairment of Assets, which requires that an entity determine whether there is any indication of impairment at each reporting date. IAS 36 requires assets to be impaired to the higher of market value or value in use based on discounted free cash flow valuations.

A portion of the group's investment in Golden Valley Casino also forms part of the Proposed Restructure with Sun International. In terms of IAS 36 – Impairment of Assets, there was sufficient evidence available to allow the group to reverse R15 million of the previously recognised impairments on this investment and recognised a portion of the investment in Golden Valley Casino at its recoverable amount of R15 million.

The Proposed Restructure with Sun International also includes a portion of the group's investment in SunWest. In terms of IAS 12 – Income Taxes, the group is required to measure its deferred tax assets and liabilities based on the expected manner of recovery. The Proposed Restructure has changed the expected manner in which the group expects to recover a portion of its investment in SunWest, which has resulted in a deferred tax expense of R10,9 million being recognised in the current year profit and loss.

DIVIDENDS

A final dividend of 10 cents per share (2010: 7,5 cents) was declared by the directors in respect of the year under review. This final dividend will be accounted for in the 2012 annual financial statements as it was declared subsequent to year-end.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENT

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

SunWest

SunWest's attributable earnings consists of attributable earnings from GrandWest Casino and the Table Bay Hotel. GrandWest's revenue increased by 4.4% compared to the prior year whilst its attributable earnings increased by 7.9% despite the adverse economic environment in the Western Cape over the last year. GrandWest's EBITDA margin decreased slightly from 38.8% last year to 37.8% this year.

Table Bay Hotel's attributable loss disappointingly increased by 18.7% mainly due to a 9.9% drop in room occupancy from 53.4% to 48.1%.

Golden Valley Casino

The cost of this investment to GPI has historically been very small given that it has largely been funded internally through interest-bearing debt. Pleasingly revenues grew 9.8% to R123,3 million although the investment is yet to produce a positive earnings contribution.

Western Cape Manco

Western Cape Casino Resort Manco (Pty) Limited's (Western Cape Manco) attributable earnings increased by 4.6% for the year, which is in line with the increase in GrandWest's EBITDA.

RAH

Attributable earnings from RAH increased by 9.1% compared to the prior year, despite RAH being reclassified as a non-current asset held for sale on 13 May 2011 and GPI's share of associate earnings from RAH only being recognised up to that date. The increase is mainly due to higher dividends received by RAH from SunWest and the R6,5 million profit from the sale of a 14.3% interest in Zonwabise. During the year the earnings from their associate companies also increased, due to the payment of a cancellation fee on the early termination of the Emfuleni Manco management contract which resulted in higher earnings from National Casino Resort Manco (Pty) Limited (National Manco) and Zonwabise which each own 50% of the Emfuleni Manco. RAH declared a final dividend of 12 cents per share compared to 14 cents per share in the prior year.

Akhona GPI

Akhona GPI exercised and took up an additional 3,8 shares in Dolcoast Investments Limited (Dolcoast) in terms of its pre-emptive rights. This transaction increased Akhona GPI's stake in Dolcoast from 23.0% to 24.9%. GPI's reduced shareholding in Akhona GPI and Akhona GPI's increased shareholding in Dolcoast had the net effect of reducing GPI's investment through Akhona GPI in Sibaya to 3.3%. GPI's total effective stake in Sibaya amounted to 7.48% (2010: 8.05%).

GPI's share of Akhona GPI's associate earnings decreased by 24.4% due to lower profits recognised from its investment in Dolcoast as a result of less dividends received from Sibaya as well as GPI's decrease in shareholding from 74.05% to 59.00% effective 8 March 2011.

Grandslots

Grandslots achieved an 11.9% increase in revenue from last year to R213,6 million. At year-end Grandslots had 891 LPMs out of the 1 676 operating LPMs in the Western Cape.

Kingdomslots

Kingdomslots achieved a 21.8% increase in revenue from last year to R99,6 million. At year-end Kingdomslots had 695 LPMs out of the 1 908 operating LPMs in KwaZulu-Natal.

Grand Gaming

On 29 April 2011 Grand Gaming acquired a LPM route operator licence in Gauteng, the details of which are discussed under subsidiaries in this report. The company operated for two months during the current year, and during this period it was able to generate revenue of R3 million and at year-end had 141 LPMs operating in Gauteng.

SHARE CAPITAL

On 29 April 2011 GPI issued 6 711 770 shares at R2,88 and 1 416 666 shares at R2,73 for the acquisition of a LPM route operator licence in Gauteng.

PREFERENCE SHARES

There were no new preference shares issued during the year. R24,2 million of the preference shares issued by Business Venture Investments No. 575 (Pty) Limited (BVI 575) to the Standard Bank of South Africa (Standard Bank) and Depfin Investments (Pty) Limited (Depfin) were redeemed. The capital owing at the year-end after the redemption of these preference shares was R131,2 million.

INTEREST-BEARING BORROWINGS

No additional interest-bearing debt was raised during the year. R16 million was repaid by GPIMS to Sanlam Capital Markets Limited (Sanlam) on the R80 million loan raised in the prior year.

140 182 SunWest shares that were pledged to Grindrod Bank Limited (Grindrod Bank) in the prior year, were released during the current year.

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	
	2011 R'000s	2010 R'000s	**2011 %**	2011 %	**2011 R'000s**	2010 R'000s
Direct subsidiary companies						
BVI 575	**1 000**	1000	**100**	100	**67 642**	59 652
GPI Slots*	**–**	–	**100**	100	**(25 712)**	(3 673)
Utish*	**–**	–	**100**	100	**19 945**	20 079
GPIMS	**2 000**	2000	**100**	100	**(4 679)**	(3 016)
Grand Lifestyles*	**–**	–	**100**	100	**(34)**	–
Indirect subsidiary companies						
Grandslots##	**10**	10	**100**	100	**23 906**	–
Kingdomslots	**10**	10	**100**	92.5	**541**	–
Grand Gaming	**1**	1	**100**	100	**122**	–
Thuo Gaming Mpumalanga (Pty) Limited#	**–**	–	**100**	100	**(49)**	–
Thuo Gaming Free State (Pty) Limited#	**–**	–	**100**	100	**(1 674)**	–
Thuo Gaming North West (Pty) Limited#	**–**	–	**100**	100	**(53)**	–
Subsidiary companies in the process of being deregistered						
Carentan*	**–**	–	**100**	100	**21 833**	–
Slots Solutions* ##	**–**	–	**100**	100	**6 530**	–
Stripe* ##	**–**	–	**100**	100	**–**	–
Thuo SA*	**1**	1	**100**	100	**13 567**	–
BVI 967* ##	**–**	–	**100**	100	**10 100**	–
Wild Rush*	**–**	–	**100**	–	**(5)**	–
Special purpose entities						
GPSIT**	**1**	1	**100**	100	**3 412**	515

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

** The Grand Parade Share Incentive Trust (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.

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

\## These entities' memoranda of incorporations were amended by special resolution in order to permit the distribution of dividends in specie.

INVESTMENTS, ASSOCIATES AND JOINT VENTURES

	Economic percentage		Voting percentage	
	2011 %	2011 %	**2011 %**	2011 %
Direct interest (held by GPI)				
SunWest	**10.25**	10.25	**0.04**	0.04
Akhona GPI	**59.00**	74.95	**40.21**	49.99
Golden Valley Casino	**45.37**	36.67	**45.37**	36.67
Grand World Vision Events	**33.30**	33.30	**33.30**	33.30
Indirect interest (held by subsidiaries)				
SunWest	**19.79**	19.79	**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
National Manco	**5.67**	5.67	**5.67**	5.67

SUBSIDIARIES

BVI 575

BVI 575 is a wholly-owned special purpose vehicle established to obtain preference share funding from Standard Bank and Depfin and holds a 19.79% holding in SunWest, a 50% stake in Western Cape Manco and a 5.67% stake in National Manco.

GPI Slots

GPI Slots is a wholly-owned subsidiary and is the holding company of all the LPM operating companies.

As part of the strategy to restructure the GPI group, detailed in last year's annual report, Carentan Investments (Pty) Limited (Carentan), Thuo Gaming South Africa (Pty) Limited (Thuo SA), Slots Solutions (Pty) Limited (Slots Solutions), Business Ventures No. 967 (Pty) Limited (BVI 967) and Wild Rush Trading 97 (Pty) Limited (Wild Rush) distributed their net assets to GPI Slots by way of an in specie dividend. On 1 July 2010 Stripe Investments 7 (Pty) Limited (Stripe) was sold to GPI and has since distributed its 7.72% investment in Golden Valley Casino to GPI. At year-end these entities were in the process of being deregistered.

Utish

Utish Investments (Pty) Limited (Utish) is a wholly-owned special purpose vehicle established to obtain preference share funding from Sanlam and has a 30.54% stake in RAH.

GPIMS

GPIMS is a wholly-owned subsidiary established to perform management services for the group and third parties.

On 1 July 2010 GPIMS purchased the assets and liabilities of Carentan and Thuo SA, including the machine leasing and management services contracts respectively. As part of restructuring the group, Carentan and Thuo SA are in the process of being deregistered.

Grand Lifestyles

Grand Lifestyles (Pty) Limited (Grand Lifestyles) was established during 2010 as a vehicle to expand into the non-gaming tourism and leisure market.

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.

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. GPI Slots acquired the 30% of Kingdomslots it did not already own from Akhona GPI, in which GPI had a 75% shareholding at the time.

Grand Gaming

The company acquired a route operator licence from Playmeter on 29 April 2011. The company is engaged in the operation of an electronic gaming machine route operation network in Gauteng and related activities in so far as the relevant laws permit.

SPECIAL PURPOSE ENTITIES

GPSIT

GPSIT was established as an incentive scheme for employees. This Trust is consolidated as required by SIC 12 – Special Purpose Entities. During the year 3,6 million shares were issued to the Executive Chairman, new Financial Director and Chief Operating Officer – Slots at R3,04 per share.

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 and Grand World Vision Events (Pty) Limited (Grand World Vision Events) which are classified as associates that are also equity-accounted. RAH which was classified as an associate in the prior year has been reclassified as a non-current asset held for sale in terms of IFRS 5 as discussed in the earnings section of this report.

SunWest

The group's direct interest in SunWest remained unchanged during the year and at year-end amounts to 30.04% (2010: 30.04%) economic and 50.01% (2010: 50.01%) voting rights in SunWest.

Western Cape Manco

Western Cape Manco is a jointly-controlled entity that is equity-accounted as allowed by IAS 31 – Investment in Joint Ventures.

Golden Valley Casino

The GPI group, during the current year, took up certain rights and increased its direct and indirect economic stake in Golden Valley Casino from 44.39% to 45.37%. The funds raised by Golden Valley Casino were partly used to fund the completion of the Worcester N2 interchange as committed to in the initial Golden Valley Casino licence application submission to the Western Cape Gambling and Racing Board (WCGRB).

On 1 July 2011 GPI Slots sold Stripe to GPI in order for GPI to hold all of the group's interests in Golden Valley Casino. On 29 April 2011 Stripe distributed its net assets to GPI by way of an in specie dividend in anticipation of deregistration. The company is in the process of being deregistered and the Golden Valley Casino shares held by Stripe are in the process of being transferred to GPI. The distribution was intergroup and therefore had no impact on the group's holding in Golden Valley Casino.

Akhona GPI

Akhona GPI is owned by GPI, Akhona Investment Holdings 2005 Limited (AIHL) and the Akhona Governing Body Trust (AGBT). At the beginning of the financial year Akhona GPI held investments in Kingdomslots and in Dolcoast, the empowerment shareholder of Sibaya.

On 8 March 2011 Akhona GPI sold its direct 20% interest in Kingdomslots, and 100% interest in Wild Rush, holding a 10% interest in Kingdomslots, to GPI Slots. At the same time AIHL repurchased Akhona GPI shares (in terms of a call option) from GPI, whilst AIHL and GPI purchased their respective rights issue shares, which resulted in GPI's shareholding reducing from 74.95% economic (49.99% voting) to 59.00% economic (40.21% voting) and shareholder loan accounts being equalised at R2,7 million each.

RAH

GPI indirectly through its wholly-owned subsidiary, Utish, owns 30.54% in RAH. GPI directly owns 0.03% in RAH.

Grand World Vision Events

GPI is a 33.3% shareholder in Grand World Vision Events. The intention of the shareholders is to deregister this entity.

National Manco

GPI indirectly through its wholly-owned subsidiary, BVI 575, owns 5.67% shareholding in National Manco that was initially purchased at a cost of R57. This investment has been measured at fair value in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

DIRECTORS AND COMPANY SECRETARY

Particulars of the present directors and company secretary are given on pages 10 and 11.

DIRECTORS' RELATED PARTY DISCLOSURE

Directors' interest in contracts

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

H Adams
- Proman Project Management Services (Pty) Limited (Proman)
- Nadesons Consulting Services (Pty) Limited (Nadesons)
- Asch Consulting Engineer (Pty) Limited (Asch)

A Abercrombie
- DLA Cliffe Dekker Hofmeyr

C W Williams
- DLA Cliffe Dekker Hofmeyr

F Samaai
- Nadesons
- Asch

During the prior year H Adams and A Abercrombie sold their interests in Thuo SA (10.0%), Grandslots (4.9%) and Golden Valley Casino (7.7%) to GPI Slots for R22 million in total. GPI Slots paid the full consideration on 1 October 2010 as well as interest of R717 000.

Pursuant to the lock-in payments approved by the shareholders at the annual general meeting held on 15 December 2010, H Adams, A Abercrombie, R G Freese and A W Bedford were paid R1 million, R339 000, R40 000 and R50 000 respectively during the current year.

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:

Shares Director	Beneficial direct 2011 000's	Beneficial indirect 2011 000's	Beneficial total shares 2011 000's	Beneficial total shares 2011 %	Beneficial direct 2010 000's	Beneficial indirect 2010 000's	Beneficial total shares 2010 000's	Beneficial total shares 2010 %
H Adams	3 439	28 053	31 492	6.69	439	19 157	19 596	4.24
A Abercrombie	3 393	2 614	6 007	1.28	3 393	–	3 393	0.73
A W Bedford	237	2 925	3 162	0.67	237	3 435	3 672	0.79
R G Freese*	–	–	–	–	31	2 716	2 747	0.59
A P Funkey**	1 180	927	2 107	0.45	1 180	161	1 341	0.29
N Mlambo	10	31	41	0.01	10	31	41	0.01
R J Hoption#	–	–	–	–	450	–	450	0.10
F Samaai##	6	327	333	0.07	–	–	–	–
N V Maharaj	–	4	4	–	–	–	–	–
S Petersen##	400	–	400	0.09	–	–	–	–
	8 665	34 881	43 546	9.26	5 740	25 500	31 240	6.75

The directors have declared that they own beneficially direct and indirect units in the GPI SPV Trust and the GPI BBBEE Trust. These entities form part of the GPI lock-in structure. The SPV Trust owns 38 728 436 shares in GPI which is equivalent to 8.23% of the issued share capital.

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.

Units Director	Beneficial direct 2011 000's	Beneficial indirect 2011 000's	Beneficial total units 2011 000's	Beneficial total units 2011 %	Beneficial direct 2010 000's	Beneficial indirect 2010 000's	Beneficial total units 2010 000's	Beneficial total units 2010 %
H Adams	126	5 392	5 518	14.25	126	5 348	5 474	14.13
A Abercrombie	558	100	658	1.70	558	–	558	1.44
A W Bedford	135	1 063	1 198	3.09	135	1 276	1 411	3.64
R G Freese*	–	–	–	–	137	107	244	0.63
F Samaai##	–	49	49	0.13	–	–	–	–
N Mlambo	10	–	10	0.02	10	–	10	0.02
	829	6 604	7 433	19.19	966	6 731	7 697	19.86

* R G Freese resigned as a director on 25 November 2010 and was reappointed on 20 July 2011. R G Freese owns 31 000 direct and 48 000 indirect shares. R G Freese also owns 136 000 direct and 106 000 indirect units in the GPI BBBEE Trust.

** A P Funkey resigned as a director on 30 June 2011.

R J Hoption resigned as a director on 10 February 2011 and was reappointed on 22 July 2011 and owns 450 000 shares directly.

