



**GRAND PARADE**

INVESTMENTS LIMITED

# investing in change





Grand Parade Investments Limited (GPI) vision is to become a major and respected force in the gaming, tourism and leisure industry in Africa, through focusing on investments in this sector and the development of operational and management skills of the highest quality.

In doing so we will further black economic empowerment (BEE) in a genuinely meaningful way, by being as inclusive as possible, offering a platform for ordinary people to enter the corporate environment in a sustainable and responsible manner, and fostering crucial human capacity and skills.

The philosophy of empowerment is to create corrective action to allow people to graduate from an abnormal environment, to an equitable one, thereby embracing all stakeholders.

To fulfil this promise to its many stakeholders, GPI will conduct its affairs in line with business best-practice, uphold the highest legal, ethical and moral standards, and engage the best managerial and operational resources available.

It is through our solid investment now, in the finest people and assets, that GPI's stakeholders will reap the highest rewards – both in financial and human terms.

### **Grand Parade Investments: Investing in Change**

Picture it; it is 1996 and six people are meeting on the 23<sup>rd</sup> floor of a central Cape Town office block to discuss the establishment of an empowerment Group representing the diversity of marginalised communities in the Western Cape, which will invest in the tourism, leisure and gaming industry.

One of the group, Hassen Adams, calls their attention to the vista of the city beneath, punctuated by the Grand Parade and iconic facade of the Victorian-era City Hall lying beneath Table Mountain.

They are reminded that the Grand Parade is the soul of the Mother City, the place where all the communities of Cape Town have always met to trade, debate, protest, celebrate, parade and entertain. For centuries kings and peddlers, princes and evangelists, presidents and prime ministers have come here to meet the people. It is the first place where Nelson Mandela addressed his fellow South Africans as a free man in February 1990, after being imprisoned for 27 years for his beliefs.

The Grand Parade is symbolic of the heritage of Cape Town, South Africa's most cosmopolitan city, its culture shaped by the rich tapestry of its people and their history.

In a second, the name of the new Company is decided upon, because GPI is not to be a vehicle for window-dressing or elitism. The ownership will be initiated by the people of the Mother City and its surrounding rural areas.

And adjacent to the Grand Parade stands the famous clock and bell tower of the City Hall in Bath sandstone, its bells named after famous battles of World War I as a permanent memorial to the sacrifice and service of Capetonians of all races. This iconic structure will be the emblem of GPI.

This moment was the start of what has been the most remarkable broad-based black economic empowerment (BBBEE) journey that South Africa has yet witnessed. In the little more than 10 years hence, GPI has grown from that humble beginning into a powerhouse in the South African tourism, leisure and gaming industry, with assets worth billions of rands, a landmark listing on the JSE Limited (JSE), and the rest of Africa in its sights.

GPI's beneficiaries are mainly thousands of ordinary shareholders from the marginalised communities in Cape Town's historically disadvantaged areas, who a few months later bought into the GPI dream and committed their hard-earned savings – money that meant GPI could bring capital, and not just promises, to the negotiating table when it made its first foray into the business world. These are the two things that have set GPI apart from all other BBBEE initiatives: its truly broad-based shareholding, and the fact that it existed more than just on paper when it was launched.

These shareholders were painstakingly recruited, one by one, and at small community meetings by the original seven consortia that made up GPI. Each one was persuaded that this was a risk worth taking; that one day they would reap handsome benefits for daring to dream way beyond their garden gates. It did not take long. Within a few years they were already receiving dividends.

GPI's first triumph remains the centrepiece in the Company crown – its successful application as part of the SunWest International Pty Limited (SunWest) consortium for the Cape Metropole casino licence, which was awarded in 1999. SunWest built the GrandWest Casino & Entertainment World (Grandwest) in Goodwood, which has since established itself as a top-performing casino complex in South Africa. It is

appropriate to GPI's heritage that GrandWest was constructed in what was one of Cape Town's more economically depressed areas, instead of one of the city's more fashionable business districts.

SunWest also wholly-owns the luxury Table Bay Hotel in the Victoria & Alfred Waterfront, which opened in 1997, and is a shareholder in the very successful Cape Town International Convention Centre (CTICC), which was conceived as part of the original SunWest casino licence bid and firmly links the Victoria & Alfred Waterfront with Cape Town's rejuvenated Foreshore area.

GPI's footprint now extends far beyond SunWest, in which it now holds an interest many times the size of its initial stake. Within the gaming sector it now owns equity in Golden Valley and the Sibaya Casino and Entertainment Kingdom North of Durban. Furthermore it now not only owns, but operates Limited Payout Machine (LPM) routes in the Western Cape, Gauteng, KwaZulu-Natal and Mpumalanga and in addition thereto proudly owns and operates BURGER KING ® in South Africa, the world's second biggest Fast Food Hamburger Restaurant brand in the world.

So much has already been achieved by GPI, yet much more lies ahead for it and its truly empowered Western Cape and national investors. Little more than a decade after that first, historic meeting in central Cape Town, the GPI journey has only just begun...





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We have built an iconic head office in Heerengracht Street by refurbishing an old building and this has now become our landmark – Hassen Adams

## INTRODUCING THIS REPORT

The 2013 Integrated Annual Report (IAR) builds on the enhanced disclosures contained in our previous IAR and as required by the King Code of Governance Principles for South Africa (King III).

In addition to the above, and as permitted by the Companies Act No. 71 of 2008, (Companies Act), this report includes summarized annual financial statements (AFS). The full IAR and full AFS is available via our website ([www.grandparade.co.za](http://www.grandparade.co.za)). The aim of our integrated approach to reporting is to enable investors, potential investors and other stakeholders, including Government, communities and our employees, to make an informed assessment of the value GPI creates in society as well as its long-term sustainability.

In light of the recent changes in the Companies Act and in keeping with our methodology of containing costs, GPI is implementing an electronic shareholder communication programme. We have embarked on a process of minimising the number of IAR copies we print.

### THE BENEFITS OF E-COMMUNICATION ARE:

- Environmentally friendly;
- Cost savings on the printing and delivery of documents; and
- Access to reports and results on the Company's website when you need them.

To assist us in our efforts to reduce consumption of natural resources, and our commitment to the environment, we encourage you to register for electronic communications, as we believe it provides a faster and more efficient way for you to receive Company correspondence. In future all shareholder communication will be electronic, unless otherwise requested.

We have sent sms's and emails to all shareholders whom we have details for on our database advising them of our initiative of changing to e communication only. Should you not have received this communication do not hesitate to contact our offices during office hours to update your details and advise us of your preference.

### SCOPE AND BOUNDARIES OF THE REPORT

The IAR for the year ended June 2013 covers GPI and all its subsidiaries, its investments in GrandWest, Worcester Casino (Pty) Ltd (Golden Valley or Worcester Casino) and Afrisun KZN (Pty) Ltd (Sibaya Casino) as well as our Slots Group, held through GPI Slots (Pty) Ltd (GPI Slots). The initial details of our investment into BURGER KING® and its results are also discussed while the IAR divulges some of the detail surrounding our new LPM licences in Gauteng and Mpumalanga. It furthermore discloses the results of the property investments for the first time.

The issues reported on in our IAR have been identified through an internal process of engagement with executive management across the business. This is aimed to determine what would substantively influence the sustainability of GPI, and the assessments and decisions of our stakeholders. The reporting complies with International Financial Reporting Standards (IFRS), the Companies Act and the JSE Listings Requirements; while management has also considered the reporting guidelines of the Integrated Reporting Committee (IRC) of South Africa.

### EXTERNAL ASSURANCE

The Group's external auditors Ernst & Young Inc. (EY) has provided assurance on the AFS, as confirmed in the Independent Auditor's Report. The Group has not sought external verification of the content of the IAR.

### FORWARD-LOOKING STATEMENTS

This IAR contains certain forward-looking statements which relate to the financial position and results of the operations of the Group. These statements, by their nature, involve risk and uncertainty, as they relate to events and depend on circumstances that may occur in the future.

Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national economic conditions, interest rates, exchange rates and regulatory delays or challenges. The forward-looking statements have not been reviewed or reported on by the Group's external auditors.

### APPROVAL OF THE INTEGRATED ANNUAL REPORT

The Board acknowledges its responsibility to ensure the integrity of the IAR. The Directors confirm they have collectively assessed the content of the IAR and believe it addresses the material issues and is a fair representation of the integrated performance of the Group. The Board has therefore approved the 2013 IAR for release to stakeholders.

**Hassen Adams**  
Executive Chairman  
17 September 2013

**Alan Keet**  
Chief Executive Officer  
17 September 2013

# Our Vision and Values

## OUR VISION

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

## OUR VALUES

GPI is committed to promoting 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 a way as possible.

We conduct business in line with best business practice.

We strive to uphold the highest ethical and moral standards.

We invest in the finest people and promote personal growth.

Full annual financial statements are available online

[www.grandparade.co.za](http://www.grandparade.co.za)





# Six-Year Financial Review

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	Note	2013 R'000s	Restated 2012 R'000s	Restated 2011 R'000s	2010 R'000s	2009 R'000s	2008 R'000s
<b>Revenue</b>		<b>489 353</b>	430 651	324 782	6 329	6 733	11 971
Cost of sales		<b>(276 622)</b>	(231 248)	(184 343)	–	–	–
Gross profit		<b>212 731</b>	199 403	140 439	6 329	6 733	11 971
Operating costs		<b>(142 039)</b>	(107 599)	(88 529)	(26 479)	(13 189)	(14 131)
<b>Profit from equity-accounted investments</b>		<b>114 672</b>	131 072	119 566	117 628	130 492	60 176
– Profit from jointly-controlled entities		<b>110 460</b>	126 860	88 643	82 200	97 600	49 933
– Profit from associates		<b>4 212</b>	4 212	30 923	35 428	32 893	10 243
Remeasurement of investment		–	–	–	42 488	–	–
Realisation of fair value reserve		–	35 588	–	–	–	–
Negative goodwill		–	–	–	–	80 623	784 087
Profit on sale of investments		–	60 248	151	–	–	–
Depreciation and amortisation		<b>(36 130)</b>	(38 610)	(36 010)	(479)	–	–
Reversal of impairments		–	336	15 000	–	–	–
Impairment of investments		–	–	(128 485)	(3 860)	–	(92 132)
Impairment of plant and equipment		<b>(316)</b>	–	–	–	–	–
<b>Net income before finance costs and taxation</b>		<b>148 918</b>	280 438	22 132	135 627	204 659	749 971
Finance income	1	<b>6 216</b>	6 797	3 405	–	–	–
Finance costs		<b>(14 603)</b>	(24 225)	(32 916)	(29 835)	(31 939)	(8 934)
<b>Net profit before taxation</b>		<b>140 531</b>	263 010	(7 379)	105 792	172 720	741 037
Taxation		<b>(10 955)</b>	(11 598)	(15 292)	(1 084)	(1 000)	(2 454)
<b>Profit for the year</b>		<b>129 576</b>	251 412	(22 671)	104 708	171 720	738 583
Attributable to ordinary shareholders		<b>131 533</b>	251 412	(22 671)	104 708	171 720	738 583
Headline earnings		<b>132 497</b>	163 637	88 694	70 226	96 473	84 763
Adjusted headline earnings		<b>142 474</b>	136 530	102 496	87 596	96 516	84 763

1 Finance reclassification note:

Finance income of R5.016 million in respect of the prior year has been reallocated from revenue to finance income during the year on the face of the statement of comprehensive income. As a result of this reallocation, the comparative figures have been restated. Management believes that as finance income is not one of its main sources of revenue, it should not form part of revenue and has therefore disclosed it as finance income. This reclassification has no effect on net earnings.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June

	2013 R'000s	2012 R'000s	2011 R'000s	2010 R'000s	2009 R'000s	2008 R'000s
Non-current assets	1 529 714	1 406 521	1 631 715	2 156 126	1 876 394	1 700 266
Non-current assets held-for-sale	–	–	451 000	–	–	–
Current assets	471 033	461 805	112 179	122 352	79 363	90 216
<b>Total assets</b>	<b>2 000 747</b>	<b>1 868 326</b>	<b>2 194 894</b>	<b>2 278 478</b>	<b>1 955 757</b>	<b>1 790 482</b>
Shareholders' interest	1 655 497	1 617 477	1 756 792	1 767 402	1 639 715	1 572 534
Non-controlling interest	(1 957)	–	–	4 978	–	–
Non-current liabilities						
– Provisions	768	173	126	94	–	–
– Finance lease liabilities	244	1 134	1 500	–	–	–
– Deferred tax liabilities	12 107	11 525	23 618	17 112	2 384	2 851
– Interest-bearing borrowings	83 436	36 000	88 000	108 058	–	–
– Cumulative redeemable preference shares	132 424	101 670	193 157	256 961	285 124	201 398
Current liabilities	118 228	100 347	131 701	123 873	28 534	13 699
<b>Total equity and liabilities</b>	<b>2 000 747</b>	<b>1 868 326</b>	<b>2 194 894</b>	<b>2 278 478</b>	<b>1 955 757</b>	<b>1 790 482</b>

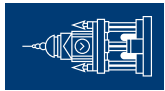
**SHARE STATISTICS**

	2013	2012	2011	2010	2009	2008
Shares in issue at year end (before deducting treasury shares) (000's)	460 680	460 680	470 459	462 331	449 581	469 028
Adjusted shares in issue (after deducting treasury shares)* (000's)	459 648	459 510	468 239	456 511	443 761	469 028
Weighted average number of shares in issue (000's)	460 680	469 195	463 757	454 507	462 033	365 766
Adjusted weighted average number of shares in issue (000's)	459 623	467 166,0	457 937	448 687	462 033	365 766
Basic and diluted (earnings)/loss per share (cents)	28.55	53.58	(4.89)	23.04	37.17	200.98
Headline and diluted headline earnings per share (cents)	28.76	34.88	19.13	15.45	20.88	23.17
Adjusted and diluted adjusted headline earnings per share* (cents)	31.00	29.23	22.38	19.52	20.89	23.17
Ordinary dividend per share** (cents)	15.00	12.50	10.00	7.50	7.50	10.00
Special dividend per share ** (cents)	–	7.50	60.00	–	–	–
Tangible net asset value per share (cents)	320	312	347	351	365	335
Adjusted tangible net asset value per share (cents)	321	314	349	356	370	335
Net asset value per share (cents)	359	351	373	383	365	335
Adjusted net asset value per share (cents)	360	352	375	388	3700	335
Opening price (cents)	245	300	235	230	220	380
Closing price (cents)	360	255	305	220	225	400
Closing high for the period (cents)	375	320	335	235	225	400
Closing low for the period (cents)	245	230	200	220	220	375
Dividend yield#	3.39	3.19	2.46	3.41	4.44	–
PE ratio#	11.31	11.44	16.80	11.46	10.01	–

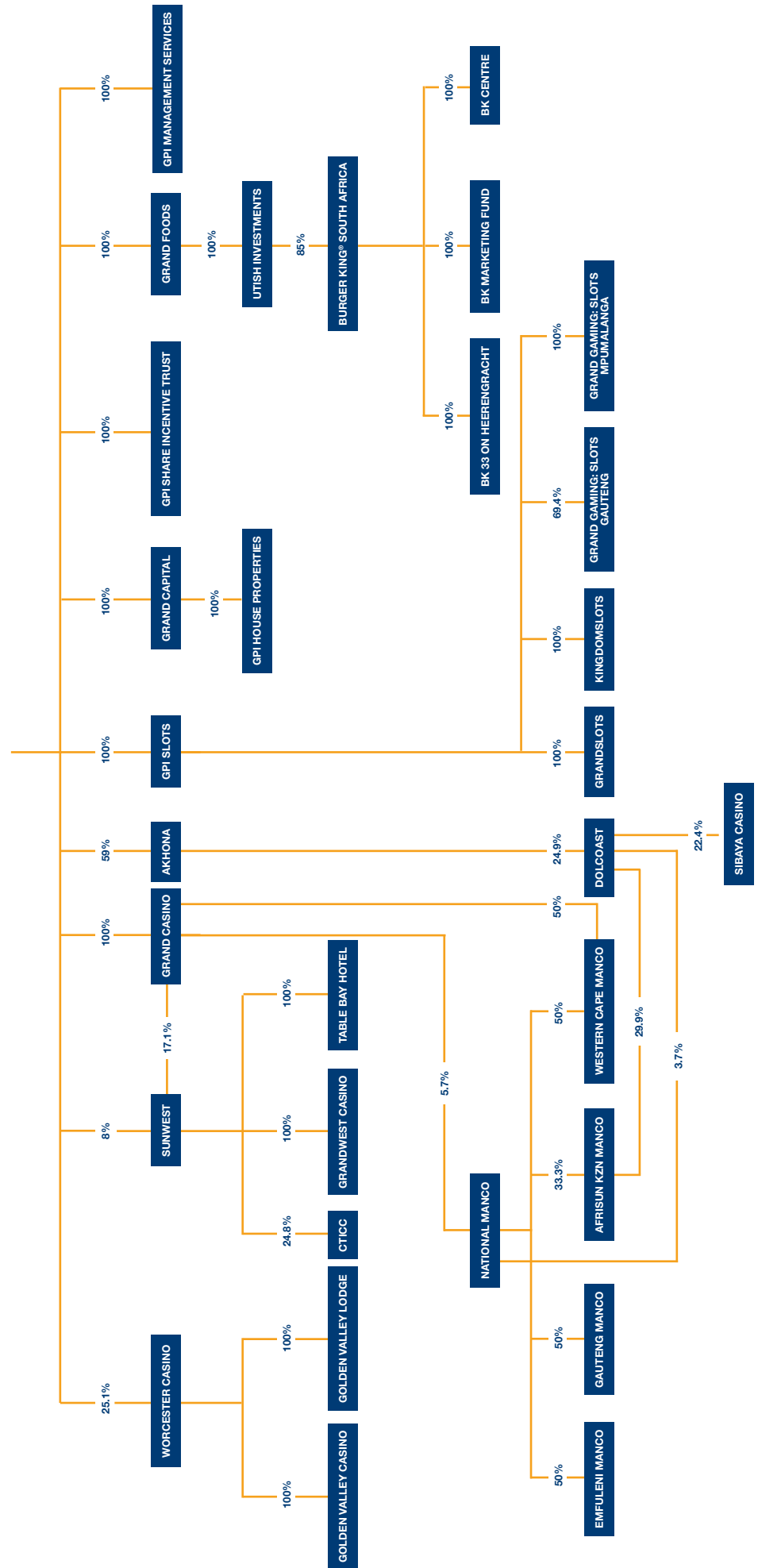
\* The consolidation of the Employee Share Incentive Trust (GPSIT) is reversed as the Group does not receive the economic benefits of the Trust.

\*\* Dividends declared in respect of the year end.

# Information extracted from McGregor BFA reports.



**GRAND PARADE**  
INVESTMENTS LIMITED



*Note: Certain non-trading subsidiaries have been excluded from the Group structure.*



# GPI Group Structure

## SUBSIDIARIES



### GRAND CASINO INVESTMENTS (PTY) LTD

Grand Casino Investments (Pty) Ltd (Grand Casino), formerly Business Venture Investments No 575 (Pty) Ltd is a wholly-owned special purpose vehicle established to obtain preference share funding. It holds a 17.1% stake in SunWest International (Pty) Ltd (SunWest) and 5.7% stake in National Casino Resort Manco (Pty) Ltd (National Manco).



### GPI MANAGEMENT SERVICES (PTY) LTD

GPI Management Services (Pty) Ltd (GPIMS) is a wholly-owned subsidiary of Grand Parade Investments Ltd (GPI) established to perform management services to the Group.



### GPI SLOTS (PTY) LTD

GPI Slots (Pty) Ltd (GPI Slots) is a wholly-owned subsidiary and holding company of the LPM operating entities.



### GRAND GAMING WESTERN CAPE (PTY) LTD TRADING AS GRANDSLOTS

Grandslots is a wholly-owned subsidiary of GPI Slots and a licenced LPM route operator in the Western Cape.



### GRAND GAMING KWAZULU-NATAL (PTY) LTD TRADING AS KINGDOMSLOTS

Kingdomslots is a wholly-owned subsidiary of GPI Slots and a licenced LPM route operator in KwaZulu-Natal.