Appointed on 11 February 2011.

There have been no changes in directors' shareholding from the date of the financial year-end up to the approval of the annual financial statements.

CAPITAL COMMITMENTS

Authorised but not contracted

The group has no capital commitments.

SUBSEQUENT EVENTS

As advised to the shareholders, GPI and Sun International have agreed to the restructure of certain of their common interests. A circular was sent to shareholders on 15 August 2011 giving full details of the proposed transaction and giving notice of the special general meeting to be held on 14 September 2011.

In terms of the restructure, GPI will receive a combined consideration of R717,8 million for the sale of shares in Sunwest, Worcester and RAH while still retaining significant interests (25.1%) in both Sunwest and Worcester. A further consideration of approximately R67,4 million (after tax) will be received from the cancellation of existing operating management contracts and the implementation of new beneficial long-term operating agreements with Sun International to manage GrandWest, Golden Valley Casino and the Table Bay Hotel.

The transaction has been approved by shareholders of Sun International and was approved by the majority of GPI shareholders at a general meeting held on 14 September 2011. The remaining conditions precedent include the relevant Gambling Boards' approval and the Competition Commission Board's approval.

Consolidated statements of comprehensive income

for the year ended 30 June 2011

	Note	GROUP 2011 R'000s	GROUP 2010 R'000s	COMPANY 2011 R'000s	COMPANY 2010 R'000s
Revenue	3	326 442	6 329	36 304	29 853
Cost of sales		(184 343)	–	–	–
Gross profit		142 099	6 329	36 304	29 853
Operating costs		(88 378)	(26 479)	(8 742)	(20 056)
Profit/(loss) from operations		53 721	(20 150)	27 562	9 797
Profit from equity-accounted investments		119 566	117 628	–	–
Profit from jointly-controlled entities	9	88 643	82 200	–	–
Profit from associates	10	30 923	35 428	–	–
Impairment of investment in jointly-controlled entity	9	(32 839)	(3 860)	(36 700)	–
Impairment of investment in associate	10	(95 646)	–	–	–
Reversal of impairment of investment in jointly-controlled entity	9	15 000	–	15 000	–
Depreciation	13	(34 011)	(479)	(111)	(469)
Amortisation	14	(1 999)	–	–	–
Remeasurement of investment	10	–	42 488	–	–
Profit before finance costs and taxation	4	23 792	135 627	5 751	9 328
Finance income	5	1 745	–	–	–
Finance costs	5	(32 916)	(29 835)	(4 264)	(58)
(Loss)/profit before taxation		(7 379)	105 792	1 487	9 270
Taxation	6	(15 292)	(1 084)	(89)	(511)
(Loss)/profit for the year		(22 671)	104 708	1 398	8 759
Other comprehensive income					
Change in reserves of associated companies, net of tax	10	13 197	22 391	–	–
Unrealised fair value loss/(gains) on available-for-sale investments, net of tax	11	(4 491)	3 950	–	–
Total comprehensive (loss)/income for the year		(13 965)	131 049	1 398	8 759
(Loss)/profit for the year attributable to:					
Ordinary shareholders		(22 671)	104 708	1 398	8 759
		(22 671)	104 708	1 398	8 759
Total comprehensive (loss)/income attributable to:					
Ordinary shareholders		(13 965)	131 049	1 398	8 759
		(13 965)	131 049	1 398	8 759

		Cents	Cents
Basic and diluted earnings per share	7	(4,89)	23,04
Headline and diluted headline earnings per share	7	19,13	15,45
Adjusted and diluted adjusted headline earnings per share	7	22,38	19,52
Dividends per share		7,50	7,50

Consolidated statements of financial position

at 30 June 2011

	Note	GROUP 2011 R'000s	GROUP 2010 R'000s	COMPANY 2011 R'000s	COMPANY 2010 R'000s
ASSETS					
Non-current assets		2 082 715	2 156 126	246 920	236 503
Investments in jointly-controlled entities	9	1 313 387	1 319 090	222 524	207 524
Investments in associates	10	30 676	569 445	21 241	25 157
Investments	11	16 055	21 278	–	–
Investments in subsidiaries	12	–	–	3 000	3 000
Goodwill	15	122 907	110 646	–	–
Property, plant and equipment	13	77 874	84 312	155	822
Intangible assets	14	54 370	37 533	–	–
Deferred tax assets	6	16 446	13 822	–	–
Non-current asset held for sale	20	451 000	–	–	–
Current assets		112 179	122 352	357 788	357 263
Inventories	16	2 363	1 329	–	–
Trade and other receivables	17	21 252	19 439	708	3 082
Related party loans	18	17 454	19 719	352 067	324 045
Cash and cash equivalents	19	69 248	81 192	5 013	30 136
Income tax receivable	31.1	1 862	673	–	–
Total assets		2 194 894	2 278 478	604 708	593 766
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital and premium	21	754 164	727 301	750 234	727 097
Treasury shares	21	(4 451)	(11 669)	–	–
Accumulated profit/(loss)		957 382	1 010 803	(299 172)	(265 895)
Available-for-sale investments' fair value reserve		49 396	40 690	–	–
Capital redemption reserve fund		301	277	–	–
Shareholders' interest		1 756 792	1 767 402	451 062	461 202
Non-controlling interest		–	4 978	–	–
Total equity		1 756 792	1 772 380	451 062	461 202
Non-current liabilities		306 401	382 225	40 044	40 098
Cumulative redeemable preference share capital and premium	22.3	193 157	256 961	–	–
Interest-bearing borrowings	23	88 000	108 058	40 000	40 058
Finance lease liabilities	24	1 500	–	–	–
Deferred tax liabilities	6	23 618	17 112	44	40
Provisions	25	126	94	–	–
Current liabilities		131 701	123 873	113 602	92 466
Trade and other payables	26	40 578	64 715	3 296	8 775
Provisions	25	4 347	1 652	–	–
Interest-bearing borrowings	23	16 000	12 000	–	–
Related party loans	18	–	15 840	105 020	78 824
Cumulative redeemable preference share capital and premium	22.3	63 804	24 163	–	–
Finance lease liabilities	24	937	–	–	–
Dividends payable	31.2	5 285	4 713	5 285	4 713
Taxation	31.1	750	790	1	154
Total equity and liabilities		2 194 894	2 278 478	604 708	593 766

	2011 Cents	2010 Cents
Tangible net asset value per share	347	351
Adjusted tangible net asset value per share	349	356
Net asset value per share	373	383
Adjusted net asset value per share	375	388

Consolidated statements of changes in equity

for the year ended 30 June 2011

GROUP	Capital redemption reserve fund R'000s	Ordinary share capital R'000s	Share premium R'000s	Treasury shares R'000s	Available-for-sale fair value reserve R'000s	Accumulated profits R'000s	Non-controlling interest R'000s	Total equity R'000s
Balance at 30 June 2009	253	112	697 269	(11 669)	14 349	939 401	–	1 639 715
Total comprehensive income for the year	–	–	–	–	26 341	104 708	–	131 049
Ordinary dividends paid	–	–	–	–	–	(33 282)	–	(33 282)
Transfer to capital redemption reserve fund	24	–	–	–	–	(24)	–	–
Share capital raised	–	3	29 959	–	–	–	–	29 962
Share issue expenses	–	–	(42)	–	–	–	–	(42)
Non-controlling interest	–	–	–	–	–	–	4 978	4 978
Balance at 30 June 2010	277	115	727 186	(11 669)	40 690	1 010 803	4 978	1 772 380
Total comprehensive income/(loss) for the year	–	–	–	–	8 706	(22 671)	–	(13 965)
Ordinary dividends paid	–	–	–	–	–	(34 238)	–	(34 238)
Treasury shares allocated to employees	–	–	3 726	7 218	–	–	–	10 944
Share capital raised	–	2	23 168	–	–	–	–	23 170
Share issue expenses	–	–	(33)	–	–	–	–	(33)
Transfer to capital redemption reserve fund	24	–	–	–	–	(24)	–	–
Acquisition of non-controlling interest	–	–	–	–	–	3 512	(4 978)	(1 466)
Balance at 30 June 2011	301	117	754 047	(4 451)	49 396	957 382	–	1 756 792

COMPANY	Ordinary share capital R'000s	Ordinary share premium R'000s	Accumulated profits/(loss) R'000s	Total equity R'000s
Balance at 30 June 2009	112	697 065	(240 935)	456 242
Total comprehensive income for the year	–	–	8 759	8 759
Ordinary dividends paid	–	–	(33 719)	(33 719)
Share capital raised	3	29 959	–	29 962
Share issue expenses	–	(42)	–	(42)
Balance at 30 June 2010	115	726 982	(265 895)	461 202
Total comprehensive income for the year	–	–	1 398	1 398
Ordinary dividends paid	–	–	(34 675)	(34 675)
Share capital raised	2	23 168	–	23 170
Share issue expenses	–	(33)	–	(33)
Balance at 30 June 2011	117	750 117	(299 172)	451 062

Consolidated statements of cash flows

for the year ended 30 June 2011

	Note	GROUP 2011 R'000s	GROUP 2010 R'000s	COMPANY 2011 R'000s	COMPANY 2010 R'000s
Cash flows from operating activities					
(Loss)/profit before taxation		(7 379)	105 792	1 487	9 270
Adjustments for:					
– Depreciation	13	34 011	479	111	469
– Amortisation	14	1 999	–	–	–
– Finance income – investments and operations		(3 405)	(3 943)	(490)	(1 749)
– Finance costs	5	32 916	29 835	4 264	58
– Dividends received	3	(2 009)	(1 910)	(35 795)	(28 094)
– Loss on sale of property, plant and equipment		759	–	–	–
– Remeasurement of investment		–	(42 488)	–	–
– Profit on sale of investments		(151)	–	(151)	–
– Impairment of investment in jointly-controlled entity	9	32 839	3 860	36 700	–
– Impairment of investment in associate	10	95 646	–	–	–
– Reversal of impairment of investment in jointly-controlled entity	9	(15 000)	–	(15 000)	–
– Profit from jointly-controlled entities	9	(88 643)	(82 200)	–	–
– Profit from associates	10	(30 923)	(35 428)	–	–
Operating cash flows before working capital changes		50 660	(26 003)	(8 874)	(20 046)
Increase in inventory		(1 034)	–	–	–
(Increase)/decrease in trade and other receivables		(1 248)	848	2 374	(30)
Increase/(decrease) in trade and other payables		(26 209)	(4 778)	(5 538)	(8 443)
Cash flows from operations		22 169	(29 933)	(12 038)	(28 519)
Income taxes paid	31.1	(11 907)	(842)	(238)	(482)
Finance income – operations	5	1 745	–	–	–
Net cash inflow/(outflow) from operating activities		12 007	(30 775)	(12 276)	(29 001)
Cash flows from investing activities					
Acquisition of plant and equipment	13	(28 299)	(181)	–	(111)
Acquisition of intangibles	14	(2 577)	–	–	–
Consideration from disposal of assets	8	127	–	–	–
Net cash paid for business combination		(5 976)	–	–	–
Intergroup loans repaid/(advanced)					
– GPI Slots		–	–	(10 680)	(100 552)
– BVI		–	–	26 396	44 450
– Grand Lifestyles		–	–	(34)	–
– Utish		–	–	6 933	72 009
– GPIMS		–	–	(541)	201
Investments (made)/received					
– Acquisition of LPM operations	8	–	(174 104)	–	–
– SunWest	9	–	(28 905)	–	(24 976)
– RAH	10	–	(298)	–	(298)
– GPIMS		–	–	–	(2 000)
– Golden Valley Casino	9	(32 839)	–	(32 839)	–
Cash acquired – LPM operations	8	–	42 916	–	–
Finance income – investments	3	1 660	3 552	490	1 358
Dividends received		143 683	130 204	35 795	28 095
Net cash inflow/(outflow) from investing activities		75 779	(26 816)	25 520	18 176
Cash flows from financing activities					
Capital raised – ordinary shares issued		–	29 962	–	29 962
Preference shares redeemed	22.1	(24 163)	(24 000)	–	–
Preference shares issued		–	20 000	–	–
Ordinary dividends paid to equity holders of parent	31.2	(33 666)	(32 814)	(34 103)	(33 251)
Share issue expenses paid		(33)	(42)	–	(42)
Loans repaid/(advanced)					
– Interest-bearing borrowings raised		–	120 000	–	40 000
– Consideration from finance lease advanced		2 915	–	–	–
– Repayment of finance leases		(479)	–		–
– Repayment of interest-bearing borrowings	23	(16 000)	–	–	–
Finance costs		(28 304)	(30 077)	(4 264)	(1)
Net cash inflow/(outflow)from financing activities		(99 730)	83 029	(38 367)	36 668
Net (decrease)/increase in cash and cash equivalents		(11 944)	25 438	(25 123)	25 843
Cash and cash equivalents at the beginning of the year		81 192	55 754	30 136	4 293
Cash and cash equivalents at the end of the year	19	69 248	81 192	5 013	30 136

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial results

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

The accounting policies applied are consistent with those applied in the prior year, with the exception of the standards which are effective for the financial years beginning 1 July 2010, described in note 1.4 below.

Company financial statements

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

Recognition of assets and liabilities

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

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

The gain or loss on derecognition of the assets or liabilities are treated as income or expense in 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 a manner required by the Companies Act.

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 30 June 2011 and for the year then ended.

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

A change in the ownership interest of 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.

(a) Business combinations and goodwill

Business combinations from 1 July 2009

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

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

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

Business combinations prior to 1 July 2009

In comparison to the abovementioned 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.

(b) Interest in jointly-controlled entities and associates

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

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

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

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

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

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, where applicable, in the statement of comprehensive income.

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

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

1.4 New standards and interpretations adopted during the year

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

IRFS 1 (Amended) – First-time Adoption of International Financial Reporting Standards (effective 1 January 2010)

The amendments to IFRS 1 addresses the retrospective application of IFRS to particular situations and are aimed at ensuring the entities applying IFRS will not face undue cost or effort in the transition process. These amendments were not applicable to the group's activities.

IFRS 2 (Amended) – Share-based Payment: Group Cash-settled Share-based Payment Transactions (effective 1 January 2010)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for the group cash-settled share-based payment transactions. The group adopted these amendments with no material effect on its financial statements.

IAS 32 (Amended) – Classification of Rights Issues (effective 1 February 2010)

The amendments to IAS 32 clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. These amendments were not applicable to the group's activities.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)

IFRIC 19 clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially, which is not applicable to the group's activities.

Improvements to IFRS 2008 and 2010 (effective 1 January 2010 and 1 July 2010)

The annual improvements issued by the IASB during 2009 which are applicable to the group, have been adopted with no material impact.

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 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 13).

Deferred tax assets

Before any deferred tax asset is recognised, judgement coupled with estimates based on forecasts and budgets, is required to determine if the various companies showing deferred tax assets will make an appropriate level of taxable profit in the foreseeable future (refer to note 6).

Fair value of unquoted equity instruments

The fair value of unquoted equity instruments has been valued based on expected cash flows discounted at current market rates applicable for items with similar terms and risk characteristics. The valuation requires the group to make estimates about expected future cash flows and discount rates (refer to note 11). The future cash flow forecasts have taken into account the effects of the Proposed Restructure with Sun International.

Recoverable amount of goodwill and intangible assets with indefinite useful lives

Annually the group assesses the recoverable amount of all equity-accounted investments, intangible assets and cash-generating units that contain goodwill and intangible assets with an indefinite useful life.

Fair value is determined with reference to an active market price or an agreement of sale, where applicable.

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

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

– discount rate; and

– growth rates used to discount cash flows beyond the budgeted period.

Discount rates – discount rates represent the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount 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 with finite lives. 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 are written off when the impairment takes place. Refer to note 14 for the estimates and assumptions used when testing intangible assets with finite lives for impairment.

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

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

Net gaming win

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

1.6 Revenue recognition

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

Gross gaming revenue
Gross gaming revenue comprises the net gaming win generated by gaming operations. Net gaming win is measured as the net cash received from gaming operations. Due to the short-term nature of the group's gaming operations, all income is recognised in profit and loss immediately, at fair value.

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

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.

Bid costs and licences
Expenditure incurred by the group in applying for new gaming licences is capitalised up to the date that the group submits new licence applications to the relevant licensing authorities. These costs are only capitalised when it is probable that they will result in future economic benefits accruing to the group.

Bid cost and licences are shown at historical cost and are tested for impairment annually.

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

Computer software costs
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 products 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 its 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 market-place (regular way trade) are recognised on the trade date, i.e. the date that the group commits to purchase or sell the asset. The group's financial assets include cash and short-term deposits, trade and other receivables, loans and receivables, and unquoted equity instruments.

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.

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. Collectibility 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 profit and loss.

The fair value of investment 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 profit and loss.

Financial assets carried at amortised cost

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

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

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

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

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

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

Available-for-sale investments

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

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

(iii) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing borrowings and loans are subsequently measured at amortised cost using an effective interest rate method. Gains and losses are recognised in 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 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. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

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

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

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. The group does not recognise deferred tax assets on STC credits as it will earn sufficient credits between the year-end and the dividend declaration date to ensure no STC is payable.

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

Long-service leave provision

The liability for long-service leave is recognised in provisions and measured on a pro-rata basis of total number of weeks worked in relation to the long-service award period of 15 years. Consideration is given to the current wage and salary levels and the number of employees who may qualify for this award.

Retirement benefit obligations

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

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

Short-term incentive plan

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

Termination benefits

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

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

1.17 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.

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

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

1.18 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 were in issue but not yet effective and have not been early adopted in these financial statements.

IFRS 9 – Financial Instruments
(effective 1 January 2015)

This standard will replace the currently effective IAS 39 – Financial Instruments: Recognition and Measurement. The new standard retains but simplifies the mix-measurement model and establishes two primary measurement categories for financial assets, amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

IFRS 10 – Consolidated Financial Statements and IAS 27 – Consolidated and Separate Financial Statements (effective 1 January 2013)

This is a new standard which replaces the consolidation requirements in SIC 12 – Consolidation: Special Purpose Entities and IAS 27 – Consolidated and Separate Financial Statements. IFRS 10 establishes a single control model that applies to all entities including "special purpose entities", or "structured entities" as they are now referred to in the new standards. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The guidance that remains in IAS 27 relates primarily to separate financial statements.

IFRS 11 – Joint Arrangements and IAS 28 – Investment in Associates and Joint Ventures (effective 1 January 2013)

IFRS 11 will replace IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly-controlled entities: Non-monetary Contributions by Venturers. IAS 31 identified three forms of joint ventures (i.e. jointly-controlled operations, jointly-controlled assets and jointly-controlled entities). IFRS 11 addresses only two forms of joint arrangements (joint operations and joint ventures) where there is joint control. IFRS 11 will require that investments in joint ventures be equity-accounted, while interests in joint operations are accounted for on the basis of the rights and obligations of the investor.

IFRS 12 – Disclosure of Interests in Other Entities (effective 1 January 2013)

This standard will contain applicable disclosure requirements for subsidiaries, joint ventures, joint operations, associates and unconsolidated structured entities. It will also introduce a new term "structured entities", replacing the term "special purpose entities".

IFRS 13 – Fair Value Measurement (effective 1 January 2013)

IFRS 13 will be a single source of fair value measurement guidance that clarifies the definition of fair value, provides a clear framework for measuring fair value and enhances the disclosures about fair value measurements. By publishing IFRS 13 – Fair Value Measurement, the IASB established a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS.

IAS 19 – Employee Benefits (as amended in 2011) (effective 1 January 2013)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. Actuarial gains and losses will be recognised in other comprehensive income as they occur. Past service cost will be expensed when the plan amendments occur regardless of whether or not they are vested. Short- and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement.

IAS 24 – Related Party Disclosures (effective 1 January 2011)

The amendments simplify the disclosure requirements for government-related entities and clarifies the definition of a related party. IAS 24 requires entities to disclose in their financial statements information about transactions with related parties. In broad terms, two parties are related to each other if one party controls, jointly controls or significantly influences, the other party.

IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective 1 July 2011)

The first amendment replaces references to a fixed date of 1 January 2004 with "the date of transition to IFRS", thus eliminating the need for companies adopting IFRS for the first time to restate derecognition transactions that occurred before the date of transition to IFRS. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRS because its functional currency was subject to severe hyperinflation.

IFRS 7 – Financial Instruments: Disclosures (effective 1 July 2011)

The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.

IAS 12 – Deferred Tax: Recovery of Underlying Assets (effective 1 January 2012)

Currently IAS 12: Income taxes, requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 – Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets and liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21 – Income Taxes: Recovery of Revalued Non-depreciable Assets, would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn. This amendment will have no impact on the group.

IFRIC 14 – Prepayment on a Minimum Funding Requirement (effective 1 January 2011)

The amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 12 relating to voluntary pension payments when there is a minimum funding requirement.

IAS 1 – Presentation of Financial Statements (effective 1 January 2011)

This standard was updated to align the presentation of other comprehensive income with that required by US GAAP.

Improvements to IFRS 2010 (effective 1 January 2011)

The group will adopt the above standards and amendments in the financial year in which they become effective. Based on a preliminary assessment of the impact of these amendments and statements there is expected to be no material impact on the financial statements.

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	2011 R'000s	2010 R'000s
3 REVENUE				
Gross gaming revenue	316 193	–	–	–
Interest income – investments	1 660	3 943	490	1 749
Dividends received	2 009	1 910	35 795	28 094
Other income	6 580	476	19	10
	326 442	6 329	36 304	29 853

Included in revenue is an amount of R38,8 million, which represents the net tax fraction of VAT on gaming revenues collected. This related amount is included in cost of sales as it is considered comparable to gaming levies as noted in the accounting policies.

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	2011 R'000s	2010 R'000s
4 PROFIT BEFORE FINANCE COSTS AND TAXATION				
Profit before taxation and finance cost is stated after:				
Income:				
Profit on sale of investment	(151)	–	(151)	–
Reversal of impairment of investment in jointly-controlled entity	(15 000)	–	(15 000)	–
Remeasurement of investment (note 10)	–	(42 488)	–	–
Expenses:				
Depreciation (note 13)	34 011	479	111	469
Amortisation (note 14)	1 999	–	–	–
Operating lease rentals – premises	6 469	534	611	534
Impairment of investment in associate	95 646	–	–	–
Impairment of investment in jointly-controlled entity	32 839	3 860	36 700	–
Loss on disposal of plant and equipment	759	–	–	–
Auditor's remuneration				
Audit fees	2 259	1 484	877	1 034
– current year	1 488	1 089	228	740
– prior year underprovision	376	82	362	82
– other services	395	313	287	212
Staff costs	25 631	6 283	1 140	4 686
– Salaries and wages	17 450	1 597	–	–
– Directors' remuneration	8 181	4 686	1 140	4 686
Number of employees	122	10	–	10
5 FINANCE COSTS				
Bank loans and overdraft	11 470	172	4 264	58
Preference shares – interest	20 608	23 491	–	–
Interest on finance lease liabilities	121	–	–	–
Interest on loan to minorities	717	6 172	–	–
	32 916	29 835	4 264	58
Finance income				
Interest income – operations	1 745	–	–	–
	1 745	–	–	–

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
6 TAXATION				
South African normal tax				
– current year	**10 705**	923	**110**	314
– prior year under/(over) provision	**(27)**	157	**(25)**	193
Deferred tax	**4 614**	4	**4**	4
	15 292	1 084	**89**	511
	%	%	**%**	%
Standard rate	**28.00**	28.00	**28.00**	28.00
Exempt income	**(430.06)**	(44.01)	**(674.40)**	(86.35)
Non-deductible expenses	**98.72**	14.84	**657.10**	61.78
Prior year underprovision	**56.55**	0.15	**(3.29)**	2.08
Derecognition of deferred tax assets	**(9.77)**	–	**–**	–
Difference in tax rate of a trust	**(6.80)**	–	**–**	–
Difference in capital gains tax rate	**10.43**	–	**(1.42)**	–
Change in intended recovery of investment in jointly-controlled entity	**(148.64)**	–	**–**	–
Assessed loss not recognised	**(194.33)**	–	**–**	–
Effective tax rate	**(207.24)**	(1.02)	**5.99**	5.51
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
Deferred taxation:				
Deferred tax assets	**16 446**	13 822	**–**	20
Deferred tax liabilities	**(23 618)**	(17 112)	**(44)**	(60)
	(7 172)	(3 290)	**(44)**	(40)
The deferred tax balance is made up as follows:				
Operating lease	**202**	20	**(16)**	20
Assessed losses not recognised	**16 085**	–	**–**	–
Provisions and accruals	**2 008**	–	**–**	–
Acquisition of subsidiary (note 8)	**–**	13 802	**–**	–
Prepayments	**(1 488)**	(45)		(45)
Property, plant and equipment	**(10 813)**	(15)	**(28)**	(15)
Change in intended recovery of investment in jointly-controlled entity	**(10 918)**	–	**–**	–
Available-for-sale investments	**(2 248)**	(2 980)		–
Acquisition of subsidiary (note 8)	**–**	(14 072)	**–**	–
	(7 172)	(3 290)	**(44)**	(40)

6 TAXATION continued

	GROUP 2011 R'000s	GROUP 2010 R'000s	COMPANY 2011 R'000s	COMPANY 2010 R'000s
Reconciliation of net deferred tax liability				
Opening balance	(3 290)	(2 371)	(40)	(36)
Tax expense for the period recognised in the statement of comprehensive income	(4 614)	(4)	(4)	(4)
– Change in intended recovery of investment in jointly-controlled entity	(10 918)	–	–	–
– Property, plant and equipment	(10 797)	–	–	–
– Assessed losses not recognised	16 085	–	–	–
– Prepayments, provision and accruals	747	(4)	(4)	(4)
– Other	269			
Tax expense for the period recognised in other comprehensive income	732	(643)	–	–
– Revaluation of available-for-sale investments	732	(643)	–	–
Acquisition through business combination	–	(272)	–	–
Closing balance	(7 172)	(3 290)	(44)	(40)

Unrecognised deferred tax assets relate to unused STC credits available to the group which amount to R447 million (2010: R359 million). The STC on dividends declared subsequent to year-end amounts to R4,7 million (2010: R3,4 million). This has not been accounted for in the current year's tax amount. The group does not recognise deferred tax assets on STC credits due to the significant dividends it receives. It will earn sufficient credits between the year-end and the dividend declaration date to ensure no STC is payable.

Total deferred tax assets of R3,4 million relating to assessed losses in the non-operating subsidiaries of the group, have not been recognised as it is not probable that the related entities will generate future taxable income against which the losses can be utilised.

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated by dividing net (loss)/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	2011	2010
Basic (loss)/earnings attributable to ordinary shareholders (R'000s)	(22 671)	104 708
Number of shares for basic EPS calculation (000's)		
– Weighted average number of shares in issue (000's)	463 757	454 507
Basic and diluted earnings per share (cents)	(4,89)	23,04

7 BASIC AND DILUTED EARNINGS PER SHARE continued	2011 Gross R'000s	2011 Net R'000s	2010 Gross R'000s	2010 Net R'000s
Headline earnings per share reconciliation				
Basic earnings attributable to ordinary shareholders	–	(22 671)	–	104 708
Profit on sale of investments	(151)	(109)	–	–
Loss on sale of plant and equipment	759	547	–	–
Impairment of investment in jointly-controlled entity	32 839	32 839	3 860	3 860
Reversal of impairment of investment in jointly-controlled entity	(15 000)	(15 000)	–	–
Impairment of investment in associate	95 646	95 646	–	–
Remeasurement of investment	–	–	(42 488)	(42 488)
Adjustments by associates	(2 855)	(2 855)	3 105	2 612
– Impairment of casino licence	–	–	3 870	3 482
– Impairment of available-for-sale investments	–	–	2 252	2 027
– Profit on sale of investment	(868)	(868)	–	–
– Realised investment profits	(1 987)	(1 987)	(664)	(544)
– Bargain purchase in respect of associates	–	–	(788)	(788)
– Remeasurement of investment	–	–	(1 565)	(1 565)
Adjustments by jointly-controlled entities	412	297	1 870	1 534
– Loss on disposal of plant and equipment	412	297	682	560
– Fair value adjustment	–	–	1 188	974
Headline and diluted headline earnings	–	88 694	–	70 226
Reversal of employee share trust consolidated*	751	751	62	62
Reversal of transaction costs	2 133	2 133	17 307	17 307
Change in intended recovery of jointly-controlled entity	10 918	10 918	–	–
Adjusted and diluted adjusted headline earnings	–	102 496	–	87 595
Number of shares for headline EPS calculation				
– Weighted average number of shares in issue (000's)		463 757		454 507
– Adjusted weighted average number of shares in issue (000's)		457 937		448 687
Headline and diluted headline earnings per share (cents)		19,13		15,45
Adjusted and diluted adjusted headline earnings per share (cents)		22,38		19,52

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

8 BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTEREST

Acquisitions in 2011

On 29 April 2011 the group acquired the net assets of Playmeter in order to obtain aLPM route operator licence in Gauteng.

The acquisition became unconditional on 29 April 2011 at which time Grand Gaming formally took control of Playmeter.

Of the total transaction costs of R2,1 million which has been expensed for the year, R0,7 million relates to the acquisition of the LPM route operator licence in Gauteng.

The goodwill of R12,3 million comprises the value of expected synergies arising from the application of the group's existing procedures and intellectual capital to the LPM operations acquired. The procedures and intellectual capital of the acquired business is not separable and therefore does not meet the criteria for recognition as an intangible asset under IAS 38 – Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Between the acquisition date and year-end, the acquired business contributed R3,0 million to the group's revenue and R1,4 million to the group's loss before taxation. The group was unable to obtain sufficient information on the acquired company to determine what impact the acquired business would have had on the full year results had it been incorporated from the beginning of the financial year.

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

	Fair value recognised on acquisition 2011 R'000s
Assets	
Property, plant and equipment (note 13)	573
Intangible assets (note 14)	15 847
Trade and other receivables	563
Cash and cash equivalents	3
	16 986
Liabilities	
Trade and other payables (note 26.1)	(98)
	(98)
Total identifiable net assets at fair value	16 888
Goodwill on acquisition (note 15)	12 261
Purchase consideration	29 149
Purchase consideration made up as follows:	
Cash paid	5 979
Shares issued	23 170
	29 149
Cash flow on acquisition	
Net cash acquired	3
Cash paid	(5 979)
Net cash outflow	(5 976)

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 owned 90% of Thuo SA, which in turn owned 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 R42,5 million relates to the remeasurement of previously held 25.1% interest in Grandslots and arose due to the acquisition of Carentan.

8 BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTEREST continued

Acquisitions in 2010 continued

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 was 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 2010 R'000s
Assets	
Property, plant and equipment (note 13)	83 430
Intangible assets (note 14)	37 533
Deferred tax assets (note 6)	13 802
Inventories	1 329
Trade and other receivables	16 007
Tax receivable (note 31.1)	673
Cash and cash equivalents	42 916
	195 690
Liabilities	
Deferred tax liabilities (note 6)	(14 072)
Provisions – non-current liabilities (note 25)	(94)
Trade and other payables (note 26.1)	(24 319)
Provisions – current liabilities (note 25)	(1 652)
Tax liabilities (note 31.1)	(174)
Borrowings	(110 721)
	(151 032)
Total identifiable net assets at fair value	44 658
Non-controlling interest	(4 978)
Goodwill on acquisition (note 15)	110 646
Fair value adjustment of previously held interest in Grandslots	(53 399)
Loans acquired	94 881
Purchase consideration	191 808
Purchase consideration made up as follows:	
Cash paid in respect of LPM business	174 104
Amounts paid in respect of the acquisition of BVI 967 and Slots Solutions	17 704
	191 808
Analysis of cash flows on acquisition	
Net cash acquired – LPM operations	42 916
Cash paid in respect of LPM operations	(174 104)
Net cash outflow	(131 188)

Of the total transaction costs of R17,4 million, which has been expensed for the year, R11,9 million relates to the acquisition of our LPM interest. The transaction costs have been disclosed as part of operating costs (R5,6 million) and finance costs (R6,3 million). 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%.

9 INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

SunWest

The group has 30.04% (2010: 30.04%) economic interest and 50.01% (2010: 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%.