### GRAND GAMING GAUTENG (PTY) LTD TRADING AS GRAND GAMING: SLOTS

Grand Gaming: Slots – Gauteng is wholly-owned subsidiary of GPI Slots and a licenced LPM route operator in Gauteng.



### GRAND GAMING MPUMALANGA (PTY) LTD TRADING AS GRAND GAMING: SLOTS

Grand Gaming: Slots – Mpumalanga is a wholly-owned subsidiary of GPI Slots and a licenced LPM route operator in Mpumalanga.

### GRAND FOODS (PTY) LTD

Grand Foods (Pty) Ltd (Grand Foods) is a wholly-owned subsidiary and holding company of Utish Investments (Pty) Ltd (Utish).



### UTISH INVESTMENTS (PTY) LTD

Utish is a wholly-owned subsidiary of Grand Foods and holding company of Burger King South Africa (Pty) Ltd (BKSA).



### BURGER KING SOUTH AFRICA (PTY) LTD

BKSA is the holder of the Master Franchise rights to operate BURGER KING® in Southern Africa.



### BK 33 ON HEERENGRACHT (PTY) LTD

BK 33 On Heerengracht (Pty) Ltd (BK 33) is a wholly-owned subsidiary of BKSA and the first BURGER KING® store which opened on 9 May 2013 at 33 On Heerengracht.



### BK MARKETING FUND (PTY) LTD

BK Marketing Fund (Pty) Ltd (BK Marketing) is a wholly-owned subsidiary of BKSA in terms of BURGER KING® Corporation Standards. The Company manages marketing contributions by BURGER KING® franchisees.



### BK GRAND (PTY) LTD AND BK WEST COAST (PTY) LTD

BK Grand (Pty) Ltd and BK West Coast (Pty) Ltd (BK Dormants) are wholly-owned dormant subsidiaries of BKSA and will be utilised for purposes of future BKSA franchisees.



### BK CENTRE (PTY) LTD

BK Centre (Pty) Ltd (BK Centre) is a wholly-owned subsidiary of BKSA and includes BURGER KING® stores operating at Tygervally Shopping Centre and Cavendish Square which opened on 4 and 30 July 2013, respectively.



### GRAND CAPITAL INVESTMENT HOLDING (PTY) LTD

Grand Capital Investment Holding (Pty) Ltd (Grand Capital) is a wholly-owned subsidiary of GPI and is the holding company of GPI House Properties (Pty) Ltd (GPI House) and Grand Merkur (Pty) Ltd (Grand Merkur).



### GPI HOUSE PROPERTIES (PTY) LTD

GPI House is a wholly-owned subsidiary of Grand Capital and owner of the Group's properties.



### GRAND MERKUR (PTY) LTD

Grand Merkur is a wholly-owned subsidiary of Grand Capital and the entity earmarked for the manufacturing of gaming machines. This entity did not operate during the year.



### GRAND LIFESTYLES (PTY) LTD

Grand Lifestyles (Pty) Ltd (Grand Lifestyles) is a wholly-owned subsidiary of GPI and is to be used for future ventures. This entity did not operate during the year.



### GRAND SPORT (PTY) LTD

Grand Sport (Pty) Ltd (Grand Sport) is a wholly-owned subsidiary of GPI which will trade as a sports betting and wagering operator. This entity did not operate during the year.



### GRAND ONLINE (PTY) LTD

Grand Online (Pty) Ltd (Grand Online) is a wholly-owned subsidiary of GPI and has been formed for future ventures. This entity did not operate during the year.

## JOINTLY CONTROLLED ENTITIES



### SUNWEST INTERNATIONAL (PTY) LTD

SunWest owns 100% of the GrandWest Casino and Entertainment World (GrandWest) and the Table Bay Hotel (Table Bay) and has a 24.75% stake in the Cape Town International Convention Centre (Pty) Ltd (CTICC).



### GRANDWEST CASINO AND ENTERTAINMENT WORLD®

GrandWest is a division of SunWest.



### THE TABLE BAY HOTEL

The Table Bay Hotel is a division of SunWest.



### WORCESTER CASINO (PTY) LTD TRADING AS GOLDEN VALLEY CASINO

Golden Valley Casino is a division of Golden Valley Lodge.

## ASSOCIATES



### AKHONA GAMING PORTFOLIO INVESTMENTS (PTY) LTD

GPI holds a 59% economic interest in Akhona Gaming Portfolio Investments (Pty) Ltd (Akhona GPI). Akhona GPI owns 24.9% interest in Dolcoast Investments (Pty) Ltd (Dolcoast) which in turn owns a 22.4% stake in Sibaya Casino.



### AFRISUN KZN (PTY) LTD

### TRADING AS SIBAYA CASINO

GPI, through its investment in Akhona GPI, owns an indirect stake of 3.3% in Sibaya Casino.

# From the Executive Chairman's Desk

With the implementation of our growth plan, our prospects for the next five years are well-defined and give us an opportunity to establish targets driven by Key Performance Indicators (KPIs). We are confident that our existing and newly-acquired businesses will drive GPI to new heights.



The announcement of GPI's acquisition of BURGER KING® Southern Africa spiked our market capitalisation by R650 million



## HISTORY

Exactly 10 years ago GPI went on a community drive to raise R28 million from thousands of shareholders throughout the Western Cape. I still remember the road shows which started at the Cape Town City Hall (which is now represented in the symbolic logo of GPI) to the various civic halls throughout the Western Cape.

We have shown on the inside spread page B and our website, the two pertinent pages of the original prospectus. This document formed the foundation of the initial capital raised by GPI. As meager as this amount raised may seem today, it certainly brings back nostalgic memories.

GPI has shown its determination over the years to showcase BBBEE in its true form. Through the support of its shareholders and the incredible journey management has mapped out over the years, GPI has demonstrated its prowess in the gaming and leisure sector to be amongst the best in the country. In 2012 GPI created a war-chest through the sale of some of its assets to Sun International Limited (Sun International), which also resulted in a substantial dividend payout to shareholders. At last year's Annual General Meeting (AGM) the shareholders gave a clear mandate to the Board of Directors and management to use much of this war-chest to invest in growth.

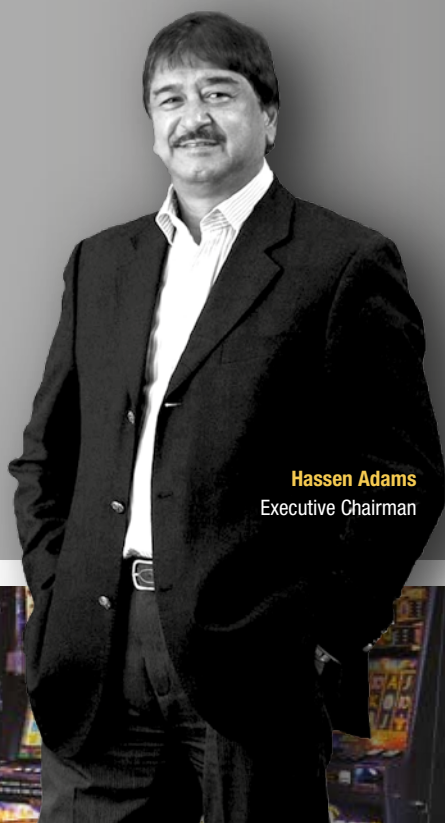
In 2011, despite the global recession, GPI embarked upon adopting a policy of sustainability and growth. GPI continued to seek opportunities by leveraging its strong financial position whilst maintaining its promise of being a dividend-active Company. GPI was now on the move. In 2012, the Company focused on growing the business by challenging new frontiers and entrenching a philosophy of investing in people to ensure that the execution of these new ventures is well managed

through our in-house capabilities. We had said that people must enjoy their working environment and our "people-first" approach will create stability, job satisfaction, dedication and commitment. This will drive new innovation, which will put our businesses ahead of the game.

## NEW FRONTIERS

With the intention to establish a Company with its roots in Cape Town, it was important to demonstrate GPI's commitment to the landscape of Cape Town. We have built an iconic head office in Heerengracht Street by refurbishing an old building and this has now become our landmark. The building was designed by local professionals and built in an environmentally positive way by local labour and through recycling methodologies, ensuring that the building complies with all aspects of sustainability. It was also important that the building would be people-friendly and that the accommodation for employees would be designed in such a manner that it would meet their needs. We, are very proud of our new home, 33 On Heerengracht, Heerengracht Street, Cape Town. GPI has also established its footprint in Gauteng by also acquiring new premises which will house its slots and food businesses.

Our previous IAR hailed our intention to enter the food and beverage market. This has been spearheaded through our acquisition of the BURGER KING® Master Franchise for sub-Saharan Africa. BURGER KING® is the second biggest Fast Food Hamburger Restaurant brand in the world. The announcement of GPI's acquisition of BURGER KING® Southern Africa spiked our market capitalisation by R650 million and we successfully launched BURGER KING® on 9 May 2013 in Heerengracht Street Cape Town. The launch was an incredible success with long queues of people waiting to order burgers. We have since launched the second outlet



**Hassen Adams**  
Executive Chairman

at Tygervally Shopping Centre, which has also been a huge success. As well as our third store in Cavendish Square, Cape Town. We will continue to roll-out BURGER KING® outlets throughout the country over the next year and hope to establish a substantial footprint of BURGER KING® stores throughout sub-Saharan Africa.

On the gaming side we were successful in acquiring new licences in Gauteng and Mpumalanga, which will increase our number of licenced machines to 6 000 slots and we will continue to pursue licences in other provinces. We are also looking at Bingo opportunities and have registered our intention to participate in the tender process for the new Lottery licence in 2014. We were recently granted a Sports Betting licence by the Western Cape Gambling and Racing Board (WCGRB). On the machine manufacturing side, we have started with the process and hope to roll-out the first machines during the current calendar year. To cement our relationship and show our intentions, we have acquired the factory in Atlantis that houses Tellumat, our manufacturing partner, in the assembly of these machines.

#### **FUTURE**

With the implementation of our growth plan, our prospects for the next five years is well defined and gives us an opportunity to establish targets driven by Key Performance Indicators (KPIs). We are confident that our existing and newly acquired businesses will drive GPI to new heights.

In closing, I would like to express my sincere appreciation to the Board of Directors, management, employees and consultants for their support and tireless efforts throughout the year. I thank you all for making this stage of our journey in GPI a successful one.

**Hassen Adams**

Executive Chairman

17 September 2013





# Chief Executive Officer's Statement

We are a leading player in the Gaming, Hotel and Leisure industries



The next 12 months will see us focus on consolidating our position in the Gaming and QSR arena.



## INTRODUCTION

Those of you that attended our AGM in December may recall that I said that 2013 would prove to be a very exciting year. GPI has had a watershed year, where I can say that we graduated from being a passive industry player to a serious contender in both the Gaming and Quick Service Restaurants (QSR) businesses. In a very busy year, it was important that we focused on the deals that would transform us and accelerate our strategy in the Gaming and QSR space. We think we have done that and can now consolidate our positions in both these arenas.

## STRATEGY

We are a leading player in the Tourism, Gaming and Leisure industries. GPI has its roots in being an investment holding Company and we do not necessarily want to be too prescriptive with management teams that are well-versed in how to run their own businesses, but we will always be very involved in extracting the best out of these assets. Our existing Casino assets at Grandwest, Golden Valley and Sibaya Casino, have schooled us in how to do just that and we now have some of the best-performing Casino's in the country in our stable.

Our Slots Group has matured to a point where it is self-sustaining and our various brands continue to dominate their respective markets. The development of our machine manufacturing capability has taken longer than expected due to red tape and, as a result, the effects of these cost savings will only be felt in future years. We have been selective in acquiring new route operator licences and believe these licences will flourish under our management and enhance our earnings from the outset. The newly acquired Zimele Slots (Pty) Ltd (Zimele) and Bohwa 1 Gaming (Pty) Ltd (Hot Slots) licences are very exciting

as the two regions have huge potential. These acquisitions will add significantly to our results in future and there are several synergies that we will explore as soon as we have operational control of these assets. We continue to lobby for the approval of further licences, increased bet and win limits and further Type B licences. All these little victories will improve our bottom line, as they come with no significant further costs.

There have been several developments in the other gaming sectors of lottery, online gaming, sports betting and the like. We have registered our intention to bid for the Lottery licence and continue to monitor the online gaming environment as we would like to be involved in the full suite of gaming offerings. With our expertise and BEE credentials we are well-placed to take full advantage should an opportunity arise.

BURGER KING® is an amazing first investment into the QSR market. We have learned a great deal from this process and think we could now use these skills to not only expand the BURGER KING® brand quicker than initially envisaged, but also to look at the natural progression of further QSR brands and the vertical integration of the supply chain, that is so well established in this industry. We have spent a significant part of our year developing and securing these relationships for further involvement when appropriate.

We have also started acquiring properties in which our own businesses operate. This is clearly an intention to control our occupancy costs in future, but with the expertise we have in-house, and at our disposal, this could also lay the foundation for further acquisitions in this sector.

## RISKS

On the back of all the excitement of the last year, we have had to be very cognisant of the risks associated with the growth we have shown. Our sustainability is managed through a



**Alan Keet**  
Chief Executive Officer



**Slots Group revenues increased by 17.1% for the year to R463.3 million.**



risk management process where regular meetings relating to risk are held and risks are highlighted from the bottom up, thereby ensuring that all employees and management are aware of these pitfalls and they are monitored and addressed accordingly. Our assets are heavily focused on the ability of the consumer to spend, but we have found the gaming industry to be particularly resilient and our selection of business partners has ensured that we have the best skills available and can still extract good results even during economically challenging times.

#### **PERFORMANCE/TARGETS**

GPI is clearly in a growth phase. During such a phase, significant resources are invested in assets, people and infrastructure, in anticipation of the demand that growth has on capacity. Despite the effects of these growth-related expenses, we have shown a pleasing, yet moderate, increase of 6.1% in our adjusted headline earnings per share (HEPS). This achievement was underpinned by the superb jump in revenue of 17.1% in our Slots Group.

#### **Casino's**

- Grandwest, held through our investment in SunWest, has again proven to be the stalwart in Sun International's stable by delivering annual revenues in excess of R1,8 billion. The EBITDA % of 42.2% maintained by the casino is market-leading and this translates into a healthy quarterly dividend to ourselves. This improved dividend flow has afforded us the opportunity to grow GPI whilst we still have sufficient cash resources to remain dividend – active.
- Golden Valley struggled with some social unrest during the first half of the year, yet has managed to keep earnings

flat for the year. The casino is well-managed and this temporary setback has helped focus management on the need to be very aware of costs and how to drive more customers through its doors.

- The purchase of our effective stake of 5.6% in Sibaya Casino, held through Akhona GPI, is still subject to one final condition precedent. This asset continues to deliver very encouraging results and dividends.

#### **LPMs**

- Slots Group revenues increased by 17.1% for the year to R463.3 million. This was achieved despite any growth in Gauteng. The Gauteng Gambling Board has now been reconstituted and have sprung into action to release the back log by approving some 127 machines since July for Grand Gaming: Slots. This is terrific news and we expect great things from this region in 2014. The Slots Operations revenues will grow substantially and we expect that to translate into good earnings, despite the Capex required to launch new sites. The Slots Group has previously been funded by GPI and we have decided to restructure it so that it can be self-sufficient in terms of gearing. This not only frees up capital for GPI to allocate to other opportunities, but also keeps management aligned to the Group's expectations in terms of profitability, cash flow and gearing. Both Grandslots and Kingdomslots remain the market leaders in their provinces at 56.1% and 40.1% respectively. I have no doubt that Grand Gaming: Slots will be the market leader in Gauteng within the next 12 months and, as soon as we get Hot Slots operating to our standards, we will dominate that region.



**BURGER KING® has surpassed all expectations with regards to hype and interest.**



- Having secured licences in four of the nine provinces, we have earmarked two more where we believe we can successfully operate in and that can assist us in achieving our now, short-term goal, of 7 500 machines.

#### **Grand Foods/BURGER KING®**

- BURGER KING® has surpassed all expectations with regards to hype and interest. That was the easy part. We are very pleased with the revenues generated in the short period that it traded in the financial year. These trends have continued and have also been experienced at their second store in Tyger Valley and third store in Cavendish Square in Claremont, which opened at the beginning and end of July 2013 respectively. The management at BURGER KING® have had some challenges regarding supply which affected their margins, but all these were expected and managed. The team have progressed amazingly well since the announcement of this acquisition and I have every confidence that they will get to their desired margins within an acceptable time frame. The association with Sasol will see the brand springing-up all over the country sooner than we expected and this growth has given us several opportunities around BURGER KING®. The next 12 months will see the first meaningful contribution to our figures from BURGER KING® and we look forward to that immensely.

#### **Property**

- The year saw us make an investment into our Head Office in Cape Town. The building has been a sound financial investment but has also given the team at GPI a central rallying point and an iconic home to be proud of. We have also made some other opportunistic purchases, essentially to house certain of our own businesses or to cement

relationships that we have with partners. All these are acquired on the analysis as an investment so, although at this time we have no formal aspirations to be a property fund, it does lend itself to be the platform for further investments in this industry.

#### **FUTURE**

The next 12 months will see us focus on consolidating our position in the Gaming and QSR arena. We expect steady growth from all our Casino assets and hope to really drive the Slots Group to deliver the growth that we have become accustomed to. The team at BURGER KING® have set heady goals for themselves and we will provide the necessary assistance and resources for them to achieve them. We believe there are opportunities to grow the business in the short term and we will look at these in the year ahead. The GPI brand has been elevated to a point where there is a lot of interest in us from an investor and business partner point of view, but we are very careful to grow the business at a rate that we are comfortable with and that will benefit all our stakeholders.

#### **MANAGEMENT AND EMPLOYEES**

We continued to invest in our personnel and demonstrate these initiatives on page 40. We have the core of a very formidable team managing all our assets and it is our intention to incentivise them appropriately within the next 12 months through a share incentive scheme. We have brought some key new skills in during the year, specifically in our IT division, as this will be central to the growth of much of our business. The Group now employs some 298 personnel as at 30 June 2013 and has created several



The year saw us make an investment into our Head Office in Cape Town. The building has been a sound financial investment but has also given the team at GPI a central rallying point and an iconic home to be proud of.



hundred other indirect jobs. We are very proud to be creating (and saving) jobs in South Africa and intend being recognised as an 'investor in people' in the new year.

#### **CONCLUSION**

As I said last year, 2013 was indeed the start of a new chapter in the history of GPI. We delivered on our promise to realise our true value and now we intend to grow the Company through sustainable, responsible decision-making and utilisation of our assets to their full potential. This is all possible through the continued support and involvement of our Chairman and Board, whom I would like to thank again, for their guidance and advice. In a year of much corporate activity, I have to record my sincere thanks to our various advisors, who have been magnificent in their dedication to our cause and their wisdom and expertise is much appreciated. Our employees have delivered on all our targets and, as management, we are very grateful. To my executive team, thanks very much for the effort you have put in during the year. Never a dull moment! I look forward to your continued support and commitment.

**Alan Keet**

Chief Executive Officer

17 September 2013

# Financial Director's Statement

Overall revenue increased by 13% compared to the previous year. Revenue consists primarily of GGR from our Slots Operations.

**Sukena Petersen**  
Financial Director

## HIGHLIGHTS

**17.1% increase  
in Slots  
Operations GGR**

**6.1% increase in  
adjusted HEPS**

## INTRODUCTION

This year has been an extremely exciting and interesting one in terms of achieving a number of our strategic objectives. We secured additional route operator licences in Mpumalanga and Gauteng, and opened the first BURGER KING® store in South Africa.

Net profit after tax decreased by 48.5% from R251.4 million to R129.6 million due to the prior year including a number of adjustments following our restructuring deal with Sun International. Adjusted HEPS increased by 6.1%, which is commendable given the issues with the delayed LPM roll-out in Gauteng and the costs incurred in setting up BURGER KING®.

The Slots Operation's gross gaming revenue (GGR) increased by 17.1% compared to the prior year, from R395.6 million to R463.3 million and our first BURGER KING® store achieved R4.9 million in food sales during its initial month-and-a-half of trade.

Dividends received from investments decreased from R26.9 million to R12.2 million due to the dividends received in the prior year from Real Africa Holdings Limited no longer being received in the current year, as this investment was sold as part of the restructuring with Sun International.