Western Cape Manco

GPI indirectly through its wholly-owned subsidiary BVI 575 owns 50% (2010: 50%) economic interest and voting rights in Western Cape Manco.

Golden Valley Casino

The GPI group took up certain rights and increased its direct and indirect economic stake in Golden Valley Casino from 44.39% to 45.37%. The funds raised by Golden Valley Casino were partly used to fund the completion of the Worcester N2 interchange as committed to in the initial Golden Valley Casino licence application submission to the WCGRB.

GPI fully subscribed for its allocation of Golden Valley Casino rights offer shares allotted in July 2010 and December 2010 at a total cost of R32,8 million. The full consideration was impaired during the year in terms of IAS 36 – Impairment of Assets, which states an entity must determine whether there is any indication of impairment at each reporting date. IAS 36 requires assets to be impaired to the higher of fair value less costs to sell or value in use based on discounted free cash flow valuations.

A portion of the group's investment in Golden Valley Casino also forms part the Proposed Restructure with Sun International. In terms of IAS 36 – Impairment of Assets, there was sufficient evidence available to allow the group to reverse R15 million of the previously recognised impairment on this investment and recognised a portion of the investment in Golden Valley Casino at its recoverable amount, being the fair value less cost to sell of R15 million.

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

	SunWest	
GROUP	**2011 R'000s**	2010 R'000s
Carrying amount of the investment – beginning of the year	1 315 683	1 303 489
Cost of investment	–	28 905
Profit from jointly-controlled entities	77 048	71 110
Dividends received	(97 621)	(87 821)
Impairment of investment	–	–
Reversal of impairment	–	–
Carrying amount of the investment – end of the year	1 295 110	1 315 683
Share of jointly-controlled entities' assets and liabilities		
Non-current assets	389 385	414 775
Current assets	20 303	21 202
Non-current liabilities	(131 990)	(118 410)
Current liabilities	(160 138)	(174 337)
Net asset/(liabilities)	117 560	143 230
Share of jointly-controlled entities' revenue and profits		
Revenue	544 183	525 434
Profit	77 048	71 110

	SunWest	
COMPANY	**2011 R'000s**	2010 R'000s
Carrying amount of investment – beginning of the year	207 524	182 548
Cost of investment	–	24 976
Impairment of investment	–	–
Reversal of impairment	–	–
Carrying amount of the investment – end of the year	207 524	207 524

The group's proportional share of losses incurred by Golden Valley Casino during the year amounted to R1,2 million (2010: R3,4 million). The group has not recognised their proportional share of losses in terms of IAS 28. Cumulatively the group has not recognised R14,9 million of losses in Golden Valley Casino.

	Western Cape Manco		Golden Valley Casino		Total	
	2011	2010	2011	2010	2011	2010
	R'000s	R'000s	R'000s	R'000s	R'000s	R'000s
	3 407	4 028	–	–	1 319 090	1 307 517
	–	–	32 839	3 860	32 839	32 765
	11 595	11 090	–	–	88 643	82 200
	(11 725)	(11 711)	–	–	(109 346)	(99 532)
	–	–	(32 839)	(3 860)	(32 839)	(3 860)
	–	–	15 000	–	15 000	–
	3 277	3 407	15 000	–	1 313 387	1 319 090
	–	–	87 806	90 473	477 191	505 248
	3 780	4 068	3 679	3 061	27 762	28 331
	–	–	(28 159)	(35 550)	(160 149)	(153 960)
	(503)	(661)	(50 517)	(74 857)	(211 158)	(249 855)
	3 277	3 407	12 809	(16 873)	133 646	129 764
	19 332	18 747	52 797	49 870	616 312	594 051
	11 595	11 090	–	–	88 643	82 200

	Golden Valley Casino		Total	
	2011	2010	2011	2010
	R'000s	R'000s	R'000s	R'000s
	–	–	207 524	182 548
	36 700	–	36 700	24 976
	(36 700)	–	(36 700)	–
	15 000	–	15 000	–
	15 000	–	222 524	207 524

10 INVESTMENTS IN ASSOCIATES

RAH

GPI through its wholly-owned subsidiary, Utish, holds a 30.54% (2010: 30.54%) interest in RAH. GPI directly owns 0.03% in RAH.

In terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, assets that meet the specific criteria are required to be measured at the lower of the carrying amount and the fair value less cost to sell. The inclusion of RAH in the 13 May 2011 heads of agreement to restructure certain common interests with Sun International has resulted in RAH having to be classified as a non-current asset held for sale, and impaired by R95,7 million to its fair value less cost to sell.

Akhona GPI

GPI holds a 59.00% (2010: 74.95%) economic interest and 40.21% (2010: 49.99%) voting stake in Akhona GPI. Akhona GPI took up certain pre-emptive rights in Dolcoast. GPI has an indirect stake of 7.45% (2010: 8.05%) in Sibaya.

Grandslots

During 2010 GPI Slots held a 25.1% stake in Grandslots. This investment became a subsidiary following the acquisition of GPI's LPM interest on 30 June 2010.

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, World Sport South Africa (Pty) Limited and VWV Group (Pty) Limited have charged for their respective contributions relating to the fees earned from the City of Cape Town for project managing the Fan Fest 2010. No income was received during 2011 from this entity. The carrying value of this investment is less than R1 000.

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

	RAH	
	2011	2010
GROUP	R'000s	R'000s
Carrying amount of the investment – beginning of the year	537 549	520 002
Sale of investment	–	–
Cost of investment – for cash	–	298
Profit from associates	25 773	23 620
Change in reserve of associate companies	13 197	22 391
Dividends received	(29 873)	(28 762)
Impairment of investment	(95 646)	–
Remeasurement of investment	–	–
Transfer to subsidiary	–	–
Reclassification to non-current asset held for sale (note 20)	(451 000)	–
Carrying amount of the investment – end of the year	–	537 549
Share of associates' assets and liabilities		
Non-current assets	280 637	268 541
Current assets	10 481	8 275
Non-current liabilities	–	(3 213)
Current liabilities	(3 638)	(134)
Remeasurement of subsidiary	–	–
Transfer to subsidiary	–	–
Net assets	287 480	273 469
Share of associates' revenue and profits		
Revenue	19 684	19 173
Profit	25 773	23 620

Akhona		Grandslots		Grand World Vision Events		Total	
2011	2010	2011	2010	2011	2010	2011	2010
R'000s	R'000s	R'000s	R'000s	R'000s	R'000s	R'000s	R'000s
31 896	25 090	–	5 909	–	–	569 445	551 001
(3 916)	–	–	–	–	–	(3 916)	–
–	–	–	–	–	–	–	298
5 150	6 806	–	5 002	–	–	30 923	35 428
–	–	–	–	–	–	13 197	22 391
(2 454)	–	–	–	–	–	(32 327)	(28 762)
–	–	–	–	–	–	(95 646)	–
–	–	–	42 488	–	–	–	42 488
–	–	–	(53 399)	–	–	–	(53 399)
–	–	–	–	–	–	(451 000)	–
30 676	31 896	–	–	–	–	30 676	569 445
22 936	41 180	–	8 903	–	–	303 573	318 624
2 249	6 612	–	9 675	–	–	12 730	24 562
(1 593)	(18 777)	–	(2 366)	–	–	(1 593)	(24 356)
(149)	(2 166)	–	(5 301)	–	–	(3 787)	(7 601)
–	–	–	42 488	–	–	–	42 488
–	–	–	(53 399)	–	–	–	(53 399)
23 443	26 849	–	–	–	–	310 923	300 318
196	3 653	–	48 484	–	–	19 880	71 310
5 150	6 806	–	5 002	–	–	30 923	35 428

10 INVESTMENTS IN ASSOCIATES continued

	COMPANY 2011 R'000s	COMPANY 2010 R'000s
Akhona GPI	20 933	24 849
Opening balance	24 849	24 849
– Sale of investment	(3 916)	–
RAH	308	308
Opening balance	308	10
– Cost	–	298
Carrying amount of the investment – end of the year	21 241	25 157

The price of a RAH share at year-end traded at R3,66 (2010: R3,10) per share.

11 INVESTMENTS

	GROUP 2011 R'000s	GROUP 2010 R'000s
Available-for-sale investments: National Manco		
Opening balance	21 278	16 685
Unrealised fair value (losses)/gains on available-for-sale investments	(5 223)	4 593
	16 055	21 278
Available-for-sale fair value reserve		
Unrealised fair value (losses)/gains on available-for-sale investments	(5 223)	4 593
Deferred tax	732	(643)
	(4 491)	3 950

A discounted cash flow model has been used in order to determine the fair values of unlisted investments. The valuation requires management to make certain assumptions about the model inputs. These included assuming expected future cash flows which were determined by applying growth rates to the underlying investments in which GPI has a stake. The discount rate is based on the company's WACC adjusted for a risk premium. For information relating to the sensitivity analysis, refer to note 29, other price risk section.

12 INVESTMENTS IN SUBSIDIARIES

	COMPANY 2011 R'000s	COMPANY 2010 R'000s
GPI Slots*	–	–
Utish*	–	–
Grand Lifestyles*	–	–
GPIMS	2 000	2 000
BVI 575	1 000	1 000
	3 000	3 000

* The investment in these entities are less than R1 000.

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 annual general meeting 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.

Subsidiaries in the process of deregistration

On 29 April 2011 Wild Rush, Thuo SA, Carentan, BVI 967 and Slots Solutions, ceded their intercompany loans and distributed their net assets to GPI Slots via an in specie dividend. GPI Slots increased its direct holdings in Grandslots and Kingdomslots to 100% by way of these distributions.

13 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment R'000s	Software R'000s	Audiovisual R'000s	Furniture and fittings R'000s
GROUP				
2011				
Beginning of the year				
– Cost	918	292	1	2 598
– Accumulated depreciation	(229)	(177)	(1)	(239)
Net book value	689	115	–	2 359
– Additions	485	–	–	54
– Addition through business combination (note 8)	20	–	–	3
– Disposals cost	(30)	–	(1)	(264)
– Disposals accumulated depreciation	24	–	1	151
– Depreciation	(441)	–	–	(970)
– Transfer to intangibles cost	(543)	(292)	–	(1 019)
– Transfer to intangibles accumulated depreciation	559	177		1 012
Balance at the end of the year	763	–	–	1 326
Made up as follows:				
– Cost	850	–	–	1 372
– Accumulated depreciation	(87)	–	–	(46)
Net book value	763	–	–	1 326
2010				
Beginning of the year				
– Cost	357	253	1	480
– Accumulated depreciation	(106)	(38)	(1)	(143)
Net book value	251	215	–	337
– Additions	72	39	–	–
– Depreciation	(123)	(139)	–	(96)
– Addition through business combination (note 8)	489	–	–	2 118
Balance at the end of the year	689	115	–	2 359
Made up as follows:				
– Cost	918	292	1	2 598
– Accumulated depreciation	(229)	(177)	(1)	(239)
Net book value	689	115	–	2 359

Leasehold improvements R'000s	Motor vehicles R'000s	Plant and equipment – machines R'000s	Plant and equipment – other R'000s	Gaming equipment R'000s	Premises soft furnishings R'000s	Total R'000s
3 449	70	46 724	1 238	11 675	18 292	85 257
(289)	(10)	–	–	–	–	(945)
3 160	60	46 724	1 238	11 675	18 292	84 312
162	5 737	14 928	–	4 138	2 795	28 299
–	76	17	–	401	56	573
(39)	–	(280)	–	(183)	(830)	(1 627)
32	–	35	–	79	418	740
(937)	(539)	(21 777)	–	(4 175)	(5 172)	(34 011)
(423)	(8)	941	(1 238)	11	(11)	(2 582)
422	–	–	–	–	–	2 170
2 377	5 326	40 588	–	11 946	15 548	77 874
3 149	5 875	62 330	–	16 042	20 302	109 920
(772)	(549)	(21 742)	–	(4 096)	4 754	(32 046)
2 377	5 326	40 588	–	11 946	15 548	77 874
555	–	–	–	–	–	1 646
(178)	–	–	–	–	–	(466)
377	–	–	–	–	–	1 180
–	70	–	–	–	–	181
(111)	(10)	–	–	–	–	(479)
2 894	–	46 724	1 238	11 675	18 292	83 430
3 160	60	46 724	1 238	11 675	18 292	84 312
3 449	70	46 724	1 238	11 675	18 292	85 257
(289)	(10)	–	–	–	–	(945)
3 160	60	46 724	1 238	11 675	18 292	84 312

13 PROPERTY, PLANT AND EQUIPMENT continued

	Computer equipment R'000s	Software R'000s	Audiovisual R'000s	Furniture and fittings R'000s
COMPANY				
2011				
Beginning of the year				
– Cost	429	291	1	481
– Accumulated depreciation	(229)	(177)	(1)	(239)
Net book value	200	114	–	242
– Disposal cost	(429)	(291)	(1)	(481)
– Disposal accumulated depreciation	229	177	1	239
– Depreciation	–	–	–	–
Balance at the end of the year	–	–	–	–
Made up as follows:				
– Cost	–	–	–	–
– Accumulated depreciation	–	–	–	–
Net book value	–	–	–	–
2010				
Beginning of the year				
– Cost	357	252	1	481
– Accumulated depreciation	(106)	(38)	(1)	(143)
Net book value	251	214	–	338
– Additions	72	39	–	–
– Depreciation	(123)	(139)	–	(96)
Balance at the end of the year	200	114	–	242
Made up as follows:				
– Cost	429	291	1	481
– Accumulated depreciation	(229)	(177)	(1)	(239)
Net book value	200	114	–	242

	Leasehold improvements R'000s	Motor vehicles R'000s	Plant and equipment – machines R'000s	Plant and equipment – other R'000s	Gaming equipment R'000s	Premises soft furnishings R'000s	Total R'000s
	555	–	–	–	–	–	1 757
	(289)	–	–	–	–	–	(935)
	266	–	–	–	–	–	822
	–	–	–	–	–	–	(1 202)
	–	–	–	–	–	–	646
	(111)	–	–	–	–	–	(111)
	155	–	–	–	–	–	155
	555	–	–	–	–	–	555
	(400)	–	–	–	–	–	(400)
	155	–	–	–	–	–	155
	555	–	–	–	–	–	1 646
	(178)	–	–	–	–	–	(466)
	377	–	–	–	–	–	1 180
	–	–	–	–	–	–	111
	(111)	–	–	–	–	–	(469)
	266	–	–	–	–	–	822
	555	–	–	–	–	–	1 757
	(289)	–	–	–	–	–	(935)
	266	–	–	–	–	–	822

14 INTANGIBLE ASSETS

	Trademarks R'000s	Exclusivity agreement R'000s	Licence acquisition costs R'000s	Computer software R'000s	Other R'000s	Total R'000s
GROUP						
2011						
Net book value at the beginning of the year	3 467	6 475	26 267	1 195	129	37 533
– Additions	–	–	11	2 566	–	2 577
– Acquisition through business combination (note 8)	–	847	15 000	–	–	15 847
– Amortisation	–	–	–	(1 999)	–	(1 999)
– Transfer from property, plant and equipment	–	–	(504)	916	–	412
Net book value at the end of the year	3 467	7 322	40 774	2 678	129	54 370
Balance made up as follows:						
– Cost	3 467	7 322	40 774	4 677	129	56 369
– Accumulated amortisation	–	–	–	(1 999)	–	(1 999)
Net book value at the end of the year	3 467	7 322	40 774	2 678	129	54 370
2010						
Net book value at the beginning of the year	–	–	–	–	–	–
– Acquisition through business combination (note 8)	3 467	6 475	26 267	1 195	129	37 533
Net book value at the end of the year	3 467	6 475	26 267	1 195	129	37 533
Balance made up as follows:						
– Cost	3 467	6 475	26 267	1 195	129	37 533
Net book value at the end of the year	3 467	6 475	26 267	1 195	129	37 533

The group has not recognised any internally-generated intangibles. All classes of intangibles, with the exception of computer software, have indefinite useful lives and are tested for impairment annually in terms of IAS 36 – Impairment of Assets. Computer software has a useful life of three years and is amortised using the straight-line method.

Licence acquisition costs comprise of LPM route operator licences that have no specified termination date and therefore have indefinite useful lives. The licence acquisition costs relates to Grandslots (R12,5 million), Kingdomslots (R12,5 million), Grand Gaming (R15 million) and other (R0,7 million).

Exclusivity agreements comprise agreements signed with LPM site operators, which are expected to be renewed and therefore have indefinite useful lives.

Trademarks and other intangible assets relate to the Slots operating business, which are expected to continue in perpetuity and therefore have indefinite useful lives.

15 GOODWILL

GROUP

	R'000s
2011	
Net book value at the beginning of the year	110 646
– Additions	–
– Acquisition through business combination (note 8)	12 261
Net book value at the end of the year	122 907
Balance made up as follows:	
– Cost	122 907
Net book value at the end of the year	122 907
2010	
Net book value at the beginning of the year	–
– Acquisition through business combination (note 8)	110 646
Net book value at the end of the year	110 646
Balance made up as follows:	
– Cost	110 646
Net book value at the end of the year	110 646

Impairment testing of goodwill and intangibles

Goodwill, trademarks, exclusivity agreements, licence costs and other intangible assets acquired in the previous year have been allocated to the Slots operation cash-generating unit. The goodwill and intangible assets that were recognised during the year relate to the acquisition of Playmeter through a business combination and have also been allocated to the Slots operation cash-generating unit.

The recoverable amount of the Slots operation cash-generating unit has been determined based on a value in use calculation using cash flow projections from financial budgets and forecasts covering a five-year period and a terminal valuation thereafter. The projections have been updated to reflect the impact of the new LPM business acquired in Gauteng. The pre-tax discount rate applied to the cash flow projections is between 17.5% and 18.9%. The growth rate used to extrapolate the cash flows of the Slots operation unit beyond the five-year period is 5%. Based on the discounted cash flow no impairment is necessary for this cash-generating unit.

Key assumptions used in value in use calculations

The calculation of value in use for the Slots operation cash-generating unit is most sensitive to the following assumptions:

– revenue growth rates

– discount rates

– terminal growth rates

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

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

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

Sensitivity to changes in assumptions

The group believes that any reasonable change in any of the above assumptions would not cause the carrying value of the Slots operation cash-generating unit to materially exceed its recoverable amount.

16 INVENTORY

	GROUP 2011 R'000s	GROUP 2010 R'000s
Spare parts	2 327	1 296
Consumables	36	33
	2 363	1 329

17 TRADE AND OTHER RECEIVABLES

	GROUP 2011 R'000s	GROUP 2010 R'000s	COMPANY 2011 R'000s	COMPANY 2010 R'000s
Trade receivables	8 028	4 796	–	–
Less: provision for doubtful debts	(1 014)	(865)	–	–
	7 014	3 931	–	–
Other receivables	8 367	6 889	504	361
Prepayments	5 871	6 058	204	160
Related party – Akhona GPI	–	2 561	–	2 561
	21 252	19 439	708	3 082

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, KwaZulu-Natal and Gauteng.

17.1 Income tax receivable

	GROUP 2011 R'000s	GROUP 2010 R'000s
Tax receivable	1 862	673

17 TRADE AND OTHER RECEIVABLES continued

17.2 Age analysis of accounts receivables

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

17.2.1 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	
	2011 R'000s	2010 R'000s
Revenue/related parties		
Fully performing	3 491	305
Past due not impaired	209	714
Past due and impaired	157	183
	3 857	1 202
Premises		
Fully performing	3 245	2 674
Past due not impaired	81	240
Past due and impaired	857	682
	4 183	3 596
Sundry		
Fully performing	14 225	6 178
	14 225	6 178

17.2.2 Past due but not impaired accounts receivable

	2011 R'000s	2010 R'000s
The age analysis of these debtors are as follows:		
0 to 30 days	146	714
31 to 60 days	2	–
61 to 120 days	30	14
Over 120 days	112	226
	290	954

17.2.3 Past due and impaired accounts receivable

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

	2011 R'000s	2010 R'000s
The age analysis of these revenue and premises debtors is as follows:		
0 to 30 days	269	112
31 to 60 days	34	23
61 to 120 days	1	50
Over 120 days	710	680
	1 014	865
Opening balance	865	–
Charge to the statement of comprehensive income	214	–
Impairment utilised	(65)	–
Acquisition through business combination	–	865
Closing balance	1 014	865

18 RELATED PARTY LOANS

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

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
Employee loans	**14 754**	3 783	**–**	–
– Non-directors	**2 023**	319	**–**	–
– Directors	**12 731**	3 464	**–**	–
GPSIT	**–**	–	**15 400**	15 400
Akhona GPI	**2 700**	15 936	**2 700**	15 936
GPIMS	**–**	–	**897**	–
Utish	**–**	–	**185 709**	192 643
Grand Lifestyles	**–**	–	**34**	–
GPI Slots	**–**	–	**147 327**	100 066
Total current assets	**17 454**	19 719	**352 067**	324 045
BVI 575	**–**	–	**(105 020)**	(78 624)
GPIMS	**–**	–	**–**	(200)
Akhona GPI	**–**	(11 005)	**–**	–
Wild Rush	**–**	(4 835)	**–**	–
Total current liabilities	**–**	(15 840)	**(105 020)**	(78 824)

Employee loans are secured by the shares purchased by employees from GPSIT. On 30 June 2011 3,6 million shares were issued to the Executive Chairman, Hassen Adams (3 million); Financial Director, Sukena Petersen (0,25 million) and Chief Operating Officer – Slots, Alisha Sadler-Almeida (0,35 million) at R3,04 per share. The market value of the shares held as security at 30 June 2011 amounted to R16,4 million (2010: R3,9 million). All other related party loans are unsecured, interest free and payable on demand, and are recorded at cost.

19 CASH AND CASH EQUIVALENTS

Cash at bank and deposit bank accounts include money market call accounts with floating interest rates that fluctuated between 7.0% and 5.9% during the year.

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
Cash and cash equivalents	**69 248**	81 193	**5 013**	30 136
	69 248	81 192	**5 013**	30 136

At year-end the group had an overdraft facility of R15 million (2010: Rnil).

20 NON-CURRENT ASSET HELD FOR SALE

On 13 May 2011 the group signed a heads of agreement with Sun International to restructure certain of their common interests. Included in this agreement is GPI's 30.57% holding in RAH which at 30 June 2011 met the specified criteria in terms of IFRS 5 to be classified as a non-current asset held for sale. The agreement was approved by shareholders in a general meeting held on 14 September 2011, and the finalisation of the agreement is subject to certain conditions being fulfilled.

	GROUP	
	2011 R'000s	2010 R'000s
Opening balance	–	–
Reclassification from investments in associate (note 10)	451 000	–
Closing balance	451 000	–

During the year the group recognised fair value gains from this associate of R13,2 million (2010: R22,4 million). Cumulative fair value adjustments from this associate amounting to R35,6 million have been taken to the available-for-sale fair value reserve.

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	2011 R'000s	2010 R'000s
21 SHARE CAPITAL AND PREMIUM				
Opening balance – 1 July	727 301	697 381	727 097	697 177
Shares issued	23 170	29 962	23 170	29 962
Share issue expenses	(33)	(42)	(33)	(42)
Premium on treasury shares allocated to employees	3 726	–	–	–
Closing balance (issued and fully paid) – 30 June	754 164	727 301	750 234	727 097
Treasury shares				
Opening balance – 1 July	(11 669)	(11 669)		
Shares issued	7 218	–		
Closing balance – 30 June	(4 451)	(11 669)		
Authorised share capital				
2 000 000 000 ordinary shares of 0,00025 cent each	500	500	500	500
	000's	000's	000's	000's
Reconciliation of number of shares in issue				
Opening balance – 1 July	462 331	449 581	462 331	449 581
Issued during the year	8 128	12 750	8 128	12 750
Closing balance – 30 June	470 459	462 331	470 459	462 331
Reconciliation of number of treasury shares				
Opening balance – 1 July	(5 820)	(5 820)		
Shares allocated to employees	3 600	–		
Closing balance – 30 June	(2 220)	(5 820)		

	GROUP	
	2011 R'000s	2010 R'000s
22 CUMULATIVE REDEEMABLE PREFERENCE SHARE CAPITAL AND PREMIUM		
Redeemable at the option of the holder – debt		
22.1 Issued preference shares – Standard Bank/Depfin		
Authorised		
203 356 redeemable preference shares of R1 per share (2010: 203 356)		
Issued		
155 398 redeemable preference shares (2010: 179 398)		
Balance at the beginning of the year – 1 July	155 398	179 398
Preference shares redeemed	(24 163)	(24 000)
Closing balance – 30 June	131 235	155 398

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 R347,6 million.

	2011 R'000s	2010 R'000s
22.2 Issued preference shares – Sanlam		
Authorised and Issued		
200 redeemable preference shares of R0,01 per share (2010: 200)		
Balance at the beginning of the year – 1 July	125 726	105 726
Preference shares issued at a premium	–	20 000
Closing balance – 30 June	125 726	125 726

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 R404,6 million.

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

	2011 R'000s	2010 R'000s
Total closing balance – 30 June	256 961	281 124
22.3 Balance made up as follows:		
Short-term portion	63 804	24 163
Long-term portion	193 157	256 961
	256 961	281 124

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
23 INTEREST-BEARING BORROWINGS				
Grindrod Bank	**40 000**	40 058	**40 000**	40 058
Sanlam	**64 000**	80 000	**–**	–
	104 000	120 058	**40 000**	40 058
Balance made up as follows:				
Short-term portion	**16 000**	12 000	**–**	–
Long-term portion	**88 000**	108 058	**40 000**	40 058
	104 000	120 058	**40 000**	40 058

The Grindrod Bank loan bears interest at prime plus 1%. Interest is capitalised monthly and paid quarterly. The loan is repayable from 30 June 2012. The loan is secured by 560 000 SunWest shares. The proportionate carrying amount of the shares pledged amounts to R164,2 million.

The Sanlam 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 million each. R16 million of the Sanlam loan was repaid during the year.

GPIMS ceded all its rights, title and interest in and to (1) the lease agreements including without limitation GPIMS' right to receive payment of all and any amounts due under and terms of the lease agreement and (2) the required insurances, whether actual, prospective or contingent, direct or indirect, whether a claim of the payment of money or the performance of any other obligation, and whether or not the said rights were within the contemplation of the parties at the signature date.

The following cessions/securities have also been given by the group. All intra-group cessions/securities have not been disclosed as part of the group cession/securities as it forms part of the company's accounts disclosures:

– cession of the insurance policy in respect of slot machines;
– a notarial bond over the moveable assets with a carrying value of R80 million have been registered; and
– cession of Grandslots bank deposits.

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

24 FINANCE LEASE LIABILITY

	GROUP 2011 R'000s	GROUP 2010 R'000s
Non-current liabilities		
Finance leases – gross payables	1 595	–
Unpaid future finance expenses	(95)	–
	1 500	–
Current liabilities		
Finance leases – gross payables	1 097	–
Unpaid future finance expenses	(160)	–
	937	–
	2 437	–
Gross liabilities from finance leases:		
Not later than one year	1 097	–
Later than one year and not later than five years	1 595	–
	2 692	
Unpaid future finance expense on finance leases	(255)	–
	2 437	–
The net liability from finance lease made up as follows:		
Not later than one year	937	–
Later than one year and not later than five years	1 500	–
	2 437	–

The finance leases relate to instalment sales agreements with Standard Bank for the acquisition of motor vehicles by Kingdomslots. The motor vehicles acquired in terms of these agreements have been secured against the loans, and no other security has been provided.

25 PROVISIONS

	Long-service leave 2011 R'000s	Employee bonuses 2011 R'000s	Total 2011 R'000s	Total 2010 R'000s
GROUP				
At the beginning of the year (note 8)	94	1 652	1 746	–
Provision raised during the year	32	5 242	5 274	–
Amounts paid during the year	–	(2 547)	(2 547)	–
Acquired through business combination	–	–	–	1 746
At the end of the year	126	4 347	4 473	1 746
Balance made up as follows:				
Non-current provisions			126	94
Current provisions			4 347	1 652
			4 473	1 746

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
26 TRADE AND OTHER PAYABLES				
Trade payables	**10 045**	10 673	**786**	576
Preference dividends accrual	**4 612**	5 268	**–**	–
Other payables and accruals	**25 921**	48 774	**2 510**	8 199
Annual leave accrual	**1 074**	1 034	**–**	179
Audit fee accrual	**1 488**	1 822	**114**	740
Payroll accruals	**1 063**	1 007	**79**	296
Sundry accruals	**14 610**	8 473	**2 313**	–
Lease accrual	**–**	73	**–**	73
Other payables	**7 686**	36 365	**4**	6 911
	40 578	64 715	**3 296**	8 775

Trade payables are repaid on average 30 days from the invoice date.

	GROUP	
	2011 R'000s	2010 R'000s
26.1 Trade and other payables – acquisition of subsidiary (note 8)		
Trade payables	**–**	9 015
Other payables	**98**	15 304
	98	24 319

27 OPERATING LEASES

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

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
Rentals due within one year	**8 126**	11 003	**124**	485
Due within one to five years	**3 709**	10 971	**–**	162
	11 835	21 974	**124**	647

28 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 decision-maker/s who have been identified as the Board of directors. These directors review the group's internal reporting by jointly-controlled entities, significantly controlled entities (associates) and controlled entities (subsidiaries). Sunwest and Western Cape Manco are classified as jointly-controlled entities while RAH and Akhona GPI are classified as significantly-controlled entities. Under controlled entities, the GPI Slots group and GPIMS are reviewed as a business unit (Slots and Services) while GPI, BVI, Utish and Grand Lifestyles are reviewed as a separate group (investments).The investment companies' segment represents the unconsolidated information and related disclosures. Consequently all inter-segment and consolidation adjustments have been included in the pro forma column. The directors do not review the group's performance by geographical sector and therefore no such disclosure has been made.