## ACCOUNTING POLICIES

The full AFS have been prepared in accordance with IFRS, the Companies Act and the JSE Listing requirements.

The Board of Directors approved the IAR including the AFS and the abridged AFS on 17 September 2013.

The accounting policies adopted and methods of computation used in the preparation of the AFS are in terms of IFRS and are

consistent with those of the AFS for the year ended 30 June 2012, except for the adoption of new or revised accounting standards and interpretations. For further information refer to accounting policy note 1.4 in the AFS.

## ABRIDGED ANNUAL FINANCIAL STATEMENTS

Abridged AFS have been included in this IAR. A full set of the AFS can be obtained and downloaded from our website ([www.grandparade.co.za](http://www.grandparade.co.za)).

## CASINO REVIEW

### SunWest

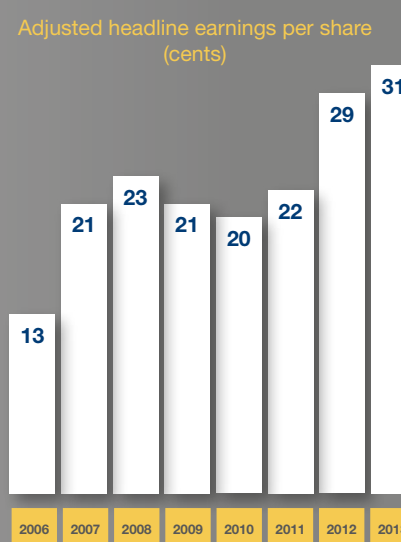
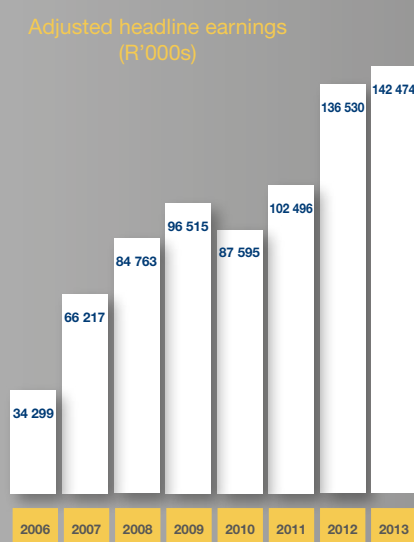
SunWest's attributable profit consists of profit from attributable earnings from GrandWest and the Table Bay Hotel. Overall SunWest's revenue increased by 6% from R1.9 billion to R2.1 billion with its attributable earnings increasing by 69.8% from R259.2 million to R440.1 million. The increase is mainly as a result of the prior year figures including the once off cancellation fee of R108.7 million, which was paid as part of the restructuring deal referred to in our 2012 IAR.

### GrandWest

GrandWest remains our prime asset. GrandWest's revenue increased by 4.9% from R1.8 billion to R1.9 billion resulting in its EBITDA increasing by 6.0% to R789.1 million. These increases have increased its profit after tax by 51.6% to R486.6 million. This increase is primarily due to the once off cancellation fee in the prior year.

### The Table Bay Hotel

Despite showing an operating profit of R2.2 million, Table Bay Hotel incurred a R46.5 million loss after tax for the year (2012: R61.8 million). The loss for the period is 24.7% lower than



Final ordinary dividend  
of 15 cents per share

First BURGER KING® store generated  
R5 million revenue in seven weeks of operation

the previous year. The Table Bay Hotel's revenue increased by 18.3% from R153.2 million to R181.2 million resulting in its EBITDA increasing by 210% to R21.8 million. Average room occupancy was to 53% (2012: 47.5%) with the average room rate amounting to R2 086 per night compared to R1 956 per night in the prior year. Management is continuously assessing ways of reducing the costs base.

#### Golden Valley

Golden Valley Casino's revenue remained flat whilst its EBITDA decreased by 14.2% to R28.5 million. This unit was negatively affected by the social unrest in the farming industry. Pleasingly this did not affect attributable earnings as this increased by 255.9% from R0.9 million loss to R1.4 million profit.

#### Akhona GPI

Through our investment in Akhona GPI we hold an indirect stake of 3.3% in Sibaya Casino.

We concluded a deal with our partners in Akhona GPI where we will acquire the remaining stake in Akhona GPI. This deal will give us a greater exposure of 5.6% to Sibaya Casino. We are awaiting the completion of the final condition which we expect by the end of October 2013.

#### GAMING OPERATIONS REVIEW

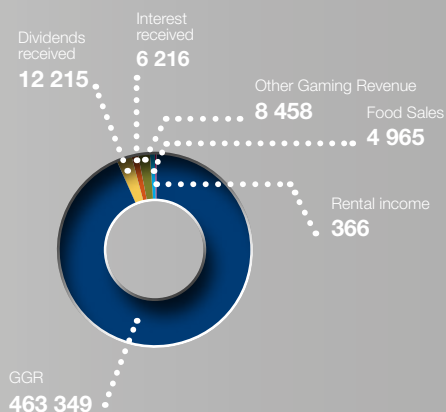
A detailed review of Slots Operations is available on page 16. The table below indicates the Groups market share compared to last year.

SLOTS OPERATIONS REVIEW	Grandslots			Kingdomslots			Grand Gaming: Slots		
	2013	2012	% change	2013	2012	% change	2013	2012	% change
Total provincial GGR (Rm)	500.9	439.3	14.0	356.6	288.2	23.7	250.2	183.7	36.2
Our GGR (Rm)	281.1	249.6	12.6	142.8	119.3	19.7	39.4	26.7	47.6
Our GGR market share (%)*	56.1	56.8	(1.2)	40.1	41.2	(2.7)	15.8	14.5	9.0
Total provincial active LPMs*	1 618	1 611	0.4	2 123	1 996	6.4	1 388	1 360	2.1
Our active LPMs*	854	873	(2.2)	836	708	18.1	229	203	12.8
Our active LPM market share (%)*	52.8	54.2	(2.6)	39.4	35.5	11.0	16.5	14.9	10.7
Our average GGR/p/mach/d (R)	889.1	767.7	15.8	496.5	465.7	6.6	465.0	409.4	13.6
Our active LPM sites*	192	194	(1.0)	179	151	18.5	40	43	(7.0)

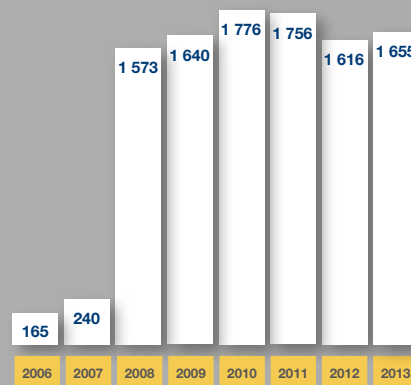
\* At 30 June



Revenue mix  
(R'000s)



Net asset value  
(R'000s)



GPI has a track record of paying dividends. The Board has proposed and declared a dividend of 15 cents per share.



#### FOODS REVIEW

As mentioned previously BURGER KING® generated R4.9 million in food sales during its short trading period since opening. The Group incurred R9.9 million in transaction fees prior to the opening of our first BURGER KING® store which consisted of legal, consulting and success fees. This amount has been added back as part of adjusted headline earnings. BURGER KING® margins remain tight due to the importation of the majority of product. All stores currently being opened are owner-operated stores. A head office infrastructure has also been put in place in order to support the roll-out of BURGER KING® stores. No debt has been incurred and the roll-out has been funded through available cash resources within the Group.

#### PROPERTY REVIEW

During the year the GPI Group, acquired an additional property, namely 21 Friesland Drive, Longmeadow, Johannesburg and completed the redevelopment of 33 On Heerengracht, our head office.

These acquisitions have reduced the Group's occupancy costs and created operational synergies. Refer to the Property Report for more information regarding these properties.

#### FINANCIAL PERFORMANCE REVIEW

##### Revenue

Group revenue increased by 13,6% compared to the previous year, primarily driven by and including GGR from our Slots Operations which increased by 17,1%.

Also included in revenue are food sales from BURGER KING®, dividends received from National Manco, Winelands Manco (Pty) Ltd (Winelands Manco) and from Grindrod Bank Limited (Grindrod Bank) and rental income.

##### Operating costs

Overall operating costs increased by 32% from R107.6 million to R142.0 million. The increase is mainly due to the current year's operating costs including R9.9 million in transaction

fees, which are expensed and reversed when calculating adjusted HEPS.

Futhermore operating costs increase due to the Group employing talent that can manage its growth and the acquisition of BURGER KING® has seen us employ a further 142 new employees. This is the primary reason for the increase of 64% in employee costs. We still regard these costs at 15% of revenue, to be contained and appropriate. Other operating expenses, including marketing and communications costs, increased significantly, almost exclusively due to BURGER KING®. Occupancy costs also increased by 12%, but this must be seen in context of how much more space we occupy and validates our decision to acquire our own building. These are the main contributors to the 32% increase in the operating costs, but we still consider that management have done a great job in containing these costs and that the resultant revenues will flow in the next financial year.

##### Profit from equity-accounted investments

Profit from equity-accounted investments consist of profit from our stakes in SunWest and Akhona GPI.

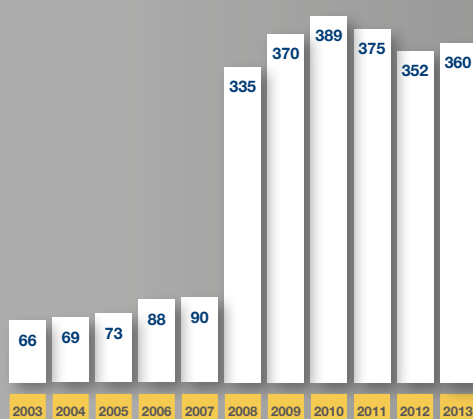
Overall profit from equity-accounted investments decreased by 12,5% compared to the previous year. This decrease is as a result of the once off cancellation fees paid by SunWest and received by Western Cape Manco being included in the prior year.

##### Akhona GPI

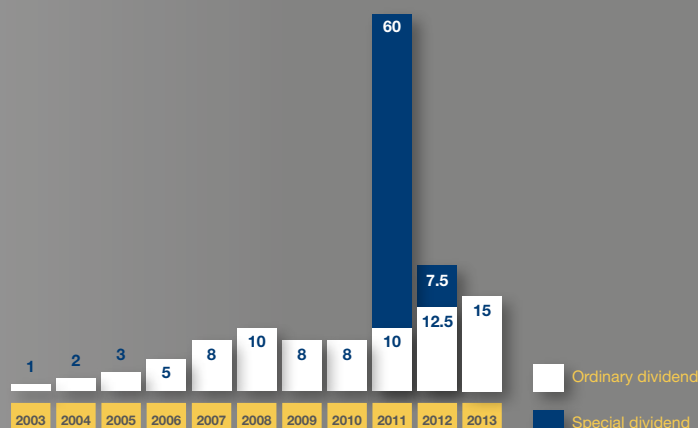
At the time of writing these results, we have not received any Group consolidated accounts from Akhona GPI. Akhona GPI did not equity account its investment in Dolcoast Investments (Pty) Ltd (Dolcoast) due to the information not being available at this time. Akhona GPI recognised R4.2 million as its share of equity accounted profit from Dolcoast during the prior year, which is the same amount we included in the current year.

## Financial Director's Statement *continued*

Net asset value per share (cents)



Dividends per share (cents)



GrandWest remains our prime asset.  
GrandWest's revenue increased by 4.9% from R1.8 billion to R1.9 billion.



### Taxation

The tax charge in the Statement of Comprehensive Income is relatively low compared to the net profit before tax due to exempt income earned, permanent differences and assessed losses raised.

### Earnings

When analysing and comparing GPI's performance, adjusted HEPS rather than net profit are the most appropriate measure as headline earnings and adjusted headline earnings remove distortions caused by IFRS.

HEPS decreased by 17.5% from 34.88 cents per share to 28.76 cents per share with adjusted HEPS increasing by 6.1% from 29.23 cents per share to 31.00 cents per share.

### NET ASSET VALUE

Tangible net asset value increased from 312 cents per share to 320 cents per share.

### CAPITAL EXPENDITURE

Property, plant and equipment increased by R122.8 million from R101.9 million to R224.7 million. This significant increase is due to the properties acquired and redeveloped as well as the purchase of new generation LPMs as well as the assets acquired in respect of the BURGER KING® roll-out.

### DEBT

Overall interest-bearing debt increased due to the R75 million term loan that was received in respect of 33 On Heerengracht.

The redeemable preference shares remains unchanged. Currently these preference shares are being renegotiated with the funders.

Finance charges decreased by 39.7% from R24.2 million to R14.6 million due to certain of the debt being repaid from the proceed of the Sun International deal.

	30 June 2013 %	30 June 2012 %
Total debt equity ratio*	20.97	15.51
Interest cover ratio**	12.67	13.17

\* Debt equity ratio is the relationship between shareholder equity before minority interest and total debt.

\*\* Interest cover ratio is the relationship between earnings before interest and tax and finance charges.

### DIVIDENDS

GPI has a track record of paying dividends. Our policy is to pay out as much of the dividends received after adjusting for capital and interest payments on borrowings and reserving an appropriate amount for projected CAPEX and working capital.

Keeping in line with this policy, the Board has proposed and declared a dividend of 15 cents per share for the 2013 financial year.

### DIVIDENDS WITHHOLDING TAX

GPI has a significant amount of Secondary Tax on Companies (STC) credits. The Group did not previously recognise deferred tax assets on STC credits due to the significant excess dividends it receives over the dividends paid. Dividends withholding tax (DWT) came into effect 1 April 2012. We intend using the STC credits available to the Group within the required three years before they expire.

### APPRECIATION

In closing, I would like to thank my finance team and colleagues, fellow Board members and all our advisors for their commitment and dedication shown in achieving and maintaining high standards of financial reporting and disclosure.

**Sukena Petersen**  
Financial Director  
17 September 2013

# Gaming Division Report

The Group's stated objective is to attain licences for 7 500 LPMs in the short-term

Alex Abercrombie  
Executive Director



## GAMING DIVISION REVIEW

The key highlights for the period were:

- The opening of Gauteng's first Type-B, 40-slot LPM site at the Royal Park Hotel in Joubert Park in mid-July 2012;
- The approval in KwaZulu-Natal of the reallocation of 150 of Kingdomslots' LPMs from less profitable regions in the province to the Durban metropole and South Coast areas in August 2012;
- The announcement at the end of November 2012 of our joint venture agreement with German-based Merkur Gaming GmbH to establish Grand Merkur (Pty) Ltd (Grand Merkur) which will locally manufacture and distribute gaming equipment;
- The signing of an agreement in January 2013 to acquire the route operator licence and operational sites of Zimele;
- The relocation of our Gauteng offices to our newly acquired building in Longmeadow Business Park in Edenvale in May 2013;
- The launch and hosting of the Grandslots Comedy Showcase at 45 of our Grandslots venues during May, June and July 2013;
- The development and launch of our new Group wide Site Owner Partnership Programme Elevate, also during May and June 2013;
- The reconstitution of the Gauteng Gambling Board, after a long delay, and the subsequent approval of additional LPM site licences in July 2013;
- The acquisition of a bookmaker's licence in the Western Cape which was secured in July 2013; and
- The signing of an agreement in early August 2013 to acquire the route operator licence and subsequent operational sites of Hot Slots in Gauteng.

## LPM OPERATIONS

GPI owns and operates three LPM routes; Grandslots in the Western Cape, Kingdomslots in KwaZulu-Natal and Grand Gaming: Slots in Gauteng. These three slot route operator licences jointly allow us to operate a maximum of 3 000 LPMs. We are pleased to report that during the 12 months under review the Group's LPM GGR increased by 17.1% from R395.6 million to R463.3 million, whilst the number of active LPMs in South Africa increased by only 7.8%. In addition to the solid growth in GGR, and the good work done and commitment shown by our relevant LPM site owner partners as well as our General Manager's and their respective teams to achieve this, a concerted effort was made to investigate and act on opportunities, to not only expand our LPM footprint, but our greater gaming offering too.

The Western Cape remains the best-performing province in the country in terms of LPM GGR. Similarly **Grandslots** remains our best performing LPM operation generating GGR of R281.1 million, 12.6% up on the prior period. With only one competitor, Grandslots enjoyed an annual GGR market share of 56.1% and a 52.8% (854) LPM market share at June 2013 compared to 56.8% and 54.2% (873) respectively for the prior period. Our average GGR per machine per day increased from R767.68 to R889.08 compared to the prior period.

Some key milestones were reached during the reporting period, these include breaking through the R25 million monthly GGR barrier in December, whilst in the same month generating an average GGR per machine per day of over R900 for the first time. The Western Cape remains a key part of our LPM revenues and Tyrone Jacobs, during his first year as General Manager, has instilled a great passion for the business amongst his team as well as good camaraderie. Operating in what is the most mature LPM market in South Africa has resulted in Grandslots focusing a lot of its efforts on not only ensuring it secures the



Grandslots enjoyed an annual GGR market share of 56.1%

Kingdomslots enjoyed an annual GGR market share of 40.1%

Grand Gaming: Slots Gauteng enjoyed an annual GGR market share of 15.8%

Acquisition of the route operator licence and Slots operator licences of Zimele



Our first Type-B site at the Royal Park Hotel has just completed its first year of operation and despite a sedated start, is now performing well.



best LPM sites possible, but that it retains and nurtures existing sites too. In support thereof we firmly believe that the Grandslots Comedy Showcase and our new Elevate Site Owner Partnership Programme will go a long way to securing our continued relationship with all our LPM site operators.

**Kingdomslots** remained the market leader in KwaZulu-Natal, generating GGR of R142.8 million, 19.7% up on the prior period. With three competitors, Kingdomslots enjoyed an annual GGR market share of 40.1% and a 39.4% (836) LPM market share in June 2013, compared to 41.2% and 35.5% (708) respectively in June 2012. Notwithstanding the significant increase in our number of active machines from 708 in June 2012 to 836 in June 2013, our average GGR per machine per day increased from R465.67 to R496.48 compared to the prior period, further emphasising the value in our aforementioned successful application for the re-allocation of 150 LPMs to the Durban metropole and KwaZulu-Natal South Coast. As a result, Kingdomslots broke the R13 million monthly GGR mark for the first time in the month of December.

Kingdomslots remains the LPM operator of choice in KwaZulu-Natal. The management team and employees are all extremely proud of what they have achieved and in no way rest on their laurels. From site fit-out to compliance, machine performance and general network relationship, management are in a class of their own. The significant increase in the number of operational LPMs in the network is reflective of that. Tebogo Nkoadi and his team's key objective for 2014 is to exhaust Kingdomslot's licenced allocation of 1 000 LPMs by the end of the new financial year.

**Grand Gaming: Slots**, which is still in its relative infancy, generated GGR of R39.4 million, 47.6% up on the prior period.

With four competitors in Gauteng, Grand Gaming: Slots enjoyed an annual GGR market share of 15.8% and a 16.5% (229) LPM market share at end June 2013 compared to 14.5% and 14.9% (203) for the same period last year. Average GGR per machine per day increased from R409.43 to R464.99 over the same period.

Grand Gaming: Slots and the Gauteng province as a whole, continued to have its LPM roll-out hampered during the reporting period by the fact that, since May 2012, the Gauteng Gambling Board had not been in a position to approve any LPM site licences. That said, we continued to submit site licence applications and remained confident that once the Gauteng Gambling Board was reconstituted we would benefit significantly from our increased number of active sites and LPMs. To this end it is pleasing to report that the Gauteng Gambling Board has subsequently been reconstituted and that at the time of writing this report a further 127 LPMs have been approved and added to the Grand Gaming: Slots network. In addition hereto, and prior to the approval of the initial batch of 50 new LPMs, Kiran Rama and his team celebrated their first R1 million GGR week at the beginning of August 2013. Our first Type-B site at the Royal Park Hotel has also just completed its first year of operation and despite a sedated start, is now performing well. Our partners at the site are extremely proactive in their approach, having already given away two cars as part of their promotions initiatives. We believe that the steady growth in performance at the site will continue. Average GGR per machine per day at the Royal Park Hotel has more than doubled over the last 12 months.



The last 12 months have been extremely challenging and trying for our Gauteng team, and praise must be given to all of them for persevering with the task at hand. These efforts are now paying off and we are extremely excited about our growth prospects in the Province.