28. SEGMENTAL ANALYSIS continued

	Jointly-controlled entities			Associates						
	SunWest R'000s	Western Cape Manco R'000s	Golden Valley Casino R'000s	RAH R'000s	Akhona GPI R'000s	Grandslots R'000s	Slots and Services R'000s	Investment companies R'000s	Pro forma '000s	Total R'000s
Year ended 30 June 2011										
External revenue	–	–	–	–	–	–	322 773	3 669	–	326 442
Dividends received from jointly-controlled entities	–	–	–	–	–	–	–	109 346	(109 346)	–
Dividends received from associates	–	–	–	–	–	–	–	32 327	(32 327)	–
Inter-segment revenue	–	–	–	–	–	–	2 000	437	(2 437)	–
Revenue	–	–	–	–	–	–	324 773	145 779	(144 110)	326 442
Cost of sales	–	–	–	–	–	–	(184 343)	-	-	(184 343)
Operating costs	–	–	–	–	–	–	(81 045)	(5 607)	(1 726)	(88 378)
Profit from associates	–	–	–	25 773	5 150	–	–	–	–	30 923
Profit from jointly-controlled entities	77 048	11 595	–	–	–	–	–	–	–	88 643
Depreciation	–	–	–	–	–	–	(33 900)	(111)	–	(34 011)
Amortisation	–	–	–	–	–	–	(1 999)	–	–	(1 999)
Finance income	–	–	–	–	–	–	1 745	–	–	1 745
Finance costs	–	–	–	–	–	–	(8 043)	(24 873)	–	(32 916)
Impairment of investment in associate	–	–	–	(95 646)	–	–	–	–	–	(95 646)
Impairment of investment in jointly-controlled entity	–	–	(32 839)	–	–	–	–	–	–	(32 839)
Impairment of investment in subsidiary company	–	–	–	–	–	–	–	(21 700)	21 700	–
Reversal of impairment of investment in jointly-controlled entity	–	–	15 000	–	–	–	–	–	–	15 000
Profit/(loss) before taxation	77 048	11 595	(17 839)	(69 873)	5 150	–	17 188	93 488	(124 136)	(7 379)
Taxation	(10 918)	–	–	–	–	–	(3 229)	(1 145)	–	(15 292)
Profit/(loss) after taxation	66 130	11 595	(17 839)	(69 873)	5 150	–	13 959	92 343	(124 136)	(22 671)
Headline earnings adjustments (note 7)	297	–	17 839	93 659	(868)	–	547	(109)	–	111 365
Headline and diluted headline earnings	66 427	11 595	–	23 786	4 282	–	14 506	92 234	(124 136)	88 694
Adjusted headline earnings adjustments (note 7)	10 918	–	–	–	–	–	1 541	1 343	–	13 802
Adjusted and diliuted adjusted headline earnings	77 345	11 595	–	23 786	4 282	–	16 047	93 577	(124 136)	102 496
Operating assets	–	–	–	–	–	–	326 335	1 027 972	840 587	2 194 894
Operating liabilities	–	–	–	–	–	–	(249 753)	(165 822)	(22 527)	(438 102)
Other disclosures										
Investment in associate companies	–	–	–	–	30 676	–	–	–	–	30 676
Investment in jointly-controlled companies	1 295 110	3 277	15 000	–	–	–	–	–	–	1 313 387
Non-currents assets held for sale	–	–	–	451 000	–	–	–	–	–	451 000
Capital expenditure	–	–	–	–	–	–	30 877	–	–	30 877

28. SEGMENTAL ANALYSIS continued

	Jointly-controlled entities			Associates						
	SunWest R'000s	Western Cape Manco R'000s	Golden Valley Casino R'000s	RAH R'000s	Akhona GPI R'000s	Grandslots R'000s	Slots and Services R'000s	Investment companies R'000s	Pro forma R'000s	Total R'000s
Year ended 30 June 2010										
Other revenue	–	–	–	–	–	–	–	6 329	–	6 329
Dividends received from jointly-controlled entities	–	–	–	–	–	–	–	99 532	(99 532)	–
Dividends received from associates	–	–	–	–	–	–	–	28 762	(28 762)	–
Inter-segment revenue	–	–	–	–	–	–	–	570	(570)	–
Revenue	–	–	–	–	–	–	–	135 193	(128 864)	6 329
Operating costs	–	–	–	–	–	–	–	(26 479)	–	(26 479)
Profit from associates	–	–	–	23 620	6 806	5 002	–	–	–	35 428
Profit from jointly-controlled entities	71 110	11 090	–	–	–	–	–	–	–	82 200
Depreciation	–	–	–	–	–	–	–	(479)	–	(479)
Finance costs	–	–	–	–	–	–	–	(29 835)	–	(29 835)
Remeasurement of investment in associate	–	–	–	–	–	42 488	–	–	–	42 488
Impairment of investment in jointly-controlled entity	–	–	(3 860)	–	–	–	–	–	–	(3 860)
Profit/(loss) before taxation	71 110	11 090	(3 860)	23 620	6 806	47 490	–	78 400	(128 864)	105 792
Taxation								(1 084)	-	(1 084)
Profit/(loss) after taxation	71 110	11 090	(3 860)	23 620	6 806	47 490	–	77 316	(128 864)	104 708
Headline earnings adjustments (note 8)	1 534	–	3 860	4 965	(2 353)	(42 488)	–	–	–	(34 482)
Headline and diluted headline earnings	72 644	11 090	–	28 585	4 453	5 002	–	77 316	(128 864)	70 226
Adjusted headline earnings adjustments (note 8)	–	–	–	–	–	–	–	17 369	–	17 369
Adjusted and dilutes adjusted headline earnings	72 644	11 090	–	28 585	4 453	5 002	–	94 685	(128 864)	87 595
Operating assets	–	–	–	–	–	–	326 059	1 029 027	923 392	2 278 478
Operating liabilities	–	–	–	–	–	–	(261 951)	(244 158)	(11)	(506 120)
Other disclosures										
Investment in associate companies	–	–	–	537 549	31 896	–	–	–	–	569 445
Investment in jointly-controlled companies	1 315 683	3 407	–	–	–	–	–	–	–	1 319 090
Capital expenditure	–	–	–	–	–	–	–	(181)	–	(181)

Inter-segment revenues and expenses are eliminated on consolidation in the pro forma column.

28 SEGMENTAL ANALYSIS continued

	2011 R'000s	2010 R'000s
Reconciliation of pro forma entries:		
Profit after taxation – jointly-controlled entities	59 886	78 340
(Loss)/ profit after taxation – associates	(64 723)	77 916
Profit after taxation – Slots and Services	13 959	–
Profit after taxation – investment companies	92 343	77 316
Segment profit after taxation	101 465	233 572
Pro forma entries	(124 136)	(128 864)
Dividends from jointly-controlled entities' elimination	(109 346)	(99 532)
Dividends from associates' elimination	(32 327)	(28 762)
Inter-segment dividends' elimination	(437)	(570)
Inter-segment profit on disposal of investments	(3 726)	–
Reversal of inter-segment impairment losses	21 700	–
(Loss)/profit after taxation	(22 671)	104 708
Reconciliation of assets:		
Operating assets – Slots and Services	326 335	326 059
Operating assets – investment companies	1 027 972	1 029 027
Segment operating assets	1 354 307	1 355 086
Pro forma entries	840 587	923 392
Investment in jointly-controlled entities	729 919	746 762
Investment in associates	123 301	207 154
Investment in subsidiaries	(9 771)	(15 806)
Goodwill	(14 934)	(14 934)
Deferred tax assets	14 225	20
Trade and other payables	(2 153)	196
Group operating assets	2 194 894	2 278 478
Reconciliation of operating liabilities:		
Operating liabilities – Slots and Services	(249 753)	(261 951)
Operating liabilities – investment companies	(165 822)	(244 158)
Segment operating liabilities	(415 575)	(506 109)
Pro forma entries	(22 527)	(11)
Deferred tax liabilities	(11 088)	(207)
Trade and other payables	2 153	196
Income tax liability	(13 592)	–
Group operating liabilities	(438 102)	(506 120)

29 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'000s	Available-for-sale R'000s	Non-financial assets R'000s	Total R'000s
GROUP				
Financial assets				
2011				
Cash and cash equivalents	69 248	–	–	69 248
Related party loans	17 454	–	–	17 454
Trade and other receivables	13 702	–	7 550	21 252
Tax receivable	1 862	–	–	1 862
Investments	–	16 055	–	16 055
Total	102 266	16 055	7 550	125 871
2010				
Cash and cash equivalents	81 192	–	–	81 192
Related party loans	19 719	–	–	19 719
Trade and other receivables	13 383	–	6 056	19 439
Tax receivable	673	–	–	673
Investments	–	21 278	–	21 278
Total	114 967	21 278	6 056	142 301

	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities			
2011			
Trade and other payables	35 536	5 042	40 578
Dividends payable	5 285	–	5 285
Preference shares	256 961	–	256 961
Interest-bearing borrowings	104 000	–	104 000
Finance lease liabilities	2 437	–	2 437
Total	404 219	5 042	409 261
2010			
Trade and other payables	56 163	8 552	64 715
Dividends payable	4 713	–	4 713
Related party loans	15 840	–	15 840
Preference shares	281 124	–	281 124
Interest-bearing borrowings	120 058	–	120 058
Total	477 898	8 552	486 450

29 FINANCIAL INSTRUMENTS continued

COMPANY

Financial assets	Loans and receivables R'000s	Non-financial assets R'000s	Total R'000s
2011			
Cash and cash equivalents	5 013	–	5 013
Related party loans	352 067	–	352 067
Trade and other receivables	504	204	708
Total	357 584	204	357 788
2010			
Cash and cash equivalents	30 136	–	30 136
Related party loans	324 045	–	324 045
Trade and other receivables	2 922	160	3 082
Total	357 103	160	357 263

Financial liabilities	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
2011			
Trade and other payables	3 296	–	3 296
Related party loans	105 020	–	105 020
Dividends payable	5 285	–	5 285
Interest-bearing borrowings	40 000	–	40 000
Total	153 601	–	153 601
2010			
Trade and other payables	7 488	1 287	8 775
Related party loans	78 824	–	78 824
Dividends payable	4 713	–	4 713
Interest-bearing borrowings	40 058	–	40 058
Total	131 083	1 287	132 370

29 FINANCIAL INSTRUMENTS continued

As at 30 June 2011 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 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
2011				
Available-for-sale investments (note 11)	–	–	16 055	16 055
Total	–	–	16 055	16 055
2010				
Available-for-sale investments (note 11)	–	–	21 278	21 278
Total	–	–	21 278	21 278

During the reporting period ended 30 June 2011 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 below reflects the interest rate sensitivity analysis. The analysis was calculated by increasing or decreasing the group's interest rate by 100 basis points assuming all other variables remain constant.

	Increase in basis points	Effect on pre-tax profit R'000s	Decrease in basis points	Effect on pre-tax profit R'000s
GROUP				
2011	100	(2 100)	(100)	2 100
2010	100	(3 649)	(100)	3 649
COMPANY				
2011	100	(350)	(100)	350
2010	100	(99)	(100)	99

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 company is not exposed to other price risks.

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.

29 FINANCIAL INSTRUMENTS continued

Other price risk continued

	Increase in growth rate %	Effect on equity R'000s	Decrease in growth rate %	Effect on equity R'000s
GROUP				
2011	**1**	**(1 495)**	**(1)**	**1 969**
2010	1	(2 735)	(1)	3 750

Credit risk

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

No individual credit limit are set as GGR generated from gaming operations is required to be paid over by the site operators on a weekly basis to the group. On a weekly basis management rigorously monitors site operators' compliance with this policy.

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.

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

	On demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	> 2 years R'000s	Total R'000s
GROUP						
2011						
Trade and other payables	–	35 536	–	–	–	35 536
Preference shares	–	–	63 804	68 472	124 685	256 961
Interest-bearing borrowings	–	–	16 000	56 000	32 000	104 000
Finance leases	–	228	709	1 500	–	2 437
Interest on preference shares	–	–	16 878	12 040	5 988	34 906
Interest on interest-bearing borrowings	–	–	9 503	3 894	3 345	16 742
Interest on finance leases	–	47	113	95	–	255
Dividends payable	5 285	–	–	–	–	5 285
Total	5 285	35 811	107 007	142 001	166 018	456 122
2010						
Trade and other payables	–	56 163	–	–	–	56 163
Preference shares	–	–	24 163	65 762	193 157	283 082
Interest-bearing borrowings	–	–	12 000	16 000	92 000	120 000
Interest on preference shares	–	–	22 125	18 706	19 754	60 585
Related party loan	15 840	–	–	–	–	15 840
Dividends payable	4 713	–	–	–	–	4 713
Total	20 553	56 163	58 288	100 468	304 911	540 383

29 FINANCIAL INSTRUMENTS continued

Liquidity risk continued

	On demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	> 2 years R'000s	Total R'000s
COMPANY						
2011						
Trade and other payables	–	3 296	–	–	–	3 296
Related party loan	105 020	–	–	–	–	105 020
Interest-bearing borrowings	–	–	40 000	–	–	40 000
Interest on interest-bearing borrowings	–	–	4 079	–	–	4 079
Dividends payable	5 285	–	–	–	–	5 285
Total	110 305	3 296	44 079	–	–	157 680
2010						
Trade and other payables	–	7 488	–	–	–	7 488
Related party loan	78 824	–	–	–	–	78 824
Interest-bearing borrowings	–	–	–	–	40 058	40 058
Dividends payable	4 713	–	–	–	–	4 713
Total	83 537	7 488	–	–	40 058	131 083

Gains and losses on financial instruments

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

	Fair value movement R'000s	Interest income R'000s	Interest expense R'000s	Total R'000s
GROUP				
2011				
Loans and receivables	–	3 405	–	3 405
Available-for-sale investments	8 705	–	–	8 705
Financial liabilities at amortised cost	–	–	(32 916)	(32 916)
Total	8 705	3 405	(32 916)	(20 806)
2010				
Loans and receivables	–	3 943	–	3 943
Available-for-sale investments	26 341	–	–	26 341
Financial liabilities at amortised cost	–	–	(29 835)	(29 835)
Total	26 341	3 943	(29 835)	449
COMPANY				
2011				
Financial liabilities at amortised costs	–	–	(4 264)	(4 264)
Loans and receivables	–	490	–	490
Total	–	490	(4 264)	(3 774)
2010				
Financial liabilities at amortised costs	–	–	(58)	(58)
Loans and receivables	–	1 749	–	1 749
Total	–	1 749	(58)	1 691

	GROUP		COMPANY	
	2011 R'000s	2010 R'000s	**2011 R'000s**	2010 R'000s
30 DIVIDENDS DECLARED AND PAID				
Final dividend declared and paid in respect of the 2010 financial year of 7,50 cents (2009: 7,50 cents per share)	**34 238**	33 282	**34 675**	33 719
The final dividend in respect of the 2011 financial year of 10 cents per share was declared on 8 September 2011.				
31 NOTES TO THE CASH FLOW STATEMENT				
31.1 Taxation paid				
Taxation – beginning of the year	**117**	144	**154**	129
Amount per statement of comprehensive income (note 7)				
– current year	**10 705**	923	**110**	314
– prior year under/(over) provision	**(27)**	157	**(25)**	193
Taxation – LPM operations – assets (note 8)	**–**	(673)	**–**	–
Taxation – LPM operations – liabilities (note 8)	**–**	174	**–**	–
Taxation – closing balance	**1 112**	117	**(1)**	(154)
	11 907	842	**238**	482
The closing tax balances comprises of the following:				
– Income tax refunds	**1 862**	673	**–**	–
– Income tax liabilities	**(750)**	(790)	**(1)**	(154)
	1 112	(117)	**(1)**	(154)
31.2 Dividends paid				
Opening balance	**4 713**	4 245	**4 713**	4 245
Dividends declared	**34 238**	33 282	**34 675**	33 719
Closing balance	**(5 285)**	(4 713)	**(5 285)**	(4 713)
	33 666	32 814	**34 103**	33 251

32 DIRECTORS' EMOLUMENTS

Remuneration paid to directors and three highest paid employees

	Salary R'000s	Bonuses R'000s	Short-term benefits[†] R'000s	Long-term benefits R'000s	Lump sum payment R'000s	Directors' fees R'000s	Audit and Risk R'000s	Remuneration and Nomination R'000s	**Total 2011 R'000s**
Executive									
H Adams*	1 205	–	15	144	–	–	–	–	**1 364**
A P Funkey[#]	1 687	150	195	700	3 043	–	–	–	**5 775**
R J Hoption	612	70	51	90	–	–	–	–	**823**
S Petersen*	252	–	15	38	–	–	–	–	**305**
Sub-total	3 756	220	276	972	3 043	–	–	–	**8 267**
Non-executive									
H Adams*	–	–	–	–	–	–	–	–	**–**
A Abercrombie**	–	–	–	–	–	301	–	34	**335**
A W Bedford	–	–	–	–	–	113	–	68	**181**
R G Freese	–	–	–	–	–	56	34	–	**90**
N Mlambo	–	–	–	–	–	113	–	34	**147**
N V Maharaj	–	–	–	–	–	113	34	–	**147**
D Naidoo	–	–	–	–	–	44	27	–	**71**
M F Samaai	–	–	–	–	–	44	–	–	**44**
C W Williams	–	–	–	–	–	113	34	–	**147**
Sub-total	–	–	–	–	–	897	129	136	**1 162**
Total	3 756	220	276	972	3 043	897	129	136	**9 429**
Top three senior employees[‡]	2 419	454	80	362	–	–	–	–	**3 315**
Prescribed officer									
A L Sadler-Almeida[##]	896	159	7	134	–	–	–	–	**1 196**

* Appointed executive director on 11 February 2011.

** Director's fees paid in respect of additional duties on the Slots operations.

[#] A P Funkey resigned on 30 June 2011. A lump sum payment of R3,043 million and a povident fund contribution of R0,5 million was paid during July 2011.

[##] Ms A L Sadler-Almeida has been identified as a prescribed officer in terms of the Companies Act. No comparative figures have been disclosed as the Slots operations were acquired on 30 June 2010.

[†] Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.

[‡] All three of our top-earning senior employees form part of our Slots operations, which were acquired on 30 June 2010 and as such there are no comparative figures. This amount includes Ms A L Sadler-Almeida's remuneration which has also been separately disclosed under the section for prescribed officer.

2010	Salary R'000s	Bonuses R'000s	Short-term benefits R'000s	Long-term benefits R'000s	Lump sum R'000s	Diretors' fees R'000s	Audit and Risk Committee R'000s	Remuneration and Nomination Committee R'000s	Total remuneration R'000s
Executive									
A P Funkey	1 661	131	213	–	–	–	–	–	2 005
R J Hoption	955	75	81	–	–	–	–	–	1 111
	2 616	206	294	–	–	–	–	–	3 116
Non-executive									
H Adams	–	–	–	–	–	1 003	–	–	1 003
A Abercrombie	–	–	–	–	–	103	–	30	133
A W Bedford	–	–	–	–	–	103	–	61	164
R G Freese	–	–	–	–	–	103	61	–	164
N Mlambo	–	–	–	–	–	103	–	30	133
M V Maharaj	–	–	–	–	–	103	30	–	133
C W Williams	–	–	–	–	–	103	30	–	133
	–	–	–	–	–	1 621	121	121	1 863
	2 616	206	294	–	–	1 621	121	121	4 979

33 RELATED PARTY TRANSACTIONS

	Balance (owing)/receivable 2011 R'000s	Balance (owing)/receivable 2010 R'000s	Receipts/(payments) 2011 R'000s	Receipts/(payments) 2010 R'000s
GROUP				
DLA Cliffe Dekker Hofmeyr	4	–	(65)	(148)
Proman	–	–	(534)	(569)
GPSIT loans to directors	12 731	3 464	–	–
– H Adams	9 142	–	–	–
– A P Funkey	2 508	2 508	–	–
– R J Hoption	–	956	–	–
– S Petersen	1 081	–	–	–
Asch	–	(8)	(102)	(94)
Nadesons	(61)	–	(8)	–
Short-term employee benefits	–	–	(8 181)	(4 686)
Key management personnel costs				
– Short-term employee benefits	–	–	(5 314)	(3 116)
– Long-term employee benefits	–	–	(1 106)	–
– Lump sum payment	–	–	(3 043)	–
COMPANY				
DLA Cliffe Dekker Hofmeyr	(4)	–	(4)	(60)
Proman	–	–	(534)	(569)
Asch	–	(8)	(94)	(94)
Short-term employee benefits	–	–	(1 140)	(4 686)

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 and disclosed.

Third parties

DLA Cliffe Dekker Hofmeyr 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. C Williams resigned as a director of GPI on 21 July 2011.

GPI rented 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 and M F Samaai are also directors of Nadesons.

Other related party transactions

During the prior year H Adams and A Abercrombie sold their interests in Thuo SA (10%), Grandslots (4.9%) and Golden Valley Casino (7.7%) to GPI Slots for R22 million in total. GPI Slots paid the full consideration on 1 October 2010 as well as interest of R717 000.

Pursuant to the lock-in payments approved by the shareholders at the annual general meeting held on 15 December 2010, H Adams, A Abercrombie, R G Freese and A W Bedford were paid R1 million, R339 000, R40 000 and R50 000 respectively during the current year.

Included in the loans to directors is an amount of R9,9 million for loans granted to directors during the year in respect of shares issued to them. The loans granted is split between H Adams, R9,1 million and Ms S Petersen, R0,8 million.

Fees received from investee companies

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

	2011 R'000s	2010 R'000s
SunWest		
H Adams	75	69
A Abercrombie	50	41
R G Freese	20	43
N Mlambo	50	46
A P Funkey	50	46
	245	245

33 RELATED PARTY TRANSACTIONS continued

Fees received from investee companies continued

	2011 R'000s	2010 R'000s
Western Cape Manco		
N Mlambo	23	21
Nadesons	262	243
Mantis Projects	73	162
	358	426

Western Cape Manco paid Nadesons and Mantis Projects (Pty) Limited consulting fees. H Adams and R Freese are directors of these entities respectively.

	2011 R'000s	2010 R'000s
Kingdomslots		
A P Funkey	–	120
	–	120
Grandslots		
Nadesons	–	144
A Abercrombie	–	144
A P Funkey	–	144
	–	432

34 CAPITAL MANAGEMENT

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

The group carefully manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary source of capital is issued ordinary share capital and preference share capital. Acquisitions may be geared to those levels which investments may support and the funders will allow.

35 CAPITAL REDEMPTION RESERVE FUND

Section 98 of the previous Companies Act of South Africa, 1973 (Act No. 61 of 1973), as amended, required that a capital redemption reserve fund be created for the par value of the preference shares redeemed during the year. This practice was continued in the current year up to 1 May 2011, being the effective date of the new Companies Act.

36 CAPITAL COMMITMENTS

Authorised but not contracted

The group has no capital commitments.

37 LITIGATION

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the company is aware, which may have or have had a material effect on the financial position of the group in the last 12 months. Grandslots, a wholly-owned subsidiary of GPI, has launched review proceedings against the WCGRB, being the regulator in the province in which the subsidiary operates. The application is made in terms of the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) and seeks the review and setting aside of certain licence conditions imposed on that subsidiary by the regulator, with a view to maximising roll-out of its gaming machine network. The application is of an administrative nature.

38 SUBSEQUENT EVENTS

As advised to the shareholders, GPI and Sun International have agreed to the restructure of certain of their common interests (the restructure). A circular was sent to the shareholders on 15 August 2011 giving full details of the proposed transaction and giving notice of the special general meeting that was held on 14 September 2011.

In terms of the restructure, GPI will receive a combined consideration of R717,8 million for the sale of shares in Sunwest, Worcester and RAH while still retaining significant interests (25.1%) in both Sunwest and Worcester. A further consideration of approximately R67,4 million (after tax) will be received from the cancellation of existing operating management contracts and the implementation of new beneficial long-term operating agreements with Sun International to manage GrandWest, Golden Valley Casino and the Table Bay Hotel.

The transaction has been approved by shareholders of Sun International and was approved by the majority of GPI shareholders at the general meeting held on 14 September 2011. The remaining conditions precedent include the relevant Gambling Boards approval and the Competition Commission Board approval.

Shareholders' information

Analysis of ordinary shareholders as at 30 June 2011

Size of holdings	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
1 – 1000 shares	156	2.53	93 659	0.01
1 001 – 10 000 shares	4 001	64.93	20 630 930	4.39
10 001 – 100 000 shares	1 760	28.56	49 045 820	10.43
100 001 – 1 000 000 shares	175	2.84	48 825 557	10.38
1 000 001 shares and over	70	1.14	351 863 789	74.79
Total	6 162	100.00	470 459 755	100.00

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Private companies	62	1.00	175 083 549	37.22
Retail shareholders	5 831	94.63	97 468 448	20.71
Trusts	100	1.62	85 482 134	18.17
Collective investment schemes	49	0.80	60 074 400	12.77
Retirement benefit funds	43	0.70	18 151 203	3.86
Stockbrokers and nominees	7	0.11	17 127 610	3.64
Share schemes	1	0.02	5 820 000	1.24
Investment partnerships	29	0.47	2 267 670	0.48
Assurance companies	6	0.10	2 218 482	0.47
Managed funds	3	0.05	1 955 000	0.41
Custodians	2	0.03	1 559 395	0.33
Close corporations	17	0.28	1 542 306	0.33
Public companies	2	0.03	1 160 000	0.25
Foundations and charitable funds	5	0.08	279 178	0.06
Insurance companies	1	0.02	217 071	0.05
Medical aid funds	2	0.03	47 156	0.01
Unclaimed scrip	2	0.03	6 153	0.00
Total	6 162	100.00	470 459 755	100.00

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Non-public shareholders	14	0.23	45 765 381	9.73
Directors and associates (direct holding)	7	0.11	8 665 341	1.84
Directors and associates (indirect holding)	6	0.10	34 880 040	7.41
Share schemes	1	0.02	2 220 000	0.47
Public shareholders	6 148	99.77	424 694 374	90.27
Total	6 162	100.00	470 459 755	100.00

Beneficial shareholders with a holding greater than 3% of the shares in issue	Number of shares	% of shares in issue
The GPI SPV Trusts	38 728 436	8.23
Rowmoor Investments 769 (Pty) Limited	30 000 000	6.38
Quintessence Opportunities Limited	27 186 788	5.78
Midnight Storm Investment 387 (Pty) Limited	25 130 506	5.34
Chandos Trust	17 886 842	3.80
Baleine Capital (Pty) Limited	16 028 867	3.41
Total	154 961 439	32.94

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

Notice is hereby given of the Annual General Meeting ("AGM") of shareholders of Grand Parade Investments Limited ("GPI" or "the company" or "the group"), to be held at Market Hall, GrandWest Casino, Goodwood on Wednesday, 7 December 2011, at 18:00.

The purpose of the meeting is to transact the business set out in the agenda below. For the avoidance of doubt, the expression Companies Act No. 71 of 2008, as amended ("Companies Act"), as used in this Notice of AGM means the Companies Act, which came into operation on 1 May 2011, the expression "JSE" as used herein means the JSE Limited and the expression "MOI" refers to the memorandum of incorporation of the company. In terms of the Companies Act, the memorandum of association and articles of association of the company (as those terms were contemplated in the previous Companies Act) automatically converted to the memorandum of incorporation (MOI) with effect from 1 May 2011.

1 AGENDA

1.1 Presentation of the audited annual financial statements of the company, including the reports of the directors and the Audit and Risk Committee for the year ended 30 June 2011.

1.2 To consider and, if deemed fit, approve with or without modification, the ordinary resolutions set out below.

2 ORDINARY RESOLUTIONS

Note:

(i) For any of the ordinary resolutions numbers 1 to 12 and numbers 14 and 15 to be adopted, more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

(ii) For ordinary resolution number 13 to be adopted, the support of 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

2.1 Adoption of annual financial statements Ordinary resolution number 1

"Resolved that the annual financial statements of the company and the group for the year ended 30 June 2011 be and are hereby confirmed and approved."

The reason for ordinary resolution number 1 is that the MOI of the company requires that the annual financial statements of the company be confirmed and approved at the AGM of the company.

2.2 Retirement and re-election of directors

2.2.1 Ordinary resolution number 2

"Resolved that Ms Nombeko Mlambo who retires by rotation in terms of the company's MOI and who is eligible and available for re-election be and is hereby reappointed as director of the company."

A brief *curriculum vitae* of Ms Mlambo is included on page 10.

2.2.2 Ordinary resolution number 3

"Resolved that Mr Anthony Bedford who retires by rotation in terms of the company's MOI and who is eligible and available for re-election be and is hereby reappointed as director of the company."

A brief *curriculum vitae* of Mr Bedford is included on page 11.

The reason for ordinary resolution numbers 2 and 3 is that the company's MOI and, to the extent applicable, the Companies Act, require that a component of the non-executive directors must retire by rotation at the company's AGM and being eligible, may offer themselves for re-election.

2.3 Confirmation of appointment and election of directors

2.3.1 Ordinary resolution number 4

"Resolved that the appointment of Mr Faldi Samaai, who was appointed to the Board on 11 February 2011 to fill a vacancy, be and is hereby confirmed."

A brief *curriculum vitae* of Mr Samaai is included on page 10.

2.3.2 Ordinary resolution number 5

"Resolved that the appointment of Mr Ralph Freese who was appointed to the Board on 20 July 2011 to fill a vacancy, be and is hereby confirmed."

A brief *curriculum vitae* of Mr Freese is included on page 11.

The reason for ordinary resolution numbers 4 and 5 is that the company's MOI and, to the extent applicable, the Companies Act, require that the appointment of a director by the Board to fill a casual vacancy or as an addition to the Board must be confirmed at the next annual general meeting.

2.3.3 Ordinary resolution number 6 – Election of director

"Resolved that Mr Uys Meyer be and is hereby elected as non-executive director of the company."

A brief *curriculum vitae* of Mr Meyer is included below.

The reason for ordinary resolution number 6 is to obtain shareholders' approval for Mr Meyer to be elected as a non-executive director of the Board.

Curriculum vitae of Mr Meyer
Mr Meyer is a director of various property and investment companies and has several years' experience in investment banking and financial markets. He has set up investment management businesses in the financial services, institutional and retail investment, and private capital investment fields, gaining significant experience in both public markets investment management and private equity management.

2.4 Appointment of the members of the Audit and Risk Committee

Note: For the avoidance of doubt, references to the Audit and Risk Committee of the company, means the Audit Committee contemplated in the Companies Act.

2.4.1 Ordinary resolution number 7

"Resolved that Dr Norman Maharaj, he being eligible, be and is hereby reappointed as a member of the company's Audit and Risk Committee as recommended by the board of directors of the company, until the next annual general meeting of the company."

A brief *curriculum vitae* of Dr Maharaj is included on page 10.

2.4.2 Ordinary resolution number 8

"Resolved that Mr Ralph Freese, he being eligible, be and is hereby reappointed as a member of the company's Audit and Risk Committee as recommended by the board of directors of the company, until the next annual general meeting of the company."

A brief *curriculum vitae* of Mr Freese is included on page 11.

2.4.3 Ordinary resolution number 9

"Resolved that Mr Alex Abercrombie, he being eligible, be and is hereby reappointed as a member of the company's Audit and Risk Committee as recommended by the board of directors of the company, until the next annual general meeting of the company."

A brief *curriculum vitae* of Mr Abercrombie is included on page 10.

The reason for ordinary resolution numbers 7 to 9 (inclusive) is that the company, being a public listed company, is required to appoint an Audit Committee of which the members must be appointed or reappointed, as the case may be, at each annual general meeting of the company.

2.5 Reappointment of external auditor and registered auditor

Ordinary resolution number 10

"Resolved that, on the recommendation of the Audit and Risk Committee of the company, Ernst & Young Incorporated be and is hereby reappointed as independent auditor, and that Mr Abdul-Majid Cader be appointed as the designated registered auditor of the company and the group for the ensuing year."

The reason for ordinary resolution number 10 is that the company, being a public listed company, must have its financial results audited by an external auditor who, in the opinion of the company's Audit and Risk Committee is independent of the company. The company's Audit and Risk Committee has duly done so and nominates Ernst & Young Inc. for appointment as the auditors of the company and the group for the ensuing financial year.

2.6 External auditors' remuneration

Ordinary resolution number 11

"Resolved that the auditor's remuneration for the year ended 30 June 2011 as determined by the Audit and Risk Committee of the company be and is hereby confirmed."

The reason for ordinary resolution number 11 is that the MOI of the company requires that the auditor's remuneration be confirmed and approved at the AGM of the company.

2.7 Control of unissued share capital

Ordinary resolution number 12

"Resolved that the authorised but 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 annual general meeting with the authority to, in their discretion, allot, grant options over or otherwise deal with or dispose of any unissued shares to such persons and at such times, on such terms and conditions and for such consideration, whether payable in cash or otherwise, as the directors think fit but subject always to the provisions of the Companies Act and the approval of the JSE."

The reason for ordinary resolution number 12 is that the board requires authority from shareholders in terms of its MOI to issue shares in the company.

2.8 General authority to issue shares for cash Ordinary resolution number 13

"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, and the MOI 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 5% of the issued share capital as at 30 June 2011, provided further that:

(a) the approval shall be valid until the date of the next annual general meeting, provided it shall not extend beyond fifteen months from the date of this resolution;

(b) 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% of the number of shares in issue prior to such issue;

(c) the general issues of shares for cash in the aggregate in any one financial year may not exceed 5% 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;

(d) 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);

(e) any such issue will only be made to public shareholders as defined in the Listings Requirements of the JSE and not to related parties; and

(f) any such issue will only be securities of a class already in issue."

As a listed entity, the company requires the prior authority of shareholders in terms of the Listings Requirements of the JSE for this ordinary resolution number 13 and accordingly the reason for seeking shareholders' general authority for the Board to issue shares for cash is to comply with the Listings Requirements of the JSE.

***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 this resolution number 13.*

2.9 Non-executive directors' remuneration Ordinary resolution number 14

"Resolved that the non-executive directors' fees for the period 1 July 2010 to 30 April 2011 as disclosed in the annual financial statements of the company and the group be and are hereby approved."

Prior to the implementation of the Companies Act on 1 May 2011, non-executive directors' remuneration required an ordinary resolution of shareholders in terms of the MOI of the company whereas the new Companies Act requires that this approval be obtained by way of a special resolution of shareholders. Thus the reason for this ordinary resolution number 14 is to propose and obtain shareholders' approval for directors' fees for the period 1 July 2010 to 30 April 2011, preceding the new Companies Act. A special resolution for the ensuing period is included in the special resolution section below.