### LPM EXPANSION

The Group's stated objective to attain licences for 7 500 LPMs in the short-term was bolstered in August when, GPI Slots entered into an agreement with Hot Slots to acquire their route operator and site licences in **Gauteng**. Gauteng remains the second best-performing Province in terms of average GGR per machine per day after the Western Cape and we are confident that this acquisition will show solid returns. We envisage being able to take over operations at Hot Slots towards the end of the calendar year once all relevant conditions precedent have been met. Hot Slots currently operate 343 LPMs in the Province, and with the recent reconstitution of the Gauteng Gambling Board we are confident that we will be taking over the operation of around 400 LPMs on conclusion of the acquisition.

Subsequent to our announcement earlier this year of our intention to purchase the route operator licence and site operator licences of Zimele in **Mpumalanga**, we are pleased to announce that the Mpumalanga Gambling Board approved our licence transfer application in early August 2013 and that we have now taken over operations. Despite the very limited existing footprint currently operated by Zimele, we see a significant opportunity in Mpumalanga based on the fact that the current average revenue generated by LPMs there compares favourably with that of KwaZulu-Natal. Upon transfer

Zimele were operating a total of 40 LPMs but had approved licences for a further 30. We will have installed and activated them by mid October. Grand Gaming Mpumalanga (Pty) Ltd will trade as Grand Gaming: Slots.

Looking forward, our short-term goal remains to maintain our market leadership in both the **Western Cape** and **KwaZulu-Natal** and to pursue the same objective in Gauteng and Mpumalanga. With our stated growth objective of attaining LPM route operator licences for a total of 7 500 machines in the short-term, the aforementioned two deals now afford us licences to operate some 6 000 LPMs. That said, we still remain focused on regions that offer the best returns and not just critical mass. At present **Limpopo** and the **Eastern Cape** offer the best possible expansion opportunities, outside of the four Provinces we currently operate in, and we will continue to investigate these, and pursue them, as aggressively as possible.

Following the significant expansion of our LPM networks noted above, Kingdomslots General Manager, Felix Mthembu, was promoted to the newly created position of Slots Operations Executive. Felix's replacement, Tebogo Nkoadi, took up his new position on 1 July 2013. Tebogo joins us with over 25 years of gaming experience, having moved to Kingdomslots after resigning from his position as Deputy Slots Manager at Sibaya Casino in KwaZulu-Natal.

### GAMING MARKETING

To date one of the biggest challenges in the LPM sector has been the implementation of effective marketing. Strict legislative guidelines manage the sector in order to ensure that at all times our LPM offering is portrayed, as it should be, as the secondary entertainment offering at our LPM sites. We felt, however, that



## GRANDSLOTS COMEDY SHOWCASE

### Comments from comedians



## GRANDSLOTS COMEDY SHOWCASE

### Comments from site owners



## GRANDSLOTS COMEDY SHOWCASE

### Comments from newspapers



## GRANDSLOTS COMEDY SHOWCASE

### Comments from patrons



## To date one of the biggest challenges in the LPM sector has been the implementation of effective marketing



Outside of the LPM sector, we continue to assess opportunities in technology betting; initially through sports betting, with every intention to ultimately enter the local online gambling market when the opportunity to apply for this licence is presented.



we needed to re-assess our current strategy and create new opportunities to not only promote our brand, but also assist our site owners in driving their primary business.

After much research, Grandslots embarked on a three-pronged campaign in April aimed at raising its brand awareness across the Western Cape, through the use of radio, driving feet to its LPM sites by offering free comedy nights advertised in the local press and then rewarding visitors to its sites by giving them the chance to win a supercar for the weekend. The campaign was further supported on social media and via a mobile website; all of which provided daily updates of performances and happenings. In addition to providing an additional information stream it also allowed Grandslots to interact with its customers. The campaign was well received by not only Grandslots' LPM site owners who saw an increase in primary trade during the period, but also by their patrons who enjoyed the events, and the local comedians who appreciated the opportunity to perform. Based on the success of the Grandslots Comedy Showcase, we will be running similar campaigns across our other operations.

In addition to direct, consumer facing marketing, we also spent a significant amount of time during the year on designing a LPM Site Owner Partnership Programme. Over the last five years we have run a number of Site Owner Reward Programmes specifically in the Western Cape which, although effective, have never really been truly inclusive or sustainable for any length of time. In response, effective July 2013 all of our LPM site owners will automatically be eligible for our Elevate Partnership Programme and in so doing be a part of, and own, a very real share of our joint successes. All LPM site owners will now be ranked across four separate tiers on an annual basis, based on average turnover per machine per day,

and subsequently qualify for GPI shares, as well as guaranteed contributions to promotions, site fit-out and an additional share of GGR.

### OTHER OPPORTUNITIES

Outside of the LPM sector, we continue to assess opportunities in technology betting; initially through sports betting, with every intention to ultimately enter the local online gambling market when the opportunity to apply for this licence is presented.

During the second half of the financial year we applied for a sports betting licence in the name of Grand Sport (Pty) Ltd (Grand Sport), to the WCGRB. At the same time a request for proposal was submitted to a number of possible sports betting technology and operational partners. We are pleased to report that our application was approved in early July and we are now finalising which of the aforementioned partners we will commence operations with. Although a relatively small sector of the gaming market, (12% according to the *PwC Global Gaming Outlook Paper* of November 2012) we believe that sports betting (including horse racing) will form an integral part of our gaming offering in the future. This is re-enforced by the fact that sports betting, excluding horse racing, was the fastest-growing category in the sector at 35.8% between 2010 and 2011 with PwC expecting a subsequent compound annual growth rate in the sector to 2016 of 7.9%.

Futhermore, late in June, the National Lotteries Board (NLB) published a notice inviting interested parties to acquire a copy of their Request for Proposal (RFP) and in turn submit proposals in respect of being awarded the licence to operate the South African **National Lottery** with effect 1 June 2015. Representatives from GPI attended the compulsory applicants conference on 27 and 28 June 2013 and we are presently



We have completed our initial costings for the production of LPMs, and we are pleased to report that these have been favourable with at least a 20% saving against the pricing from our current LPM suppliers.



The size of our own current LPM footprint of 6 000 already substantiates the joint venture agreement reached with Merkur Gaming in November 2012.



assessing the RFP as well as possible business and technology partners. We have every intention of submitting our pre-qualification application by the due date of 16 September 2013 and our final application by the due date of 30 November 2013.

#### **GAMING MACHINE MANUFACTURING**

These aforementioned objectives and opportunities all point towards the ever increasing significance of our manufacturing joint venture with Merkur Gaming GmbH (Merkur Gaming). Grand Merkur, our joint-venture, will provide the initial steps towards forging a very significant relationship with one of Europe's largest gaming manufacturers and operators. Merkur Gaming currently operate and provide gaming hardware, software and systems in over 11 European countries with recent expansions into Africa, North America and Latin America. Locally, we have completed our initial costings for the production of LPMs out of the Retreat-based plant of contract electronics manufacturer, Tellumat (Pty) Ltd, and we are pleased to report that these have been favourable with at least a 20% saving against the pricing from our current LPM suppliers. Grand Merkur's relevant licencing and suitability applications are presently being attended to by the WCGRB and we envisage rolling our first locally manufactured LPM off the production line towards the end of the calendar year. At the time of going to print we had almost 100 imported Merkur LPMs on trial across our Group.

Futhermore, we have commenced the systems testing of Casino Slot Machines at Sun International and by August 2013 would have provided Tsogo Sun Holdings Limited (Tsogo Sun) and Peermont Global (Pty) Ltd with test machines too.

The size of our own current LPM footprint of 6 000 already substantiates the joint venture agreement reached with Merkur

Gaming in November 2012, not to mention the size of the total LPM sector, which at end June totalled some 8 119 active machines out of 18 500 that have already been licenced. The South African casino market currently operates just over 22 600 slot machines and, as per the latest report from the NLB, there are in excess of 8 000 lottery terminals that would also require replacing once a new National Lottery operator is licenced in 2015. In addition hereto, our Sports Betting operation could also require us to produce Sports Betting point-of-sale terminals. Conservatively assessing these sectors of the market, excluding those outside of our borders, the ability to not only operate, but also produce gaming equipment, positions GPI extremely favourably across all sectors of the gaming market.

**Alex Abercrombie**

Executive Director: Gaming Operations  
17 September 2013

# Property Division Report

Whilst Property has been reflected as a separate segment in this IAR, it is, at this time, primarily a service department to the other business segments which results in inter-group rentals and charges being eliminated on consolidation.



**33 On Heerengracht, Cape Town**  
(Office: Management Services, GPI Slots, Grandslots, Grand Technology, BURGER KING® South Africa Head Office, BURGER KING® iconic store)



## PROPERTY

Whilst Property has been reflected as a separate segment in this IAR, it is, at this time, primarily a service department to the other business segments which results in inter-group rentals and charges being eliminated on consolidation.

During the financial year under review, GPI House Property (Pty) Ltd (GPI House), a wholly-owned subsidiary of Grand Capital Investments (Pty) Ltd (Grand Capital), which, itself, is wholly-owned by GPI, began investing in property. It acquired two properties, namely 33 On Heerengracht, Foreshore, Cape Town and 21 Friesland Drive, Longmeadow, Johannesburg. Subsequent to year end GPI House has acquired Portion 128 of the farm 1183, City of Cape Town (Atlantis), and made an offer to acquire, subject to due diligence, a BURGER KING® site at N1 City, Western Cape.

The GPI Group's direct property requirements currently span three regions, being Western Cape, KwaZulu-Natal and Gauteng respectively. With the property acquisitions noted above, the external property suppliers for the GPI Group's property requirements are JT Ross, with respect to the Kingdomslots office and warehouse on La Lucia Ridge, and Redefine with respect to Grandslots Technical warehousing in Montague Gardens.

**33 On Heerengracht, Cape Town** (Office: Management Services, GPI Slots, Grandslots, Grand Technology, BURGER KING® South Africa Head Office, BURGER KING® iconic store)

Situated on Heerengracht Street, this property was acquired from Emira Property Fund (Arnold Properties (Pty) Ltd for R25 million, transferred on 3 August 2012, and extensively refurbished for a further approximate R75 million. The property, which comprises 6 181m<sup>2</sup> of Gross Lettable Area (GLA), was

completed within tight deadlines, and occupation commenced 25 February 2013. It is intended to let the property mainly to GPI Group operations. An access agreement has been concluded with Nedbank (Morened) allowing the access through the neighbouring property to be leased from them for a limited number of cars for a period of 10 years. An independent valuation performed by Dipeo Property Valuers, based on their assumptions, including a 5% vacancy factor, and projections, values the property in excess of R100 million. At this time, the property is approximately 65% occupied. The unoccupied space will be filled by a combination of GPI Group companies, and/or tenants who have profiles that GPI wish to be associated with.

The completion of the BURGER KING® fit-out, occupying 771m<sup>2</sup> over two floors, co-incided with the opening of the country's first BURGER KING®, to great fanfare, by Cape Town Mayor, Patricia de Lille, on 9 May 2013. It has been said that this store ranks as one of the best BURGER KING® stores in the world.

The management involved, the project management team, professional team, the contractors, and sub-contractors can be very proud of their achievement in getting the property completed for occupation, especially given the time constraints that they were working towards.

The shareholders of GPI can now be especially proud of their magnificent property, which stands out prominently on the Cape Town Foreshore.

**21 Friesland Drive, Longmeadow, Johannesburg**  
(Warehouse and office – Grand Gaming: Slots)

Situated in the growing node of Longmeadow, alongside the N1, this property, comprising 2 175m<sup>2</sup> of warehouse (65%) and



**A R75 million mortgage backed business loan has been approved by Sanlam Capital Markets Limited (SCM) to finance the acquisition of 33 On Heerengracht.**



office (35%), was acquired from Carlop Properties (Pty) Ltd for R20.65 million, transferred on 12 April 2013, and currently serves the Group's Grand Gaming: Slots Operation. As at the financial year end, the property was approximately 50% occupied. The vacant space is likely to be let to GPI Group tenants, in the foreseeable future.

#### **Property Finance**

A R75 million mortgage backed business loan has been approved by Sanlam Capital Markets Limited (SCM) to finance the acquisition of 33 On Heerengracht. A mortgage bond amounting to R100 million has been registered over 33 On Heerengracht, whilst the Longmeadow property was purchased for cash.

#### **Going Green (Carbon Footprint)**

At the outset, both GPI as the owner and its relevant contractors agreed that 33 On Heerengracht would be built and operated in as environmentally friendly manner as possible.

To this end, several processes were set in place to promote the environmental efficiency of the building. The airconditioning has been commissioned to go on and off at a specific time to ensure minimal electricity usage, similarly all the lights are fitted with action sensors.

Smart electricity readers have been installed and as from 1 July 2013 weekly meter readings will be taken to identify the usage of kilowatts (kW) per respective floor.

Futhermore, all waste and cardboard that can be recycled is being recycled and we are presently evaluating a reporting system that will provide a full breakdown of all waste that has been removed and recycled on a monthly basis.

# Foods Division: BURGER KING® Report

With more and more South Africans entering the middle-class the demand for quick service restaurants (QSRs) will increase, couple this with the aspirational association to American brands and Burger King South Africa (Pty) Ltd (BKSA) has entered the market at the correct time.



The BURGER KING® brand and the first store in South Africa was launched with a media frenzy never experienced by BURGER KING® anywhere else in the world.

The first BURGER KING® store, in South Africa, opened its doors to the public on the 9th May 2013, with the first 1 000 people receiving a free WHOPPER®, as part of the marketing launch campaign. This created much anticipation with people queuing as long as 13 hours for the chance to bite into the first WHOPPER® on South African soil.

Trade has been brisk with no letting up in the unexpected lengthy queue of curious customers. We are serving between 1 500 and 1 800 people a day and using approximately one ton of WHOPPER® patties per week.

The average price per transaction has been greater than R100, which represents three times the normal fast food average.

BURGER KING®'s exacting standards and high quality demands are being well received by the public at large who are enjoying the variety of unique products on offer, including the iconic freshly flame-grilled, 100% pure beef WHOPPER®, in the one-of-a-kind environment BURGER KING® creates.

With more and more South Africans entering the middle-class the demand for QSRs will increase. Couple this with the aspirational association to International brands, BKSA has entered the market at the correct time. This is further supported by a recent Statistics SA report noting that takeaway and fast food outlets' annual growth in May 2013 was 17.4%.

## PERFORMANCE

The turnover of R5 million in the first seven weeks at our inaugural store was just short of double our expectations. The gross margin remains tight due to the importation of the majority of product. This will remain so for the short-term, until we have successfully vetted suppliers to produce the product locally.

Local suppliers will come on line during the remainder of this calendar year and the beginning of next year. At present the approval of local suppliers is tracking ahead of the project plan.

We have, furthermore, achieved our strategic objective in terms of price point and as a result are extremely competitive in relation to other international and local brands in the country. Our success so far is proof that our product is seen as value-for-money.

## ROLL-OUT

The perpetual roll-out of stores in the Western Cape is proceeding well with six stores to be rolled-out before December 2013 and a further five under negotiation for the remainder of the financial year, which significantly exceeds our development commitment.

Gauteng's roll-out is envisaged to start in January 2014, once supply chain and local suppliers have been established. This could however be fast tracked if we continue to exceed expectations on local supplier approval.

KwaZulu-Natal sites are being evaluated and will only commence after we have established our Gauteng base and are confident that the supply and logistics meet with our criteria.

We continue to evaluate property proposals and enter into negotiations with landlords and developers whose properties meet with our exacting criteria.

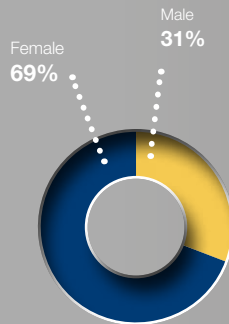
## MARKETING

The BURGER KING® brand and the first store in South Africa was launched with a media frenzy never experienced by BURGER KING® anywhere else in the world.

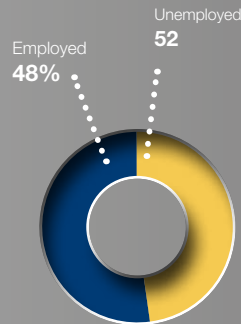
South Africa's double WHOPPER® sales are currently 1 000%



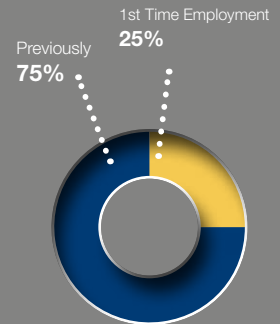
BK Total: Gender



BK Total: Previously Unemployed



BK Total: 1st Time Employment



**We have comprehensive plans to recruit and have received hundreds of resumes to date. All the resumes are reviewed and successful applicants are interviewed with a preference given to the previously disadvantaged.**



(one thousand percent) more than the international average and our total WHOPPER® sales in our opening month exceeded our forecast by 300%.

The well-positioned and focused campaign yielded some outstanding results with 124 million media impressions (opportunities to view content) across *Facebook* and *Twitter*. Our number of new *Facebook* fans increased by 20 590 in just 10 days. Similarly 3 540 new *Twitter* followers joined us over the same period. Furthermore an incredible 4 020 089 paid media impressions (paid for ads that were viewed) on *Facebook* was also achieved.

The success of the campaign on *Facebook* had *Facebook* EMEA reaching out to do a case study. We reached a seven percent (7%) click through rate (no. of clicks made on ad divided by total times ad was served), where the benchmark is set at one percent (1%). This confirms that the South African market was clearly waiting for BURGER KING®.

The popularity of the launch grew to the extent that BURGER KING® trended three times on *Twitter*, reflecting the fact that it had become so popular that a greater number of people were talking about it on *Twitter* than anything else. All this in the same week that saw the Guptagate Saga hit South African news and both Bon Jovi and Justin Bieber perform locally.

An additional 2 811 328 organic (unpaid) media impressions were achieved through the campaign and a further 1 034 267 media impressions from a media partnership with *Heat Magazine*.

The free media coverage and PR value combined totalled an estimated R22.5 million.

Ongoing localised campaigns will continue with each new store opening and a marketing strategy is presently being completed for Gauteng and KwaZulu-Natal.

#### HUMAN RESOURCES

We have comprehensive plans to recruit and have received hundreds of resumes to date. All resumes are reviewed and successful applicants interviewed with a preference given to the previously disadvantaged.

We can proudly say we have employed 221 to date of which 142 were employed at year end, and continue to recruit more each month. Of these appointments 25% of them were first time employees and a further 31% were unemployed at the time.

An additional 500 new team members are expected to be employed by 30 June 2014.

In this short time that we have been operational we have managed to promote six employees from crew to supervisors and a further three from supervisors to store managers.

An overview of our employment statistics are detailed above.

#### TRAINING

The Heerengracht store has been approved by BURGER KING® as a training facility and our training programme is proceeding well.

We had 140 trainees finish their "Right Track" training modules in the first financial year and they have been successfully deployed as crew members to our new stores.

A further 30 crew members start their career paths with us every four weeks, allowing us to build the foundation for our ambitious roll-out.

Excellent Meat Market, a Western Cape based meat supplier, has commenced with the building of a BURGER KING® manufacturing plant. The plant is expected to commence operations at the start of the calendar year.



BURGER KING® standards require that we establish partnerships with fuel retailers. This was achieved in record time with Sasol and will yield a strong roll-out of stores.

Further training facilities will be established in every major region and city prior to stores opening.

#### **SUPPLY AND DISTRIBUTION**

Excellent Meat Market, a Western Cape based meat supplier, has commenced with the building of a BURGER KING® manufacturing plant. The plant is expected to commence operations at the start of the calendar year.

Our local distribution partner, Vector Logistics, is in the process of dedicating facilities and resources to BURGER KING® in all major cities across South Africa.

#### **FRANCHISING**

Franchising opportunities will be available in mid-2014 once the local supply chain and local suppliers have been established.

To date we have received literally hundreds of franchise applications and these are all being individually assessed.

BURGER KING® standards require that we establish partnerships with fuel retailers. This was achieved in record time with Sasol and will yield a strong roll-out of stores.

Over the next few months the team will be focusing on getting the local suppliers vetted and approved, while ensuring that the brand standards and operational requirements for a national roll-out are in place, so as to maximise our investment returns.

This year has realised results which have far exceeded both our and BURGER KING® Europe's expectations. We look forward to contributing to increased employment and enhancing our customers' experience while feeding the bottom line.





# Opportunities and Risks

## OPPORTUNITY

## RISK

## RISK MITIGATION

### AREA OF OPPORTUNITY Casinos



- Restructure smaller casinos
- Automation of games

- Changes in legislation/increase in taxes
- Continued pressure on the consumer
- Loss of exclusivity

- Cost controls

### AREA OF OPPORTUNITY BURGER KING®



- Strategic partnerships
- Expand into Southern Africa
- Increasing margin

- Suitable partner is not identified
- Inappropriate logistics and supply chain
- Exchange rate devaluation of the Rand

- Relationships with partners who understand the QSR industry
- Our current DC has committed to establishing the appropriate supply chain
- Establish local supply chain

### AREA OF OPPORTUNITY Manufacturing



- Controlling our largest Slots Group cost
- Creating significant vertical integration
- Spreading our risk across a wider part of the sector and supplier base
- Becoming first local gaming machine manufacturer
- Job creation
- Skills transfer

- No manufacturing experience

- Joint venture with Merkur Gaming who operate a similar model in Europe and Africa
- Access to intellectual property that has worked locally and internationally
- Increase in own operations
- Indicative costings extremely competitive

### AREA OF OPPORTUNITY Online Gambling



- Established Gaming Industry credentials make us a front runner for bids
- Spreading risk across a wider part of the sector
- Access to anyone anywhere, no geographical hinderances
- Significant generator of revenue

- No legislation as yet
- New industry with no previous experience

- Providing policymakers with input
- Relationship with partner already operating in this market internationally
- Regular interaction with government and regulators will ensure we are aware of all developments
- Skilled local contract manufacturer in Tellumat



## OPPORTUNITY

## RISK

## RISK MITIGATION

### AREA OF OPPORTUNITY Sports Betting



- Obvious add-on to existing LPM offering
- Provides ideal entry point onto the world wide web
- Creation of a database

- Limited sports betting expertise
- South African specific betting culture
- Market is fickle and as a result sector can be marginal

- Relationships with existing retail and online operators
- Local expertise and insights available and accessed already
- Parameters to be put in place to limit possible exposure

### AREA OF OPPORTUNITY Slots Group Expansion



- Acquire more existing route operator licences
- Acquire more Type-A licences through new requests for proposals
- Acquire more Type-B licences through new requests for proposals
- Increase in stake and prize limits

- Limited opportunities in lucrative markets
- Constraints with regards to amount of approved LPM licences
- Legislation on stake and prize limits remain unchanged

- Only apply for or acquire licences in viable areas
- Ensure that we are able to utilise our expertise to affect a turnaround or improvement
- Lobby for increase in LPM allocations
- Lobby regulators for change in prize and stake amounts

### AREA OF OPPORTUNITY National Lottery



- Significant income opportunity
- Creation of jobs
- Massive boost for Group brand equity
- Manufacture of new hardware
- Utilisation of tried and tested software
- Increase in national operational footprint

- No expertise in running a lottery
- Cost of application is significant and non-refundable

- Relationships in place with international operators
- Hardware and software designs already available
- Game designs already available
- Cash available

# Directorate



**1 HASSEN ADAMS (61)** – Appointed 1997  
**EXECUTIVE CHAIRMAN** – Appointed 2011

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

Hassen, an engineer by profession, has been instrumental in establishing a number of successful businesses, the most high profile of these being GPI, which he co-founded.

In addition to being the Executive Chairman of GPI, Hassen is also non-executive Chairman of the Board of SunWest and Chairman of GPI's Investment Committee and serves on the Board's Social and Ethics Committee in an executive capacity. He holds directorships in diverse industry sectors including construction, gaming, shipping, entertainment and leisure and has extensive experience in corporate finance.

**2 ALEX ABERCROMBIE (62)** – Appointed 1997  
**EXECUTIVE DIRECTOR: GAMING OPERATIONS** – Appointed 2012

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

Alex is an attorney and a previous director at DLA Cliffe Dekker Hofmeyr. He was a non-executive Director of the GPI Board from inception until his appointment as an executive director, responsible for the implementation of strategy in the Slots Group and the Group's gambling operations, on 10 April 2012.

Alex is also a member of the Board's Investment Committee and Social and Ethics Committee in an executive capacity. He is also a director of the Grand Gaming Corporate Social Investment Company (NPC)(GGCSI).

**3 ALAN KEET (45)**  
**CHIEF EXECUTIVE OFFICER** – Appointed 2012

*B. Compt Hons (UNISA), CA(SA)*

Alan is a Chartered Accountant by profession. He joined the Group in April 2012 as Chief Executive Officer (CEO), prior to which he was the CEO of Nolands Cape Town and Nolands South Africa, where he served his articles and subsequently became a partner in 1998. During his time at Nolands he served on several boards gaining experience in varied industries; from property funds to insurance underwriters and various service industries.

Alan was appointed as a Director of the Company on 10 April 2012 and serves on all the Board committees in an executive capacity.

**4 SUKENA PETERSEN (33)**  
**GROUP FINANCIAL DIRECTOR** – Appointed 2011

*B. Com Hons (UWC), CA(SA)*

Sukena, a qualified Chartered Accountant, joined GPI as Group Financial Manager. She played a key role in the executive management of the Company for several years before being appointed as the Financial Director where her professional skills and highly relevant experience are used to good effect. She serves on all the Board committees in an executive capacity.

**5 ANTHONY BEDFORD (58)**  
**NON-EXECUTIVE DIRECTOR** – Appointed 1997

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

Tony has extensive local and international experience in general management, human resource management and marketing. He serves as a non-executive Director on the main boards of a number of local companies and is involved in various personal enterprises with interests in property, motor repairs, commodity trading and gaming. He is Chairman of our Board's Remuneration and Nomination Committee.



**6 DR NORMAN MAHARAJ (62)**  
**LEAD INDEPENDENT DIRECTOR** – Appointed 2008  
*MB, ChB (UCT)*

Norman is a qualified medical doctor and former member of the Public Service Commission. He has extensive public service and trade union movement experience as well as analytical and decision-making skills. He has filled the role of Lead Independent Director (LID) since February 2011, when Hassen Adams was appointed as Executive Chairman, and is also a member of the Board's Audit and Risk Committee, and the Social and Ethics Committee.

**7 NOMBeko MLAMBO (67)**  
**NON-EXECUTIVE DIRECTOR** – Appointed 1997  
*BA (UNISA), B.Ed (UCT), MA in Counselling Psychology (Durham University)*

Nombeko has served on the GPI Board since inception. In 1982 she co-founded the Council for Black Education and Research Trust, an educational NGO, and currently chairs the Western Cape Women Investment Forum. She is a member of the Board's Remuneration and Nomination Committee and serves on the Boards of the operating Slots companies.

**8 COLIN PRIEM (54)**  
**NON-EXECUTIVE DIRECTOR** – Appointed 2012  
*B. Com Honours (UWC)*

Colin has a Bachelor's Degree in Commerce, with Honours in Business Administration, and is currently reading for his Master's Degree in Commerce. He is a part-time lecturer at the University of the Western Cape where he lectures on financial management modules. Colin also has comprehensive experience in the finance, investment and strategic management fields gained as an academic and through active involvement in business. He also has some 20 years' experience in the landscape design, construction and maintenance fields.

**9 FALDI SAMAAI (53)**  
**NON-EXECUTIVE DIRECTOR** – Appointed 2011  
*M.Sc (Eng.) (UCT)*

Faldi is a professional Engineer and Project Manager. He is the CEO of Nadeson Consulting Services and very active in the built environment; with particular interest in civil infrastructure and sustainable projects. Faldi was a member of GPI's Audit and Risk Committee and currently serves on the Company's Remuneration and Nomination Committee and the Social and Ethics Committee.

**10 PROF WALTER GEACH (58)**  
**NON-EXECUTIVE DIRECTOR** – Appointed 17 September 2013  
*CA (SA) BA LLB (Cape Town) MCOM FCIS*

Walter is a chartered accountant (CA) (SA), an admitted advocate of the High Court of South Africa and a Professor in the Department of Accounting at the University of the Western Cape where he is also the subject head of Taxation. Among his many other academic achievements, he has also authored/co-authored over 14 published books on a variety of subjects such as company law, corporate governance, financial accounting, taxation, financial planning, Trusts. The books are used extensively in practice by accountants, consultants, lawyers and financial planners.

In addition, Walter serves as a non-executive director on the boards of Grindrod Ltd and Grindrod Bank and is a member of the audit committee of both companies. He is also a non-executive director of QDOS (Pty) Ltd and CareCross Health (Pty) Ltd.

(Photograph not available at time of going to print)

# Executive Management



## 1 ALISHA SADLER-ALMEIDA FINANCE – BURGER KING®

*B. ACC (US), B.Com Hons (Acc) (UN), CA (SA)*

Alisha is a qualified chartered accountant who currently oversees all financial aspects of the BURGER KING® business. She served her articles with PwC where she gained post articles experience in various positions until she reached the position of Senior Manager. Following on this, Alisha joined the then Thuo Group in 2007 as the Group Finance and Administration Manager and was promoted to the position of Chief Operating Officer of the Slots division, after GPI acquired the Thuo Group in June 2010. Since July 2012, Alisha has worked on various projects, the most recent being her role in BURGER KING®.

## 2 FELIX MTHEMBU GROUP SLOTS OPERATIONS EXECUTIVE

*National Dip Operations Management (DUT)*

Felix joined the gaming industry in 2006 as a Deputy General Manager at Kingdomslots and went on to become the General Manager in 2007 until December 2012. He was appointed as Slots Operations Executive on 1 January 2013. In his current role Felix is responsible for the development and overall management of the Group's entire Slots Operation and serves on the board of GPI Slots.

## 3 KIRAN RAMA GENERAL MANAGER – GRAND GAMING: SLOTS

Kiran has over 16 years' experience in the Gambling industry and currently holds the positions of General Manager for Grand Gaming Gauteng (Pty) Ltd and Acting General Manager for Grand Gaming Mpumalanga (Pty) Ltd. In these positions he is responsible for the Group's Slots Operations in Gauteng and the recently acquired Slots Operation in Mpumalanga. Prior to this Kiran held the position of Group Network Development Manager in the GPI Group and was responsible for establishing network development departments in all licensed subsidiary companies.

## 4 ROZANNA KADER MARKETING AND COMMUNICATIONS MANAGER – BURGER KING®

*NQF level 5 in Hospitality Management*

After successfully completing Sun International's management development programme in 2006, Rozanna worked abroad, honing her skills in marketing, public relations and event management.

She is currently responsible for managing the brand identity of BURGER KING® locally which ranges from menu architecture and product choice, to store activations, branding, uniforms, corporate communications and sponsorships. She is also responsible for the business's corporate social investment initiatives.

## 5 TYRONE JACOBS GENERAL MANAGER – GRANDSLOTS

*ND: Cost and Management Accounting (Caput), MBA (Stellenbosch)*

Tyrone is the General Manager of Grand Gaming Western Cape (Pty) Ltd and as such is responsible for GPI's Slots Operations in that province. He has held a number of Management positions in both Corporate and Public Organizations, most recently as Head of Strategy Monitoring and Evaluation at SARS. As a Strategy Specialist, he is responsible for the development and implementation of the growth strategy for the Slots Operation in the Western Cape.

## 6 TEBOGO NKOADI GENERAL MANAGER – KINGDOMSLOTS

*T3 Electronic Engineering (TNT)*

Tebogo is the General Manager of Grand Gaming KwaZulu-Natal (Pty) Ltd and as such is responsible for GPI's Slots Operations in that province. He is an electronics technician by trade with 25 years' extensive experience in the gaming industry. Having started his career as a slots technician, Tebogo rose through the casino industry ranks to take the role of Slots Manager for Morula Sun Casino as well as Royal Swazi Resort.





**7 JAYE SINCLAIR**  
**CHIEF EXECUTIVE OFFICER – BURGER KING®**

Jaye is a self-made entrepreneur and has been a successful business owner in the food and beverage industry for many years. He was the co-owner of Squires Foods (Pty) Ltd which was subsequently acquired by Dubai World's, Retailcorp in 2008 where Jaye worked until 2011. In 2012 Jaye joined GPI where he played a key role in assisting to bring BURGER KING® to South Africa. He was appointed as CEO of Burger King South Africa (Pty) Ltd in 2013 and is responsible for establishing the business and ensuring its strategic growth nationally.

**8 SHADLYN SADAN**  
**GROUP HUMAN RESOURCES MANAGER**

*BTech (HRM)(CPUT); PGDip (Management) (UCT)*

Shadlyn is a seasoned HR practitioner and is GPI's Group Human Resource Manager responsible for the development and implementation of the Group's HR strategy, the key focus being on investing in people. She has experience in all disciplines of HR with particular reference to remuneration, industrial relations and consulting. She previously held a senior management position in health care administration for a number of years, has had exposure to a number of mergers and acquisitions; and has consulted to companies through her own consulting business.

**9 RICHARD HOPTION**  
**PROJECTS**

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

Richard is a qualified Chartered Accountant. He joined the Group in January 2008 and was CEO at the time of listing. Until February 2011, he was the Group Financial Director and Company Secretary and has also filled roles of Director of Strategy and Investments and as Business Development Executive. His key focus at present is on projects and acquisitions especially Property Investments and Sport Betting.

**10 DYLAN PIENAAR**  
**GROUP FINANCIAL MANAGER**

*B.Com (UCT), PGDA (UCT), CA(SA)*

Dylan is a chartered accountant by profession and a key member of the Group's finance team. He served his articles with Ernst & Young, Cape

Town, and post articles completed a year's contract with Ernst & Young Australia. On his return to South Africa, Dylan moved into commerce as a financial manager in the manufacturing and later the franchise coffee industries. He subsequently joined the GPI Group in 2008 as the Group Revenue manager of the Slots business and later moved to the GPI Group finance team when GPI acquired the Slots business from Thuo Gaming in June 2010.

**11 DUNCAN POLLOCK**  
**GROUP GAMING EXECUTIVE**

Duncan has over 15 years' gambling industry experience having joined Sun International in 1996 and subsequently Thuo Gaming in 2008. Following GPI's acquisition of Thuo Gaming in mid-2010, Duncan has held the position of Group Product and Marketing Manager, Gaming Operations Manager and currently holds the position of Group Gaming Executive. He is also a member of the GPI Slots Board.

Duncan is responsible for the efficient operation of the Group's Gaming division and strategically driving its growth with a key focus on business development, operational expansion and innovation.

**12 RUSSELL PETERSEN**  
**GROUP IT MANAGER**

Russell has over 15 years' experience in Information Technology having delivered services across a range of industries including engineering, banking, online-travel, pharmaceutical and financial services. The majority of his experience was gained in the UK where he developed a strong understanding of enterprise architecture and service management. Before joining GPI he was responsible for managing IT security and compliance projects.

**ADMINISTRATION**

**13 LAZELLE PARTON**  
**GROUP COMPANY SECRETARY/LEGAL COMPLIANCE MANAGER**

*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 is also responsible for the Group's legal and compliance function.

# Engaging with our Stakeholders

Stakeholder	When do we engage	Type of engagement	Expectation	How do we manage stakeholder expectations
Shareholders	Ongoing	<ul style="list-style-type: none"> <li>Investor relations section on our website</li> <li>Newsletters</li> <li>SENS announcements</li> <li>Scheduled meetings</li> </ul>	Sustainable growth and returns on investment	Value creation and value maintenance is foremost on our agenda
	Interim	<ul style="list-style-type: none"> <li>Analyst presentations</li> </ul>		Dividend distribution is an integral part of our business model
	Annual	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Analyst Presentations</li> </ul>		Providing strategy direction as part of analyst presentations and information released in the market
Employees	Bi-weekly	<ul style="list-style-type: none"> <li>Bi-weekly 'Grand News' employee newsletter</li> </ul>	Providing a safe, stimulating and rewarding environment	Ensuring our working environment is conducive to employee requirements
	Monthly	<ul style="list-style-type: none"> <li>Birthday recognition</li> <li>Employee training</li> </ul>		Ensuring we offer market-related benefits Ongoing training and education
	Quarterly	<ul style="list-style-type: none"> <li>Quarterly management updates</li> <li>Employee socials</li> </ul>		Open communication between employees and management
	Bi-annual	<ul style="list-style-type: none"> <li>Bi-annual performance assessments</li> </ul>		Head of department to provide feedback on performance
	Annual	<ul style="list-style-type: none"> <li>Recognition of long service</li> <li>Grand awards</li> <li>Year end function</li> <li>Employee survey</li> </ul>		Remuneration and Nominations Committee provides input on executive salaries
	Ongoing	<ul style="list-style-type: none"> <li>Employee wellness programme</li> </ul>		

Stakeholder	When do we engage	Type of engagement	Expectation	How do we manage stakeholder expectations
Regulators and monitors	Bi-annual	<ul style="list-style-type: none"> <li>• Bi-annual compliance audits</li> <li>• Personal meetings</li> </ul>	100% compliance to regulatory framework	Maintain service levels
	Ongoing	<ul style="list-style-type: none"> <li>• Written communication</li> <li>• Presentations to regulators</li> <li>• Submission of compliance</li> </ul>		Maintain professional relationships Adherence to regulatory framework
Business Relationships	Ongoing	<ul style="list-style-type: none"> <li>• Investor relations</li> <li>• Funder engagement</li> <li>• Partnerships</li> <li>• Joint ventures</li> <li>• Acquisitions</li> </ul>	Stakeholder wealth creation Business continuity	Regular interaction and feedback Providing sufficient information to overcome risks Top management involvement
Suppliers	Ongoing	<ul style="list-style-type: none"> <li>• Procurement policy</li> <li>• Concessionaires</li> <li>• Service providers</li> <li>• Empowerment compliance</li> <li>• Scorecard monitoring</li> </ul>	Efficient payment terms BBBEE compliance and promotion	Regular interaction Effective procedures to pay process
Communities	Ongoing	<ul style="list-style-type: none"> <li>• Corporate social investment</li> <li>• Environmental sustainability</li> <li>• Employee initiatives</li> </ul>	Being a responsible corporate citizen	Participation in corporate social investments Responsible gambling awareness
Customers	Monthly	<ul style="list-style-type: none"> <li>• Website access</li> <li>• Monthly site visits</li> <li>• Facebook</li> <li>• Twitter</li> <li>• Marketing initiatives and co-operative promotions</li> <li>• Customer call centre</li> <li>• E-mails</li> </ul>	Providing quality product and service resulting in increased value	Better product offerings Minimum downtime through well-trained employees
	Ongoing	<ul style="list-style-type: none"> <li>• Marketing initiatives and co-operative promotions</li> <li>• Technical support</li> </ul>		
	Annual	<ul style="list-style-type: none"> <li>• Customer loyalty programme</li> </ul>		

# Sustainability Performance Review

Funding is granted to registered non-profit organisations 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.



## 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 does not detract from the attention we pay to sustainability.



## 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.

## SOCIAL INVESTMENT

### Gaming and leisure operations

Our LPM Slots Operations in the Western Cape is committed to allocating at least 5% of pre-tax profits to the GGCSI, whereas in KwaZulu-Natal the commitment in respect of corporate social investment is 0.2% of GGR.

At present Grandslots and Kingdomslots make a direct contribution to the GGCSI and we look forward to a contribution from Grand Gaming: Slots in the future. Furthermore, all our operations contribute where possible, independently of formal CSI initiatives.

On 19 February 2013 Grandslots handed over more than R2.0 million (2012: R1.6 million) to 13 provincial beneficiaries comprising health, education and community development.