2.10 Ordinary resolution number 15

"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 ordinary and special resolutions as set out in the notice convening the AGM at which this ordinary resolution number 15 will be considered."

The reason for ordinary resolution number 15 is to enable the company and/or the Company Secretary to take appropriate steps to implement the resolutions that are passed at the AGM.

3 SPECIAL RESOLUTIONS

To consider and, if deemed fit, approve with or without modification the special resolutions set out below.

Note: For Special resolution numbers 1 to 4 as set out below to be adopted, the support of 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

3.1 Non-executive directors' remuneration

Special resolution number 1

"Resolved that the non-executive directors' fees for the period 1 May to 30 June 2011 as disclosed in the annual financial statements of the company and the group be and are hereby approved."

Special resolution number 2

"Resolved that in terms of section 66(9) of the Companies Act, the company be and is hereby authorised to remunerate its non-executive directors for their services as directors at the rates set out in the table below for a period of two years commencing 1 July 2011, subject to an annual increase not exceeding 10% being applied with effect from 1 July 2012:

Fees for 2011/2012 financial years	Base fee R	Attendance fee R	Attendance fee above minimum number of meetings R	Minimum number of meetings per year
Lead Independent Director	100 000	10 000	6 000	4
Directors	80 000	10 000	6 000	4
Audit and Risk Committee Chairman	–	16 000	6 000	4
Audit and Risk Committee member	–	8 000	6 000	4
Remuneration and Nomination Committee Chairman	–	12 000	6 000	2
Remuneration and Nomination Committee member	–	6 000	6 000	2
Social and Ethics Committee Chairman	N/A	N/A	N/A	2
Social and Ethics Committee members	–	6 000	6 000	2
Investment Committee Chairman	N/A	N/A	N/A	2
Investment Committee member	–	6 000	–	2

The Companies Act came into effect on 1 May 2011 and in terms of section 66(9) thereof, directors remuneration may only be paid in accordance with a special resolution approved by the shareholders within the previous two years.

The effect of special resolutions numbers 1 and 2 will be to authorise the company to remunerate the non-executive directors for their services as directors as follows:

- *at the rates disclosed in the annual financial statements for the period 1 May to 30 June 2011;*
- *at the rates indicated in the table included in special resolution number 2 for the year ending 30 June 2012; and*
- *at the rates indicated in the table included in special resolution number 2, subject to escalation of up to 10% for the year ending 30 June 2013.*

3.2 Financial assistance to related or interrelated company or corporation

Special resolution number 3

"Resolved that the board of the company be and is hereby authorised to provide, as a general approval for a period of two years commencing on the date this special resolution is passed, in accordance with and subject to the provisions of sections 44 and/or 45 of the Companies Act, any direct and/or indirect financial assistance to any of its present or future subsidiaries and/or any other company or corporation which is or becomes related or interrelated to the company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the company or a related or interrelated company or for the purchase of any securities of the company or interrelated company: Provided that the Board is satisfied that immediately after providing the financial assistance, the company will satisfy the solvency and liquidity test contemplated in section 4 of Companies Act, and that the terms under which the financial assistance is proposed to be given, are fair and reasonable to the company."

In the ordinary course of business, the company provides loan financing, guarantees, and other support to the related and interrelated companies/legal entities in the group from time to time.

Section 45(2) of the Companies Act empowers the Board of a company to provide direct or indirect financial assistance to a related or interrelated company or corporation. However, section 45(3) of the Companies Act provides that the Board of a company may only authorise any financial assistance contemplated in section 45(2) thereof pursuant to a special resolution of the shareholders of the company adopted within the previous two years.

3.3 Acquisition of shares by the company and its subsidiaries

3.3.1 Special resolution number 4

"Resolved that the company and/or a subsidiary of the company be and is hereby authorised to purchase ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of sections 46 and 48 of the Companies Act, the Listings Requirements of the JSE and the following limitations:

(a) the general authority shall be valid until the next annual general meeting of the company or for a period of 15 months from the passing of this resolution (whichever period is shorter);

(b) the general authority is limited to a maximum of 20% of the issued share capital of that class in the financial year concerned;

(c) purchases 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;

(d) the general purchase of securities is implemented through the order book operated by the JSE's trading system (open market) and done without any prior understanding or arrangement with any counterparty (reported trades prohibited);

(e) the company or the subsidiary of the company (as the case may be) will, at any point in time, appoint only one agent to effect the purchase(s) on behalf of the company or the subsidiary of the company (as the case may be);

(f) the company or the subsidiary of the company (as the case may be) may not effect a purchase 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;

(g) an announcement must be published as soon as the company or the subsidiary of the company (as the case may be) 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

(h) 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."

The reason for and effect of special resolution number 4 is to grant directors a general authority in terms of its MOI and the Listings Requirements of the JSE for the acquisition by the company of shares issued by it subject to the limitations reflected in the special resolution.

Information relating to special resolution number 4

Statement of the board's intention

The directors of the company have no specific intention to effect the provisions of special resolution number 4 but will continually monitor the group's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 4.

The directors of the company will only utilise the general authority to purchase shares of the company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that for a period of 12 months after the purchase in question the group:

- is able in the ordinary course of business to pay its debts;
- the consolidated assets of the group will be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
- the ordinary capital and reserves of the group will remain adequate for the purpose of the business of the group; and
- the working capital available to the group will be sufficient for the group's requirements,

and the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test contemplated in section 4 of the Companies Act.

General information in respect of directors (pages 10 and 11), major shareholders (page 92), directors' interests in securities (pages 36 and 37), material changes (page 98) and the share capital of the company (page 75) is contained in this annual report of which this notice forms a part.

4 OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting or raised by shareholders.

Directors' responsibility statement

The directors, whose names are given on pages 10 and 11 of this annual report, collectively and individually accept full responsibility for the accuracy of 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 year ended 30 June 2011.

Litigation statement

Save as follows, there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the company is aware, which may have or have had a material effect on the financial position of the group in the last 12 months. Grandslots, a wholly-owned subsidiary of GPI, has launched review proceedings against the Western Cape Gambling and Racing Board, being the regulator in the province in which the subsidiary operates. The application is made in terms of the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) and seeks the review and setting aside of certain licence conditions imposed on that subsidiary by the regulator, with a view to maximising roll-out of its gaming machine network. The application is of an administrative nature.

Voting and proxies

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company ("the share register") for purposes of being entitled to receive this notice is 27 September 2011.

2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at the AGM is Friday, 25 November 2011, with the last day to trade being Friday, 18 November 2011.

3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or drivers' licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.

4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a member of the company. A form of proxy, in which the relevant instructions for completion are set out, is enclosed for use by a certificated or own name registered dematerialised shareholder 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.

5. 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 18:00 on Monday, 5 December 2011, in accordance with the instructions therein.

6. Dematerialised shareholders, other than own name registered dematerialised shareholders, who wish to attend the AGM must instruct their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholder and the CSDP or broker.

7. Dematerialised shareholders, other than own name registered dematerialised shareholders, who are unable to attend the AGM and who wish to vote by way of proxy must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholder and the CSDP or broker in the manner and time stipulated therein.

8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the Board

Lazelle Christian Parton
Company Secretary

Form of proxy

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")

GRAND PARADE
INVESTMENTS LIMITED

For use by certificated and own name dematerialised shareholders only

For use at the annual general meeting of ordinary shareholders of the company, to be held at 18:00 pm on Wednesday, 7 December 2011 at the Market Hall, GrandWest Casino, Goodwood, Western Cape.

I/We (Full name in print) ____

of (address) ____

being the registered holder of ______________________________ ordinary shares hereby appoint:

1. ____ or failing him/her

2. ____ or failing him/her

3. the chairman of the annual general meeting

as my proxy to vote for me/us at the annual general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

	Number of shares		
	In favour of	Against	Abstain
Ordinary resolution number 1: To adopt the audited annual financial statements for the year ended 30 June 2011.			
Ordinary resolution number 2: To re-elect Ms Nombeko Mlambo as director.			
Ordinary resolution number 3: To re-elect Mr Anthony Bedford as director.			
Ordinary resolution number 4: To confirm the appointment of Mr Faldi Samaai as director.			
Ordinary resolution number 5: To confirm the appointment of Mr Ralph Freese as director.			
Ordinary resolution number 6: To elect Mr Uys Meyer as director.			
Ordinary resolution number 7: To reappoint Dr Norman Maharaj as a member of the Audit and Risk Committee.			
Ordinary resolution number 8: To reappoint Mr Ralph Freese as a member of the Audit and Risk Committee.			
Ordinary resolution number 9: To reappoint Mr Alex Abercrombie as a member of the Audit and Risk Committee.			
Ordinary resolution number 10: To reappoint Ernst and Young Incorporated as the external auditor and registered auditor.			
Ordinary resolution number 11: To confirm the external auditors' remuneration.			
Ordinary resolution number 12: To place the unissued shares of the company under the directors' control.			
Ordinary resolution number 13: To grant a general authority to directors to issue shares for cash.			
Ordinary resolution number 14: To approve the remuneration of non-executive directors for the period 1 July 2010 to 30 April 2011.			
Ordinary resolution number 15: To grant the directors and/or the Company Secretary general authority to implement the ordinary and special resolutions.			
Special resolution number 1: To approve the remuneration of non-executive directors for the period 1 May to 30 June 2011.			
Special resolution number 2: To approve the remuneration of non-executive directors for two years commencing from 1 July 2011.			
Special resolution number 3: To grant the directors general authority for intercompany loans.			
Special resolution number 4: To authorise share buy-backs by the company and/or a subsidiary of the company.			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided.

Signed at on this ______________________ day of ____________ 2011

Signature(s) ____

Assisted by (where applicable) (state capacity and full name) ______________________________

____

Each GPI shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his stead at the annual general meeting.

Notes

1. A GPI shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A GPI shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.

3. When there are joint registered holders of any shares, any one of such persons may vote at the annual general meeting in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that 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, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holders thereof.

4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, Computershare Investor Services (Pty) Limited (PO Box 61051, Marshalltown, 2107), by not later than 18:00 on Monday, 5 December 2011.

5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).

6. 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 annual general meeting.

7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to.

ince.motiv

Shareholders' Diary

Annual General Meeting

Wednesday, 7 December 2011 at 18:00
Market Hall, GrandWest Casino, Goodwood

Reports/Activity

Announcement of annual results and declaration of final dividend for the year ended 30 June 2011	September 2011
2011 annual report published	September 2011
AGM	Wednesday, 7 December 2011
Salient features of final dividend payable in respect of the year ended 30 June 2011	
– Last date to trade "cum" the dividend	Friday, 2 December 2011
– Trading commences "ex" the dividend	Monday, 5 December 2011
– Record date	Friday, 9 December 2011
– Date of payment of the dividend	Monday, 12 December 2011
Announcement of interim results for the half-year ended 31 December 2011	March 2012
Announcement of annual results for the year ended 30 June 2012	September 2012
AGM	December 2012

Company information

Directors	H Adams (Executive Chairman)	
	A Abercrombie	
	A W Bedford	
	N V Maharaj	
	N Mlambo	
	R G Freese	(Resigned 25 November 2010 and reappointed 20 July 2011)
	R J Hoption (Executive Director)	(Resigned 10 February 2011 and reappointed 22 July 2011)
	D Naidoo	(Appointed 11 February 2011 and resigned 19 July 2011)
	S Petersen (Financial Director)	(Appointed 11 February 2011)
	M F Samaai	(Appointed 11 February 2011)
	A P Funkey	(Resigned 30 June 2011)
	C W Williams	(Resigned 21 July 2011)

Nature of business Investment holding company

Company secretary L C Parton

Public officer S Petersen

Preparer of the financial statements D Pienaar (Group Financial Manager)

Transfer secretaries
Computershare Investor Services (Pty) Limited
PO Box 61051
Marshalltown 2107

Auditors
Ernst & Young Inc.
PO Box 656
Cape Town 8000

Attorneys
Bernadt Vukic Potash & Getz
PO Box 252
Cape Town 8000

Bankers The Standard Bank of South Africa Limited

Corporate advisers
Leaf Capital (Pty) Limited
PO Box 3377
Cape Town 8000

Sponsor
PSG Capital (Pty) Limited
PO Box 7403
Stellenbosch 7599

Registered office
15th Floor, Triangle House
22 Riebeek Street
Cape Town 8001

Shareholders are advised that GPI has moved its physical offices to 12th Floor, Convention Towers, Heerengracht, Foreshore, Cape Town, 8001.

The change of the registered office at the CIPC is pending.

Registration number 1997/003548/06

Domicile and country of incorporation South Africa

Glossary of terms

Afrisun KZN Manco	Afrisun KwaZulu-Natal Manco (Pty) Limited
AGM	Annual General Meeting
Akhona GPI	Akhona Gaming Portfolio Investments (Pty) Limited
Asch	Asch Consulting Engineer (Pty) Limited
BBBEE	Broad-based Black Economic Empowerment
BBBEE Trust	The Grand Parade Investments Broad-based Black Economic Empowerment Trust
Boardwalk Casino	Emfuleni Casino Resorts Manco (Pty) Limited
BVI 575	Business Venture Investments No. 575 (Pty) Limited
BVI 967	Business Venture Investments No. 967 (Pty) Limited
Carentan	Carentan Investments (Pty) Limited
Carnival City Casino	Afrisun Gauteng (Pty) Limited
CIPC	Companies and Intellectual Property Commission
Companies Act	Companies Act No. 71 of 2008, as amended
CSDP	Central Securities Depository Participant
CSI	Corporate Social Investment
CTICC	Cape Town International Convention Centre (Pty) Limited
Depfin	Depfin Investments (Pty) Limited
Dolcoast	Dolcoast Investments Limited
EPS	Earnings per share
Gauteng Manco	Gauteng Manco (Pty) Limited
GGR	Gross gaming revenue
Golden Valley or Worcester Casino	Worcester Casino (Pty) Limited
GPI	Grand Parade Investments Limited
GPIMS	GPI Management Services (Pty) Limited
GPI Slots	GPI Slots (Pty) Limited
GPSIT	Grand Parade Share Incentive Trust
Grand Gaming	Thuo Gaming Gauteng (Pty) Limited
Grand Lifestyles	Grand Lifestyles (Pty) Limited
Grandslots	Thuo Gaming Western Cape (Pty) Limited
GrandWest Casino	GrandWest Casino and Entertainment World
Grindrod Bank	Grindrod Bank Limited
Grand World Vision Events	Grand World Vision Events (Pty) Limited
IFRS	International Financial Reporting Standards
JSE	JSE Limited
King III	King III Report on Corporate Governance
Kingdomslots	Thuo Gaming KwaZulu-Natal (Pty) Limited
LPM	Limited Payout Slot Machine
MOI	Memorandum of incorporation
Nadesons	Nadesons Consulting Services (Pty) Limited
National Manco	National Casino Resort Manco (Pty) Limited
NRGP	National Responsible Gambling Programme
Playmeter	Playmeter Leisure Services (Pty) Limited
PPP	Profit, people and planet
Proman	Proman Project Management (Pty) Limited
RAH	Real Africa Holdings Limited
Sanlam	Sanlam Capital Markets Limited
Sibaya Casino	Afrisun KZN (Pty) Limited
Slots Solutions	Slots Solutions (Pty) Limited
SPV Trust	The Grand Parade Investments Special Purpose Vehicle Trust
Standard Bank	Standard Bank of South Africa Limited
STC	Secondary tax on companies
Stripe	Stripe Investments 7 (Pty) Limited
Sun International	Sun International Limited
SunWest	SunWest International (Pty) Limited
TGCSI	Thuo Gaming Corporate Social Investment Company (Section 21)
The Board	The Board of Directors of Grand Parade Investments Limited
Thuo SA	Thuo Gaming South Africa (Pty) Limited
Utish	Utish Investments (Pty) Limited
WACC	Weighted Average Cost of Capital
WCGRB	Western Cape Gambling and Racing Board
Western Cape Manco	Western Cape Casino Resort Manco (Pty) Limited
Wild Rush	Wild Rush Trading 97 (Pty) Limited