Listed below are Grandslots CSI beneficiaries for 2013:

- Age in Action, Cape Town
- Anna Foundation, Stellenbosch/Paarl/Robertson
- Centre for Early Childhood Development, Lavender Hill
- Rape Crisis Helderberg, Helderberg
- S.A Medical and Education Foundation, Mossel Bay, ARV Clinic
- Saartjie Baartman Centre for Women and Children, Cape Flats



On 19 February 2013 Grandslots handed over more than R2.0 million (2012: R1.6 million) to 13 provincial beneficiaries

GPI's gaming and leisure investments, namely GrandWest, The Table Bay Hotel and Golden Valley invested a combined total of R9.9 million (2012: R8.4 million) into a wide range of social beneficiaries



- Heart Charitable Investment Trust, Phillippi
- The Sozo Foundation, Lavender Hill
- Think Twice, Wynberg
- Vulamasango, Phillippi
- Where Rainbows Meet Training & Development Foundation, Vrygrond/Capricorn
- Epilepsy SA Educational Trust, N1 City
- QuadPara Association Western Cape, Durbanville

Kingdomslots contributed R238k (2012: R41k) to the following initiatives namely:

- Lungisisa Indlela Village, Verulam
- Issy Geshen Lamont Home, Lamontville, Durban
- Bobbi Bear Foundation, KwaZulu-Natal
- Vulamehlo Health Resource organisation, Ilembe District

#### **GAMING AND LEISURE INVESTMENTS**

GPI's gaming and leisure investments, namely GrandWest, The Table Bay Hotel and Golden Valley invested a combined total of R9.9 million (2012: R8.4 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 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.

#### **ENTERPRISE DEVELOPMENT**

Through our Slots Operations, we embark on numerous enterprise development initiatives to assist our site owners to develop their primary business as well as to comply with their many legal requirements.



From humble beginnings in Mitchell's Plain, Reon Abrahams moved his family to Kensington and opened Chesray's Sports Bar in 1999. His affiliation with GPI, through Grandslots, has helped him build his business and furthermore provided him with the financial means to support his son, Chesray in his pursuit to become a Chartered Accountant. Chesray is currently a Trainee CA at Deloitte's and will write his final Board exam in 2014 .

# Sustainability Overview

Grandslots	2013	2012	2011	2010
Direct and indirect jobs	1 221	1 401	1 210	1 196
Energy used (kWh)	298 385	371 228	275 832	338 635
Taxes paid (R million)	82.9	75.2	61.5	54.0
Social investment (R million)	2.0	1.6	1.4	1.3
Responsible gaming	0.2	0.2	0.2	0.2
Capital expenditure (R million)	5.5	4.4	8.3	9.1
Kingdomslots	2013	2012	2011	2010
Direct and indirect jobs	1 330	1 122	1 117	965
Energy used (kWh)	273 608	240 433	231 921	228 493
Taxes paid (R million)	21.4	20.3	27.5	22.9
Social Investments (R million)	0.2	0.4	–	–
Responsible gaming (R million)	0.1	0.1	0.1	0.1
Capital expenditure (R million)	4.8	3.0	4.8	7.4
Grand Gaming: Slots	2013	2012	2011	2010
Direct and indirect jobs	156	145	–	–
Energy used (kWh)	71 854	68 159	–	–
Taxes paid (R million)	5.1	3.5	–	–
Responsible gaming (R million)	0.0	–	–	–
Capital expenditure (R million)	2.4	3.7	–	–

<b>GrandWest</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Direct and indirect jobs	<b>3 481</b>	3 378	3 163	3 175
Energy used (kWh)	<b>34 133 135</b>	36 056 055	35 754 310	35 783 051
Water consumption (kl)	<b>307 208</b>	335 369	360 457	348 435
Taxes paid (R million)	<b>644.0</b>	577.8	594.4	490.1
Social investment (R million)	<b>9.5</b>	7.9	9.8	7.5
Capital expenditure (R million)	<b>71.1</b>	53.9	44.5	67.1
<b>Table Bay Hotel</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Direct and indirect jobs	<b>781</b>	775	796	672
Energy used (kWh)	<b>8 143 215</b>	8 309 983	7 493 100	7 311 702
Water consumption (kl)	<b>78 308</b>	67 574	55 181	54 107
Taxes paid (R million)	<b>10.6</b>	7.8	5.0	8.8
Social investment (R million)	<b>0.3</b>	0.4	0.4	0.2
Capital expenditure (R million)	<b>11.6</b>	7.6	6.3	10.3
<b>Golden Valley Casino</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Direct and indirect jobs	<b>372</b>	402	403	381
Energy used (kWh)	<b>4 234 657</b>	4 631 773	4 786 101	4 342 293
Water consumption (kl)	<b>33 393</b>	35 545	35 742	34 060
Taxes paid (R million)	<b>21.9</b>	22.2	25.1	22.7
Social investment (R million)	<b>0.1</b>	0.1	0.1	0.7
Capital expenditure (R million)	<b>7.3</b>	9.0	9.8	6.9

No figures have been disclosed for BURGER KING® as it was only operational for seven weeks.

# Human Resources Statement

Over the past 12 months HR has built a solid foundation on which we are now able to invest more in the development and promotion of our people. With all the basics having been put in place, we are now able to focus on our goals and objectives for FY2014.



The Group is pleased to note that during the period under review we have created over 150 new job opportunities, mainly through our BURGER KING® operations.

## OVERVIEW

The growth experienced at GPI has made Human Resources (HR) a really exciting and challenging department. We are at the forefront of having to appoint new and enthusiastic employees at a very fast pace, in order to keep track with our steep growth trajectory. The training and development of all employees is at the top of our agenda, so that we can ensure our employees are able to meet the challenges we are facing. Our various new investments and business ventures, put our people at the forefront of having to acquire and deliver new skills and to become innovative in the delivery of our objectives. A key theme in our “people-first” approach is investing in our employees and ensuring that they are able to deliver on our expectations as well as their own. We have been able to implement a number of new initiatives, which over time will create immense benefits to the employee and the Group.

## HR GOALS AND OBJECTIVES

Over the past 12 months HR has built a solid foundation on which we are now able to invest more in the development and promotion of our people. With all the basics having been put in place, we are now able to focus on our goals and objectives for FY2014. These include:

- Continuous alignment with our strategic focus
- Empowering our employees for growth and change
- Attracting and retaining key talent
- Continuous process improvement
- Rewarding performance, innovation and achievement

We aim to provide our employees with numerous opportunities to develop their skills and talents.

## Recruitment

The Group is pleased to note that during the period under review we have created over 150 new job opportunities, mainly through our BURGER KING® operations.

In particular we have focused our BURGER KING® recruitment drive on employing the unemployed youth. We are in the process of developing partnerships with government and community agencies, to expand our reach in making these opportunities even more easily available.

We have implemented an online recruitment system, as well as utilised alternate recruitment methodologies, to ensure that we cast our net as wide as possible and to furthermore ensure that we are able to reach large parts of communities, in particular, disadvantaged communities. We believe that these strategies have paid off.

Of the 177 positions recruited for this year, 142 appointments have been within BURGER KING®. We are proud to state that of the new BURGER KING® positions, 40 employees are new entrants into the job market and a further 67 were unemployed.

84% of our vacancies have been filled by Historically Disadvantaged Individuals (HDIs), of which 58% are female. This speaks volumes about our commitment to transformation and empowerment.

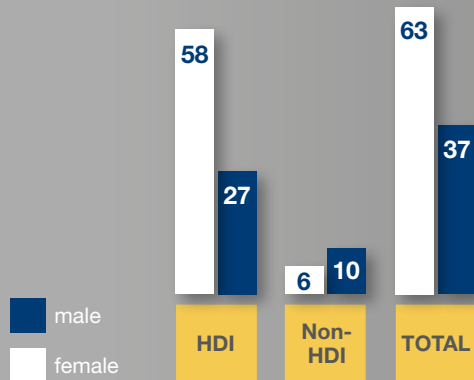
## GROUP RECRUITMENT STATISTICS

### Leadership and Management Development

We have undertaken a leadership survey to determine the development needs of our management team, particularly from their perspective. The feedback from this survey is being utilised to construct individual development plans, which relate to the succession planning of the Group.



**Group Recruitment Statistics**  
percentage



Over the past year we have conducted training and development in accordance with the Group's Workplace Skills Plan (WSP)



As part of our ongoing commitment to the development of our leaders, our supervisory and management employees continue to attend various courses and workshops in order to enhance their skills, capabilities and knowledge, to better lead the teams.

#### Learning and Development

Over the past year we have conducted training and development in accordance with the Group's Workplace Skills Plan (WSP) and due to the launch of BURGER KING®, we have also sent employees for training in the United Kingdom and Spain.

Over and above the undertaking in our WSP, we have trained 140 BURGER KING® employees in the Right Track Training Programme (RTT), in preparation for the opening of our BURGER KING® stores.

We have established a training centre at our premises at 33 On Heerengracht, dedicated to the training and development of all BURGER KING® employees in the Western Cape.

Over the past six months BURGER KING® has conducted in excess of 3 000 days of training for more than 140 employees.

In terms of the GPI WSP we have conducted over 60 interventions for more than 100 employees.

#### Internship

We are in the process of making internships available to graduates.

##### TSiBA Intern 2013

Noeraan Jumat is 23 years old and has just graduated from TSiBA Education, with a Bachelor of Business Administration Degree. In January 2013, Noeraan was appointed as an intern at GPI, a requirement of her degree and as part of GPI's

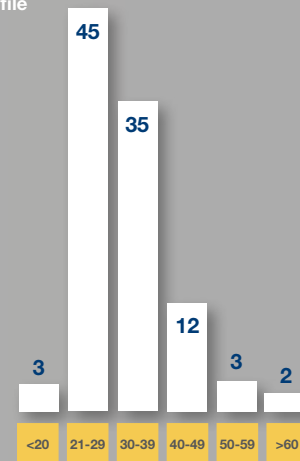
Graduate Recruitment programme.

Noeraan hails from Kewtown in Athlone and is the eldest of four children. She attended Alexander Sinton High School. In 2007 she matriculated and applied to TSiBA to study, unfortunately, her application had just missed the cut-off date and she was not considered. However, the ever tenacious Noeraan did not let this slow her down. She applied to complete her N3 in Information Technology at Northlink College and later in 2008 once again applied to TSiBA for the 2009 academic year.

Students who are awarded scholarships are not required to pay for their education monetarily, but rather to "Pay it Forward" by transferring the knowledge, skills and resources they gain at TSiBA to their communities. In this way, TSiBA's vision of 'Igniting Opportunity' is realised. Opportunities are created for students to practice leadership and entrepreneurship in their day-to-day life, with the curriculum built around creating numerous opportunities for the students to begin businesses and make a difference in the lives of others, whilst still studying.

Having successfully completed the recruitment process, Noeraan was accepted to TSiBA in 2009 and then sent on a three day orientation camp to meet young people like herself whom she would be studying with. Whilst at TSiBA, Noeraan was fortunate enough to participate in starting up a Company called TC3 – The Complete Cleaning Company. The Company was established by a group of nine friends who were asked to develop a small business from the ground up. They obtained start-up capital by selling shares (R50 each). The core business of TC3 was to do household and business cleaning. Noeraan was the HR Manager of the business. Her duties included

Employee Age Profile  
Percentage



**84% of our vacancies have been filled by Historically Disadvantaged Individuals (HDIs), of which 58% are female. This speaks volumes about our commitment to transformation and empowerment.**

paying salaries and employing part-time people. When the Company needed extra employees they would interview students from TSIBA. As TSIBA students, they wanted to “pay it forward” and felt that by employing other students they were “giving back”. TC3 was the first student Company to receive The Gold Award from TSIBA.

Noeraan, has just been appointed as a human resources administrator at BURGER KING® South Africa, and is looking forward to a really bright future. This bright young lady would like to do some travelling, as soon as she has seen everything Cape Town has to offer. She would also like to further her studies.

#### **Nandipha Namntu**

Nandipha was born and raised in a small rural village called Ntabethemba in Queenstown. She matriculated in 1999 at Zanabantu Senior Secondary School in Queenstown.

Nandipha moved to Cape Town in 2000 in order to find work and her first position was that of a shop assistant in a spaza shop in Khayelitsha. In 2003 she went to work for Carmene Jonas who was employed at Thuo Gaming South Africa, as a char lady. Through her affiliation with Carmene, Nandipha applied for, and was successful in, securing a position at Thuo Gaming South Africa as a tea lady/cleaner.

In August 2010, Nandipha applied for, and was appointed to, the position of junior premises accountant. The transition was very difficult for her, as she had no financial or administrative experience. The task ahead of her was extremely daunting, and despite many changes in the department, Nandipha persevered and showed extreme resilience to the challenges facing her. With the assistance of her colleagues and

managers, she started becoming proficient at updating and controlling the daily cashbooks, and as time passed she was given additional responsibilities.

Later, Nandipha was given the Grand Gaming: Slots site owned accounts to handle and was tasked with the basic ground work. Over the next few months she was taught transactional and accounting tasks.

Her eagerness to progress is displayed in her willingness to learn and study further. In 2010 she registered at Damelin and completed a certificate in Bookkeeping to Trial Balance. She has just completed a Payroll Short Course, and has now started with a Computerised Bookkeeping Course. Nandipha enjoys working in the finance field and would like to continue with her studies and complete a degree in finance and maybe become a chartered accountant one day.

Nandipha is married to Vuyani and has three children, Anda who is seven years old and in grade 1 and the twins called Anaxolo and Aviwe aged one-year and nine months. With a very inquisitive son and two very busy girls, Nandipha is kept very busy, having to juggle the kids, her work and her studies.

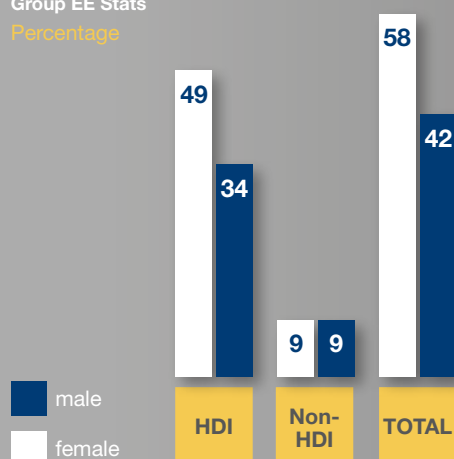
Nandipha has a long way to go, but she has made remarkable strides, and continues to persevere on a daily basis. She writes her examination for her bookkeeping course in October 2013.

#### **Transformation**

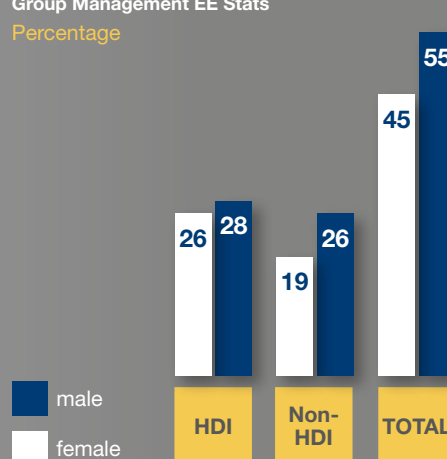
Our success over the past 12 months is substantiated by the fact that the Group, through its BURGER KING® operations has managed to create 142 new positions, and as such has maintained excellent employment equity levels.

## Human Resources Statement *continued*

Group EE Stats  
Percentage



Group Management EE Stats  
Percentage



In order to ensure that we are able to be competitive within the market and in line with HR best-practice, we have implemented job grading for all positions, including executives.



We have a relatively young workforce with 83% of our employees being under 40 years of age and our average age being 32 years. With the BURGER KING® recruitment drive, and our focus on youth employment, we envisage the average age to decrease significantly.

### Performance Management

We have undertaken a complete review of the business operations and as such, each department head has assessed their department and set objectives for each area, which aligns to the overall strategic objectives of the organisation. This forms the basis of the performance contract between each executive member and the CEO. Quarterly, objectives are monitored to determine any gaps as well as addressing areas of development.

On completion of the objective setting exercise, each department manager, in conjunction with HR, undertook a job description writing exercise aimed at ensuring that actual jobs in the department, contributed to the attainment of objectives. Where necessary, jobs were tweaked and changes were implemented.

On completion of the above, a job evaluation exercise was conducted throughout the business starting at executive level and moving through the business.

The performance appraisal system has been revamped to focus more critically on KPIs, behaviours linked to organisational values, objectives and development. A five point rating scale has been implemented which aims to ensure a clear distinction between excellent performance, average performance and poor performance. Remedial measures are put in place for employees in need of these, and development opportunities are created for employees who excel in their roles.

Performance appraisal training is conducted with both appraisors and appraisees, to equip them with relevant skills and behavioural astuteness with which to conduct appraisals. The training emphasises that ratings are secondary to the constructive feedback that is needed and the conversation that is developed through the process. Managers and employees are encouraged to conduct this process as frequently as possible, and not just twice annually as prescribed by policy.

### Reward and Recognition

In order to ensure that we are able to be competitive within the market and in line with HR best-practice, we have implemented job grading for all positions, including executives. This has assisted us in ensuring that we are able to compare our remuneration practices with companies in the market place, and ensure that we are able to compete on an equal footing.

A Remuneration Policy has been developed and approved by the Remuneration Committee and this policy guides the process of remuneration review. In line with best-practice, the Company has moved all employees onto a cost-to-Company remuneration package, to create an equitable base from which to remunerate employees.

In September 2012, GPI as part of its bonus scheme issued all employees who had been permanently employed for more than one year, GPI shares. This is an indication of our commitment to investing in people, and particularly our employees. We believe that owning a part of the business in which they work, motivates our employees, as they can take ownership of their activities and also benefit from it.

We have revised our long service policy, to ensure that we are able to recognise loyal employees on a more frequent basis and to provide them with a reward commensurate of their loyal



Annually we undertake an employee engagement survey to assess the views and perspectives of our employees. In 2012, the results of this survey were used as a foundation for our HR strategic planning.



service. In December 2012, we were honoured to recognise 38 employees for five years of long service. Each person who achieved this milestone received five days leave, plus a bonus of R5 000.

#### Employee Engagement

Annually we undertake an employee engagement survey to assess the views and perspectives of our employees. In 2012, the results of this survey were used as a foundation for our HR strategic planning. As this was the first survey of its kind undertaken, the Group is very pleased with a response rate of 84%. This was a keen indicator of our employee's willingness to share their views and perceptions and a solid basis upon which to base interventions. Overall satisfaction levels were high and encouraging.

Through the Group's Social Committee, which has both management and employee representation, a calendar of social events is hosted throughout the year. These events range from CSI projects, to quarterly employee gatherings, commemorative days, and so on. The aim of the social committee is to implement activities that foster high employee interaction and engagement.

We have implemented an electronic suggestion box, where employees can submit suggestions and innovations via e-mail. Employees will be rewarded for practical suggestions that are beneficial in terms of achieving our triple bottom line. Suggestions may be submitted anonymously if the employee wishes, however, recognition rewards are payable to employees who provide the most innovative and practical suggestions.

#### Employee Well-being

As a Group we take the well-being of our employees to heart and as such, we annually host a Wellness Day. Employees are given an opportunity to undergo standard medical testing, education on fitness levels and healthy diets to assist them to lead a healthy lifestyle.

Through partnerships with our various benefit provider's employees also have access to services, amongst others, such as:

- Emergency Medical Advice and Assistance Hotline
- Emergency Medical Response (Primary Response)
- Medical Transportation
- Inter-hospital Transfer
- Medical repatriation

Starting in our new financial year, we will have a dedicated Employee Well-being Programme for GPIMS and Slots employees, with services that include amongst others:

- Well-being communication services (including web services)
- Well-being support 24/7/365 care centre access for psychological, health, financial and legal matters
- In person psychosocial sessions





With many new employees joining our workforce we will need to adapt our strategies to cater for the diversity of many different generations who are now part of our Group. With this comes acquiring new leadership techniques and revamped business processes which will catapult us to a higher level of performance.



Our success over the past 12 months is substantiated by the fact that the Group, through its BURGER KING® operations has managed to create 142 new positions, and as such has maintained excellent employment equity levels.

Through the reporting function of this service, we will be able to analyse the trends of the employee assistance and support required, and implement proactive solutions, which have a direct bearing on the needs of our employees.

#### **HR Outlook**

This exciting time of growth and expansion, also represents many challenges for both HR and the workforce. We need to ensure that our employees remain committed and motivated, amidst much change and ensure that they are equipped with the necessary skills to seize the many opportunities which may be presented to them.

Our key focus areas for the new year are:

- Managing change
- Building leadership capacity
- Employee development
- Turning engagement into positive experiences

With many new employees joining our workforce we will need to adapt our strategies to cater for the diversity of many different generations who are now part of our Group. With this comes acquiring new leadership techniques and revamped business processes which will catapult us to a higher level of performance.

# Corporate Governance

The trading environment in which GPI and the Group operates is becoming increasingly complex, due mainly to the growing body of legislation that applies to our various operations.



A register documenting the Company's assessment of its compliance with the 75 principles of King III is available in the corporate governance section on the Company's website at [www.grandparade.co.za](http://www.grandparade.co.za).



GPI is listed on the JSE and complies fully with the spirit and form of the continuing obligations of the Listings Requirements of the JSE. The GPI Board also endorses the governance principles as set out in the *King III Report* and confirms that the Company has complied in all material respects with the *King Code of Governance Principles for South Africa* ("King III") for the year ended 30 June 2013.

A register documenting the Company's assessment of its compliance with the 75 principles of *King III* is available in the corporate governance section on the Company's website at [www.grandparade.co.za](http://www.grandparade.co.za).

The Directors continue to be committed to practicing sound corporate governance through the promotion of positive relationships built on respect and trust, as well as the application of business processes aimed at sustainable and responsible growth in the interests of all stakeholders. To this end, the Board ensures that governance structures and procedures are regularly reviewed so that they retain relevance as well as the necessary dynamism with which to respond to the constantly changing operating environment.

Internal processes currently undergoing review as a result of operational changes are the Group's code of conduct and strategies for the governance of information technology. These reviews are in direct response to the rapid expansion of the Company's business interests across a range of operations (QSR, property management, Information Technology (IT) services and manufacturing) during the past year.

While the Board is satisfied that its code of ethics is adequate it believes that a more robust code, capable of application across

multi-disciplinary business units, is called for. Furthermore, due to the decision of the Company to provide its own IT infrastructure and attendant resources and services, through its subsidiary Grand Technology (effective date 1 July 2013) a comprehensive IT internal control framework is being developed together with a new information security management system and disaster recovery plan to cater for the requirements of all business units. Provision has also been made for IT governance capacity in the Company's governance framework and this will be fully rolled-out during the current year.

The trading environment in which GPI and the Group operates is becoming increasingly complex, due mainly to the growing body of legislation that applies to our various operations. These range from the various corporate laws governing companies and financial markets, as well as legislation and codes of practice pertaining to BBBEE, consumer protection, privacy and health and safety regulation. There were no breaches of any requirements pertaining to these laws during the reporting period.

In addition, our various subsidiaries that are licenced to operate in the gambling sector are also subject to national and provincial gambling laws. As such, gambling regulation compliance is of material importance to ensure ongoing retention of our various gambling licences. This is achieved by instilling a rigorous compliance culture at operational level, applying internal control standards and compliance procedures, as well as regular internal compliance audits with reporting to both the Company Boards and the relevant provincial gambling boards. There were no material breaches of the



The Board is responsible for the strategic direction and ultimate control of the Company according to its Memorandum of Incorporation (MOI) and charter.



prescripts pertaining to gambling during the reporting period. One of the main ongoing compliance themes imposed by the provincial gambling boards, as part of a national requirement, is the achievement by licenced entities of a Level 2 BBBEE contributor status by 2015. We are pleased to report that our subsidiaries will meet this requirement without exception.

#### BOARD OF DIRECTORS

The Board is responsible for the strategic direction and ultimate control of the Company according to its Memorandum of Incorporation (MOI) and charter. It exercises this control through a governance framework comprising the various Board committees, all of which have clear reporting lines to and from the Board; by monitoring operational performance and holding management accountable for the achievement of objectives; by way of a system of assurance on internal controls; and by reserving certain matters for decision at Board level.

A balance of power and authority is achieved by ensuring that the Board operates separately from executive management and that each have separate performance areas. This prevents any one individual or group of individuals from dominating Board decisions or exercising unfettered powers of decision-making.

The Board is satisfied that it has discharged its duties and obligations in terms of its charter during the past financial year.

#### Board composition

The Board has a unitary structure comprising a mix of four Executive and six non-executive Directors, including a lead independent director. Other than the appointment of Mr Colin Priem as a non-executive Director on 20 August 2012 and the resignation of Mr Richard Hoption on 30 November 2012,

there were no changes to the Board composition during the year ended 30 June 2013. Subsequent to year end, the Board appointed Professor Walter Geach as a non-executive Director on 17 September 2013. The Board's composition is as follows:

#### Executive Directors

Hassen Adams - Executive Chairman

Alan Keet – Chief Executive Officer

Alexander Abercrombie – Gaming Executive

Sukena Petersen – Financial Director

#### Non-executive Directors

Norman Maharaj – Lead Independent Director

Nombeko Mlambo

Anthony Bedford

Faldi Samaai

Colin Priem

Walter Geach

#### Chairman, Lead Independent Director and Chief Executive Officer

The Board has taken the *King III* principle relative to the independence of a Company chairman into consideration but is of the view that Mr Hassen Adams' role as the Executive Chairman of the Company is mitigated by the weight of his extensive experience and expertise as well as his track record of serving the best interests of the Company and greater community.

As a result of this, the Board has again appointed Dr Norman Maharaj as LID for the year under review. His role as LID is to provide leadership to the Board, committees, Directors and



**The Board evaluates its own performance, processes and procedures as well as the performance of its committees.**



executives on matters where the Chairman may have a conflict of interest and, in conjunction with the Remuneration and Nomination Committee, he manages the performance appraisal of the Chairman.

As the Group CEO, Mr Alan Keet's primary role is to run the business and implement the decisions of the Board by means of written delegations of authority communicated through Board resolutions and standard approved levels of authority for capital expenditure, contracts and procurement.

#### **Period of office and retirement**

One third of the non-executive Directors must retire from office at each annual general meeting (AGM) with the longest serving directors retiring first. Directors remain eligible for re-election provided they continue to satisfy the eligibility and qualification criteria of the Companies Act. Details of the directors who will be retiring by rotation are contained in the Notice of Annual General Meeting on pages 73 of this report.

The tenure of Executive Directors is governed by way of their respective employment contracts which contain provisions in keeping with best-practice in the market.

#### **Appointment and Performance of Directors**

The Board's appointment procedures are formal and transparent and a matter for the Board as a whole with guidance and advice being provided to it by the Remuneration and Nomination Committee. When vacancies arise 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 before recommending a candidate for appointment to

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

On appointment, a director is provided with the relevant statutory information to ensure an understanding of the provisions of the Companies Act with particular reference to the duties and obligations of directors. The director is also provided with information on the Group's strategy, operational activities, and the products and services offered by the various business units. New directors are also informed of the closed periods for dealing in the Company's securities, the procedure they are required to follow before dealing in securities, as well as details pertaining to related party transactions.

The Board evaluates its own performance, processes and procedures as well as the performance of its committees. The chairman performs an annual evaluation of the attendance and performance of directors and the efficacy of Board committees by way of an informal process in light of the collective experience of the directors and their extensive knowledge of the Company and its operating environment.

#### **Independence Assessment**

A written self-assessment based on the criteria provided in *King III* and the JSE listings requirements, was undertaken by each non-executive Director as at the end of June 2013 and the results were reviewed by the Remuneration and Nomination Committee and subsequently considered by the Board.

The Board is satisfied that, based on the assessment criteria mentioned above, five of the six non-executive Directors are independent.

The Board also reviews the independence of directors who have served for periods longer than nine years and is satisfied that the directors concerned are independent of mind and





A policy on share dealings and insider trading is applied across the Group to all Company directors, the Company Secretary, prescribed officers and certain identified senior executives with access to financial results and other price-sensitive information.



judgement and that no conflicts of interest exist. Furthermore, the Board is of the view that notwithstanding the extended length of the directors' service, they contribute valuable experience to the Board.

#### **Dealing in the Company's Securities**

A policy on share dealings and insider trading is applied across the Group to all Company directors, the Company Secretary, prescribed officers and certain identified senior executives with access to financial results and other price-sensitive information. These individuals may not deal in shares of the Company during the 'prohibited periods' as defined in the JSE Listings Requirements or while the Company is operating under circumstances where it would be inappropriate to deal in the Company's shares, such as while operating under a cautionary or while the Company is in the process of price-sensitive negotiations or acquisitions.

Directors and the Company Secretary are obliged to obtain the chairman's written clearance (or in his absence, the LIDs) prior to dealing in the Company's shares and 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.

#### **Disclosures and Conflicts of Interest**

Directors are obliged to avoid situations that may place them in conflict with the interests of the Company or the Group. In addition, interests are required to be declared before each Board meeting and procedures are in place for directors to provide the Company Secretary with full disclosure of any related party transactions to which they or their immediate families may be party.

#### **Access to Company Information**

Procedures are in place, through the Board chairman and the Company Secretary, enabling the directors to have access, at reasonable times, to all relevant Company information and to senior management, 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 professional advice for the furtherance of their duties, if necessary and within reason, at the Company's expense, subject to prior notification to the Chairman or the Company Secretary. No such advice was sought during the year under review.

The Company Secretary serves as the central source of advice to the Board on the requirements of the Companies Act and the principles of corporate governance as contained in the JSE listings requirements and *King III*. In addition to the Company Secretary's statutory and other duties, she provides the Board as a whole, directors individually, and the committees with guidance as to the manner in which their responsibilities should be discharged in the best interests of the Company. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company Secretary reports to the CEO but has direct access to the Executive Chairman. The Company Secretary is not a director of any of the Group's operations and accordingly maintains an arms'length relationship with the Board and its Directors.

The Board confirms that it has considered, and is satisfied, that the Company Secretary is competent and possesses the necessary qualifications and experience.

# Board Committees

## Board Meetings

The Board meets quarterly to discharge its statutory obligations and to ensure adherence with the Company's strategic focus as determined by the Directors the need arises.

	Audit and Risk Committee	Remuneration and Nomination Committee
CONSTITUTION	Constituted in terms of Section 94 of the Companies Act and comprises at least three members who are independent non-executive Directors elected by the shareholders at the Company's annual general meeting	Constituted in accordance with the recommendations of <i>King III</i> and comprises not less than three non-executive Directors of whom the majority must be independent.
MEMBERS	Colin Priem (Chairperson) Norman Maharaj Faldi Samaai (resigned 30/8/2013) Walter Geach	Anthony Bedford (Chairperson) Nombeko Mlambo Faldi Samaai
MANDATE	<ul style="list-style-type: none"> <li>Assist the Board with the discharge of its fiduciary duties and fulfilment of its oversight responsibility to shareholders, potential shareholders, the investment community and others with reference to:               <ul style="list-style-type: none"> <li>the integrity of the Company's and Group's financial statements;</li> <li>the Company's and Group's compliance with legal and regulatory requirements; and</li> <li>the independent external audit firm's qualifications, performance and independence.</li> </ul> </li> <li>Review and confirm that it is satisfied with the expertise and experience of the financial director</li> <li>Monitor the efficacy of internal controls; ensure 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 and oversee the compilation of the Group's IAR.</li> </ul>	<ul style="list-style-type: none"> <li>Recommend remuneration policies for directors and senior Company executives to the Board.</li> <li>Determine and recommend to the Board the terms and conditions of Executive Directors' employment agreements, including performance criteria.</li> <li>Evaluate the performance of Executive Directors (including any chief executives) according to the approved criteria and recommend rewards to the Board.</li> <li>Consider management's proposals for annual salary adjustments and performance-based rewards for the Group's employees and recommend the proposals to the Board.</li> <li>Approve changes to the benchmarking methodology used for setting base salaries and incentive targets, the conditions of employment and other benefits offered to employees in the Group.</li> <li>Ensure appropriate disclosure in the annual remuneration report included in the IAR.</li> <li>Recommend directors for appointment to the Board and the re-election of directors retiring by rotation.</li> <li>Annually review and make recommendations to the Board as to the independence of non-executive Directors.</li> <li>Determine and recommend to the Board appropriate long-term succession plans for all key positions in the Group.</li> </ul>
FREQUENCY OF MEETINGS	Four meetings per year but may have additional meetings if circumstances warrant this.	Two meetings per year but may have additional meetings if circumstances warrant this.

prior to the commencement of the financial year. Additional meetings are held during the course of the year to attend to other specific business as and when

Investment Committee	Social and Ethics Committee
Appointed in terms of the provisions of the Company's memorandum of incorporation governing the Board's powers to appoint committees.	Constituted in terms of Section 72(4), read with Regulation 43(5), of the Companies Act and comprises no less than three directors, one of which must be a non-executive Director.
Hassen Adams (Chairman) Alex Abercrombie Alan Keet Colin Priem Sukena Petersen Dylan Pienaar	Hassen Adams (Chairman) Faldi Samaai Norman Maharaj Alex Abercrombie Alan Keet
<ul style="list-style-type: none"> <li>• Determine investment policies and guidelines subject to Board approval.</li> <li>• Consider the viability of investments proposed by management with due regard to the sustainability of projected returns, the effect of the investments on the Group's liquidity and cash flow and the Group's strategy.</li> <li>• Approve new investments and/or extend existing investments subject to the total value of the investment not exceeding R20 million per investment.</li> <li>• Recommend investments to the Board for approval.</li> <li>• Ensure that appropriate due diligence procedures are followed when acquiring or disposing of assets.</li> <li>• Evaluate the performance of assets/investments against the Group's strategy, compliance with the investment policy and guidelines, and risk tolerance levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Perform its statutory duties in terms of the Companies Act and the following delegated functions: <ul style="list-style-type: none"> <li>– Monitoring the ethical conduct of the Company, its executives and senior officials according to policies approved by the Board from time to time;</li> <li>– Review policies or statements on ethical standards or requirements within the Group;</li> <li>– Monitor compliance with the Company's MOI and the JSE Listings Requirements;</li> <li>– Monitor compliance by Company directors and senior employees with the disclosure requirements relating to dealings in the Company's securities to ensure there are no breaches or threats of insider trading; and</li> <li>– Consider and make recommendations to the Board on any existing or potential conflicts of interests that may arise from time to time.</li> </ul> </li> </ul>
Two meetings per year but may have additional meetings if circumstances warrant this.	Two meetings per year if required but may have additional meetings if circumstances warrant this.

Each risk is measured in terms of its probability and its potential impact on the Group after which risks are ranked according to their severity.



#### RISK MANAGEMENT

The Board assumes ultimate accountability for the risk management process and the system of internal control of the Group and, in collaboration with the Audit and Risk Committee, has developed a risk management framework aimed at achieving the Group's overall strategic objectives and the creation of long-term value for shareholders.

The Audit and Risk Committee is responsible for ensuring that the risk management framework is applied across the Group and for reviewing and assessing the effectiveness of the risk management system to ensure that risk is appropriately managed and mitigated.

Operational risk management processes to promote occupational health and environmental responsibilities, safety management, asset management and protection, security and fire risk management, are implemented at enterprise level, with processes in place for the prompt reporting of incidents to line managers and ultimately senior and executive management.

Risk Committees have been established at enterprise level, comprising senior management of each of the enterprises who are responsible for identifying and analysing risks and for developing and implementing risk responses, assigning responsibility for risk management to specific owners and for monitoring the effectiveness of the responses. Risk Committees meet quarterly to review risks and risk mitigation measures, to re-rank risks and to consider new risks that may have arisen during the preceding quarter or to anticipate potential risks.

Each risk is measured in terms of its probability and its potential impact on the Group after which risks are ranked according to their severity.

A written record of the quarterly review proceedings is kept and management is obliged to table an executive summary thereof at the quarterly Board meetings of each of the operating enterprises. The executive summaries and enterprise risk registers are ultimately consolidated into a Group risk register and are reported to the Audit and Risk Committee with exceptions being escalated to the main GPI Board.

The internal audit plan makes provision for the effectiveness of risk responses to be reviewed at enterprise level with direct reporting on the findings thereof, to the Audit and Risk Committee by the internal auditor.

#### Internal audit

The internal audit function provides support to management and the Board of Directors by performing independent assessments of the Group's activities and the concomitant business risks, and providing impartial judgements thereon.

The purpose, terms of reference and scope of the internal audit function is incorporated in an internal audit charter which is reviewed annually by the Audit and Risk Committee and changes are approved by the Board.

The scope of the internal audit function includes: performing annual and bi-annual internal audits as prescribed by the provincial gambling legislation; performing internal control adequacy and effectiveness reviews; determining compliance with policies and procedures; adding value by directing the audit scope, interpreting results and enabling improvements to the Group's governance, risk and control procedures; communicating findings to senior management and compiling comprehensive evidence-based reports for the Board.



Risk Committees have been established at enterprise level, comprising senior management of each of the enterprises who are responsible for identifying and analysing risks and for developing and implementing risk responses, assigning responsibility for risk management to specific owners and for monitoring the effectiveness of the responses.



In terms of its charter, our Audit and Risk Committee is required to ensure that a combined assurance model is applied.



The internal auditor reports to the Audit and Risk Committee and has direct access to the Chairman of that committee.

#### **Combined Assurance**

In terms of its charter, our Audit and Risk Committee is required to ensure that a combined assurance model is applied. The objective is to provide a co-ordinated approach to all assurance activities, with particular reference to ensuring that the combined assurance received is appropriate to address all the significant risks facing the Company.

Management continues to provide the Board with the assurance that the Group's risk management policies are implemented and integrated into the Group's day-to-day business activities and that internal controls are implemented and their efficacy monitored on a regular basis.

The internal audit function, operating under the auspices of the Audit Committee, provides an independent assessment of the effectiveness of the Company's system of internal control and risk management.

Our external auditors, EY, have historically expressed and will continue to express an opinion on the fair presentation of the Group's annual financial statements.

#### **Governance of Information Technology (IT)**

It was reported in the previous integrated report that an IT Governance Committee would be implemented during the 2013 reporting period. While a committee as originally envisaged has not yet been established, a working group was created to manage the development of new IT infrastructure at the Company's new premises at 33 On Heerengracht, Cape Town prior to the relocation there in February 2013.

As mentioned in the opening paragraphs of this report, one of the Company's strategies is to provide its own IT infrastructure and attendant resources and services, through its subsidiary Grand Technology (effective 1 July 2013). In light of this and the expansion of the business, we are developing a comprehensive IT governance, risk and compliance framework together with a new information security management system and a disaster recovery plan to ensure ongoing sustainability.

An IT Committee will soon be established and provision will be made for IT Governance capacity in the Company's governance framework for full roll-out during the current year. The express purpose of the IT Governance Committee will be to monitor the effectiveness of the IT governance framework and to report thereon to the Audit and Risk Committee and ultimately the Board.

# Remuneration Report

The Remuneration and Nomination Committee plays an integral role in overseeing the application of our grading and benchmarking practices to ensure that remuneration practice meets the Group's strategic objectives and compensation is in line with Company financial performance and growth.



Our policy objectives are aimed at ensuring the fair determination of remuneration based on relevant market data.

## INTRODUCTION

GPI's philosophy and approach to remuneration is informed by market research and market best practice to attract and retain key talent and skills and to create shareholder value.

Our remuneration philosophy and practice is underpinned by an internationally recognised job evaluation and grading system, under licence from Deloitte Human Capital. We undertake remuneration and benefits benchmarking to ensure that equitable and fair remuneration practices are maintained.

The Remuneration and Nomination Committee plays an integral role in overseeing the application of our grading and benchmarking practices to ensure that remuneration practice meets the Group's strategic objectives and compensation is in line with Company financial performance and growth.

### Policy Guidelines

Our policy objectives are aimed at ensuring the fair determination of remuneration based on relevant market data, and that remuneration is customised to meet the business strategic objectives including affordability, openness and transparency. As a principle, above-average rewards accrue to employees who accept the challenge of achieving our strategic objectives and excel in reaching them.

GPI's current payline benchmarks the lower quartile of the national salary market practice. With Company growth and increased shareholder wealth we aim to enhance the payline practice and rewards.

Notwithstanding our current practice, the policy practice is robust enough to retain and motivate our employees and to act as a key retention mechanism for critical and scarce skills. Based on the cycle in which the Company currently finds itself, we see the process of achieving our desired remuneration levels as a process rather than an event. As such we aim to achieve market equity in the remuneration of our employees over a period of time, based on affordability to the Company.

### Remuneration Structure

#### 1. Base Pay

Employee base pay is determined using market research and remuneration benchmarking. Employees are remunerated on a cost-to-Company (CTC) or base pay monthly salary basis. The CTC is made up as follows:

- Cash Component (including travel allowance/shift allowance, etc.); and
- Benefits

Compulsory benefits form an integral part of employee remuneration, including medical aid to ensure adequate medical cover for employees during times of illness. A provident fund ensures that employees are able to plan for their retirement, and group life cover provides assistance to the families of employees, in the event of their death, whilst in employment.



Employee base pay is determined using market research and remuneration benchmarking.



## 2. *Short-Term Incentive*

GPI has an incentive bonus scheme in operation which links the performance of the individual to the performance of the business. The incentive bonus scheme allows executives and senior management to earn a percentage of their base pay, as an incentive, dependant on their contribution and impact on the Company and the performance of the Company. All incentive bonuses are proposed to and reviewed by the Remuneration and Nomination Committee and finally approved at Board level.

## 3. *Long-Term Incentive*

The Group provides executives, senior management and selected key employees with share options in terms of the Grand Parade Share Incentive Trust (GPSIT).

The SIT aims to align the goals of executive remuneration, with the creation of shareholder wealth. A key objective of the scheme is to ensure the long-term retention of key employees for the long-term financial benefit of the Company and its financial growth. Employees benefit from the scheme when the share price of the Company is improved.

No share options have been awarded as yet.

## REMUNERATION MIX

### Employee Level

Remuneration Type	Description	Level at which applicable		
		General Employees	Management Employees	Executive
Base Pay	<i>Consisting of:</i> <ul style="list-style-type: none"> <li>Cash salary</li> <li>Allowances (job-specific)</li> <li>Travel allowance (if required)</li> <li>Medical aid</li> <li>Retirement funding</li> <li>Insured benefits (group life, funeral)</li> </ul>	X	X	X
	<i>Annual bonus</i> <ul style="list-style-type: none"> <li>Based on a % of the employee salary</li> <li>Subject to individual and Company performance</li> </ul>	X	X	X
Long-Term Incentive	<i>Discretionary shares:</i> <ul style="list-style-type: none"> <li>Issuing of a limited amount of shares to employees, subject to conditions of the trust, Company and individual performance</li> </ul>	X	X	
	<i>Share options:</i> <ul style="list-style-type: none"> <li>Governed by the GPSIT</li> <li>Participants only gain if the share price increases</li> <li>Participation multiple is a function of specific criteria</li> <li>Share value is a function of guaranteed pay times participation multiple</li> </ul>			X



**NON-EXECUTIVE REMUNERATION**

Non-executive Directors are remunerated on a base fee and attendance fee basis, which fees are benchmarked against fees paid to non-executive Directors in the market, using responsibilities and company size as key indicators.

The fees currently paid to non-executive Directors are included in the left-hand column in the table below. The proposed fees are included in the right-hand column of the table below and make provision for an increase of 7.85% to the current fees as well as a base fee for Board committees.

The proposed remuneration for 2014/2015 is included in the Notice of AGM and will be tabled for consideration and approval at the AGM.

	Base fee	Attendance fee per meeting	Attendance above min meetings	Base fee	Attendance fee per meeting	Attendance above min meetings
	2013/2014			Proposed 2014/2015		
<b>Services as directors - fees</b>						
– Directors	96 800	12 100	7 260	104 400	13 050	7 830
<b>Lead independent directors fees</b>	121 000	12 100	7 260	130 500	13 050	7 830
<b>Audit &amp; Risk Committee fees</b>						
– Chairman	–	19 360	–	30 000	20 880	–
– Members	–	9 680	–	20 000	10 440	–
<b>Remuneration &amp; Nominations Committee fees</b>						
– Chairman	–	14 520	–	30 000	15 660	–
– Members	–	7 260	–	20 000	13 050	–
<b>Social &amp; Ethics Committee fees</b>						
– Chairman	n/a	n/a	n/a	n/a	n/a	n/a
– Members	–	7 260	–	–	7 830	–
<b>Investment Committee fees</b>						
– Chairman	n/a	n/a	n/a	n/a	n/a	n/a
– Members	–	7 260	–	–	7 830	–

## Abridged Consolidated Statements of Comprehensive Income

for the year ended 30 June 2013

	Note	GROUP		COMPANY	
		2013 R'000s	Restated 2012 R'000s	2013 R'000s	Restated 2012 R'000s
<b>Revenue</b>	4	489 353	430 651	139 119	555 031
Cost of sales	5	(276 622)	(231 248)	–	–
<b>Gross profit</b>		212 731	199 403	139 119	555 031
Operating costs	6	(142 039)	(107 599)	(8 017)	(21 507)
<b>Profit from operations</b>		70 692	91 804	131 102	533 524
Profit from equity-accounted investments	7	114 672	131 072	–	–
Reversal of impairment of investment	8	–	336	–	336
Impairment of plant and equipment	8	(316)	–	–	–
Realisation of fair value reserve	9	–	35 588	–	–
Profit on disposal of investments	10	–	60 248	–	57 485
Depreciation		(33 882)	(35 987)	(14)	(164)
Amortisation		(2 248)	(2 623)	–	–
<b>Profit before finance costs and taxation</b>	4;11	148 918	280 438	131 088	591 181
Finance income		6 216	6 797	1 620	3 001
Finance costs	12	(14 603)	(24 225)	–	(1 849)
Profit before taxation		140 531	263 010	132 708	592 333
Taxation	13	(10 955)	(11 598)	(411)	(8 871)
<b>Profit for the year</b>		129 576	251 412	132 297	583 462
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Unrealised fair value loss on available-for-sale investments, net of tax		(1 887)	(5 676)	–	–
Realisation of fair value reserve		–	(35 588)	–	–
<b>Total comprehensive income for the year</b>		127 689	210 148	132 297	583 462
Profit for the year attributable to:					
– Ordinary shareholders		131 533	251 412	132 297	583 462
– Non-controlling interest		(1 957)	–	–	–
		129 576	251 412	132 297	583 462
Total comprehensive income attributable to:					
– Ordinary shareholders		129 646	210 148	132 297	583 462
– Non-controlling interest		(1 957)	–	–	–
		127 689	210 148	132 297	583 462
		<b>Cents</b>	<b>Cents</b>		
Basic and diluted earnings per share	14	28.55	53.58		
Headline and diluted headline earnings per share	14	28.76	34.88		
Adjusted and diluted adjusted headline earnings per share	14	31.00	29.23		
Ordinary dividend per share <sup>#</sup>		12.50	10.00		
Special dividend per share <sup>#</sup>		7.50	60.00		

<sup>#</sup> Final ordinary and special dividend declared in respect of the previous financial year.

# Abridged Consolidated Statements of Financial Position

## for the year ended 30 June 2013

		GROUP		COMPANY	
	Note	2013 R'000s	2012 R'000s	2013 R'000s	2012 R'000s
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments in jointly-controlled entities	15	1 529 714	1 406 521	174 033	174 037
Investments in associates		1 053 361	1 062 182	150 079	150 079
Investments		39 096	34 884	20 929	20 929
Investments in subsidiaries		7 680	9 900	–	–
Goodwill		–	–	3 002	3 000
Property, plant and equipment		122 934	122 934	–	–
Intangible assets		223 794	101 972	23	29
Deferred tax assets		57 751	55 392	–	–
		25 098	19 257	–	–
<b>Current assets</b>					
Inventories	16	471 033	461 805	560 721	518 358
Trade and other receivables		1 534	2 067	–	–
Related party loans		49 402	33 095	3 253	3 509
Income tax receivable		16 822	20 009	222 847	189 104
Cash and cash equivalents		57	1 487	–	–
		403 218	405 147	334 621	325 745
<b>Total assets</b>		<b>2 000 747</b>	<b>1 868 326</b>	<b>734 754</b>	<b>692 395</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
<b>Total equity</b>		<b>1 655 497</b>	<b>1 617 477</b>	<b>721 042</b>	<b>680 882</b>
Ordinary share capital and premium		730 364	730 364	725 913	725 913
Treasury shares		(2 070)	(2 346)	–	–
Accumulated profit/(loss)		920 657	881 026	(4 871)	(45 031)
Available-for-sale investments' fair value reserve		6 245	8 132	–	–
Capital redemption reserve fund		301	301	–	–
Non-controlling interest		(1 957)	–	–	–
<b>Total shareholders' equity</b>		<b>1 653 540</b>	<b>1 617 477</b>	<b>721 042</b>	<b>680 882</b>
<b>Non-current liabilities</b>					
Cumulative redeemable preference share capital and premium	17	228 979	150 502	–	–
Interest-bearing borrowings		132 424	101 670	–	–
Finance lease liabilities		83 436	36 000	–	–
Deferred tax liabilities		244	1 134	–	–
Provisions		12 107	11 525	–	–
		768	173	–	–
<b>Current liabilities</b>					
Trade and other payables	18	118 228	100 347	13 712	11 513
Provisions		74 354	36 259	1 939	858
Related party loans		8 272	5 311	–	–
Cumulative redeemable preference share capital and premium		–	–	–	6
Interest-bearing borrowings		–	30 754	–	–
Finance lease liabilities		23 195	16 000	–	–
Dividends payable		634	681	–	–
Taxation		11 677	10 648	11 677	10 648
		96	694	96	1
<b>Total equity and liabilities</b>		<b>2 000 747</b>	<b>1 868 326</b>	<b>734 754</b>	<b>692 395</b>
<b>Tangible net asset value per share (before deducting treasury shares)</b>					
		<b>Cents 320</b>	Cents 312		
<b>Adjusted tangible net asset value per share (after deducting treasury shares)</b>					
		<b>321</b>	314		
<b>Net asset value per share (before deducting treasury shares)</b>					
		<b>359</b>	351		
<b>Adjusted net asset value per share (after deducting treasury shares)</b>					
		<b>360</b>	352		

## Abridged Consolidated Statements of Changes In Equity

for the year ended 30 June 2013

GROUP	Ordinary share capital R'000s	Share premium R'000s	Treasury shares R'000s	Accumu- lated profits R'000s	Available- for-sale reserve fair value R'000s	Capital redemption reserve fund R'000s	Non- controlling interest R'000s	Total equity R'000s
<b>Balance at 30 June 2011</b>	117	754 047	(4 451)	957 382	49 396	301	–	1 756 792
Total comprehensive income/ (loss) for the year	–	–	–	251 412	(41 264)	–	–	210 148
– Profit for the year	–	–	–	251 412	–	–	–	251 412
– Other comprehensive income	–	–	–	–	(41 264)	–	–	(41 264)
Dividends declared	–	–	–	(327 768)	–	–	–	(327 768)
Treasury shares allocated to employees	–	521	2 105	–	–	–	–	2 626
Shares bought back	(2)	(24 319)	–	–	–	–	–	(24 321)
<b>Balance at 30 June 2012</b>	<b>115</b>	<b>730 249</b>	<b>(2 346)</b>	<b>881 026</b>	<b>8 132</b>	<b>301</b>	<b>–</b>	<b>1 617 477</b>
Total comprehensive income/ (loss) for the year	–	–	–	131 533	(1 887)	–	(1 957)	127 689
– Profit for the year	–	–	–	131 533	–	–	(1 957)	129 576
– Other comprehensive income	–	–	–	–	(1 887)	–	–	(1 887)
Conversion of par value shares to non-par value shares	730 249	(730 249)	–	–	–	–	–	–
Dividends declared	–	–	–	(91 902)	–	–	–	(91 902)
Treasury shares allocated to employees	–	–	276	–	–	–	–	276
<b>Balance at 30 June 2013</b>	<b>730 364</b>	<b>–</b>	<b>(2 070)</b>	<b>920 657</b>	<b>6 245</b>	<b>301</b>	<b>(1 957)</b>	<b>1 653 540</b>

COMPANY	Ordinary share capital R'000s	Ordinary share premium R'000s	Accumu- lated profits/ (loss) R'000s	Total equity R'000s
<b>Balance at 30 June 2011</b>	117	750 117	(299 172)	451 062
Total comprehensive income for the year	–	–	583 462	583 462
– Profit for the year	–	–	583 462	583 462
Dividends declared	–	–	(329 321)	(329 321)
Shares bought back	(2)	(24 319)	–	(24 321)
<b>Balance at 30 June 2012</b>	<b>115</b>	<b>725 798</b>	<b>(45 031)</b>	<b>680 882</b>
Total comprehensive income for the year	–	–	132 297	132 297
– Profit for the year	–	–	132 297	132 297
Conversion of par value shares to non-par value shares	725 798	(725 798)	–	–
Dividends declared	–	–	(92 137)	(92 137)
<b>Balance at 30 June 2013</b>	<b>725 913</b>	<b>–</b>	<b>(4 871)</b>	<b>721 042</b>



## Abridged Consolidated Statements of Cash Flows

for the year ended 30 June 2013

		GROUP		COMPANY	
	Note	2013 R'000s	2012 R'000s	2013 R'000s	2012 R'000s
<b>Cash flows from operating activities</b>					
Net cash generated/(utilised) from operations	20	86 352	48 344	(6 688)	(26 742)
Income taxes paid		(15 049)	(25 704)	(316)	(8 915)
Finance income		6 216	6 797	1 620	3 001
<b>Net cash inflow/(outflow) from operating activities</b>		<b>77 519</b>	<b>29 437</b>	<b>(5 384)</b>	<b>(32 656)</b>
<b>Cash flows from investing activities</b>					
Acquisition of plant and equipment		(68 327)	(35 647)	(8)	(38)
Acquisition of land and buildings		(88 434)	(25 002)	–	–
Acquisition of intangibles		(4 607)	(3 672)	–	–
Proceeds from disposal of property, plant and equipment		9	117	–	–
Inter-group loans repaid/(advanced)	21.2	–	–	(36 555)	163 081
Proceeds from the sale of investments		–	733 935	–	130 575
Dividends received		131 496	182 686	139 119	555 031
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(29 863)</b>	<b>852 417</b>	<b>102 556</b>	<b>848 649</b>
<b>Cash flows from financing activities</b>					
Dividends paid		(90 873)	(322 405)	(91 108)	(323 958)
Shares bought back		–	(24 321)	–	(24 321)
Inter-group loans (repaid)/advanced	21.2	–	–	112	(105 131)
Increase/(decrease) in loans	21.1	56 882	(178 494)	2 700	(40 000)
Finance costs		(15 594)	(20 735)	–	(1 851)
<b>Net cash outflow from financing activities</b>		<b>(49 585)</b>	<b>(545 955)</b>	<b>(88 296)</b>	<b>(495 261)</b>
Net (decrease)/increase in cash and cash equivalents		(1 929)	335 899	8 876	320 732
Cash and cash equivalents at the beginning of the year		405 147	69 248	325 745	5 013
<b>Cash and cash equivalents at the end of the year</b>	15	<b>403 218</b>	<b>405 147</b>	<b>334 621</b>	<b>325 745</b>

# Selected Explanatory Notes to the Abridged Annual Financial Statements

## 1. Basis of preparation

The information contained in this abridged AFS has been extracted from the Group's 2013 audited AFS which has been prepared in accordance with the recognition and measurement principles of IFRS including IAS 34: Interim Financial Reporting and in compliance with the Companies Act.

The Group's AFS and the abridged AFS have been audited by the Group's external auditors, EY and their unqualified opinion on both such financial statements are available for inspection at the Company's registered office.

Changes to the accounting policies and disclosures arising from the adoption of new standards, amendments and interpretations to standards effective for the current year are disclosed in note 1,4.

## 2. Accounting policies

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

- IAS 1 – Presentation of Financial Statements (effective 1 July 2012)
- IAS 12 – Income Taxes: Amendment: Deferred Tax: Recovery of Underlying Assets (effective 1 January 2012)

## 3. Comparative reclassification of finance income

Finance income of R5.016 million in respect of the prior year has been reallocated from revenue to finance income during the year on the face of the statement of comprehensive income. As a result of this reallocation, the comparative figures have been restated. Management believes that as finance income is not one of its main sources of revenue, it should not form part of revenue and has therefore disclosed it as finance income. This reclassification has no effect on net earnings.

## 4. Revenue

Revenue comprises GGR from our Slots Group, food sales from our food division, dividends received from National Manco, Winelands Manco and Grindrod Bank, other LPM operating cost recoveries and rental income. GGR is the term used for the net revenue generated by a LPM from the amount of cash played through the LPM less pay-outs to players.

	GROUP		COMPANY	
	2013 R'000s	2012 R'000s	2013 R'000s	2012 R'000s
Gross Gaming Revenue	463 349	395 606	–	–
Food sales	4 965	–	–	–
Dividends received	12 215	26 971	139 119	555 031
– Subsidiaries	–	–	90 000	514 920
– Jointly-controlled entities	–	–	37 985	30 776
– Non-current asset held for sale	–	13 277	–	13
– Investment	1 953	5 544	872	1 172
– Other	10 262	8 150	10 262	8 150
– Other Gaming Revenue	8 458	8 074	–	–
Rental income	366	–	–	–
<b>Revenue</b>	<b>489 353</b>	<b>430 651</b>	<b>139 119</b>	<b>555 031</b>
Finance income	6 216	6 797	1 620	3 001
<b>Total Revenue</b>	<b>495 569</b>	<b>437 448</b>	<b>140 739</b>	<b>558 032</b>

Included in revenue is an amount of R56.9 million (2012: R48.6 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. The required legislated payout to players was maintained for the current year.

## 5. Cost of sales

Overall cost of sales increased by 19.6% compared to the prior year. Included in cost of sales of the current year are the cost of sales in respect of food sales from our food division, which commenced during the year and therefore was not part of the Group figures in the prior year. Cost of sales mainly consists of cost of sales in respect of our LPM operations. This comprises direct costs such as commissions to site owners, gambling levies and monitoring fees, and has increased by 18.0% which is slightly higher when compared to the increase in GGR as a result of the payment of additional taxes due to the increased GGR and the increased contributions in respect of our CSI spend. Other amounts included in cost of sales for the current year are the cost of sales in respect of food sales from our Food Division, which was not part of the Group figures in the prior year.

## Selected Explanatory Notes to the Abridged Annual Financial Statements

*continued*

### 6. Operating costs

The current year's operating costs includes R9.9 million of transaction fees relating to the BURGER KING® transaction, which are expensed and reversed for adjusted HEPS.

### 7. Profit from equity-accounted investments

Profit from equity-accounted investments comprises profits from jointly-controlled entities and profits from associates. Overall profits from equity-accounted investments for the financial year decreased by R16.4 million or 12.5% from the prior year. The 12.5% decrease in equity-accounted earnings from the prior year is as a result of the cancellation fees paid by Sunwest and received by Western Cape Manco as part of the restructuring with Sun International being included in the prior year earnings.

#### Profit from jointly-controlled entities

SunWest's attributable earnings consists of attributable earnings from GrandWest and The Table Bay Hotel. Refer to page 12 of the Financial Director's Report for a further explanation on the performance of these investments.

#### Profit from associates

Profit from associates consists of attributable earnings from Akhona GPI.

### 8. Impairment and reversal of impairment

In terms of IAS 36 – Impairment of Assets, 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 fair value less cost to sell or value-in-use based on discounted cash flow valuations. The impairment in the current year relates to certain LPIMs that are no longer being used and have become obsolete.

In the prior year in terms of IAS 36 – Impairment of Assets, the Group reversed R0.3 million of previously recognised impairments of the investment in Golden Valley Casino.

### 9. Realisation of fair value reserve

There were no realisation of fair value reserves during the current year. In the prior year the Group released the fair value reserve in terms of IAS 39 – Financial Instruments – Recognition and Measurement, R35.6 million of fair value adjustments previously recognised through the statement of comprehensive income, as a result of disposing its interest in RAH in the Statement of Comprehensive Income.

### 10. Profit on disposal of investments

There was no disposal of investments in the current year. The R60.2 million in the prior year was recognised on the sale of a 4.9% interest in SunWest, 21.2% interest in Worcester Casino and the entire investment of 30.6% in RAH, which were sold as part of the the restructuring with Sun International.

### 11. Finance income

Finance income of R5.016 million in respect of the prior year has been reallocated from revenue to finance income during the year on the face of the statement of comprehensive income. As a result of this reallocation, the comparative figures have been restated. Management believes that as finance income is not one of its main sources of revenue, it should not form part of revenue and has therefore disclosed it as finance income. This reclassification has no effect on net earnings.

### 12. Finance costs

Finance costs decreased by 39.7% from R24.2 million to R14.6 million due to lower average debt levels. During the prior year the Group repaid its R40.0 million term loan with Grindrod Bank and redeemed R125.7 million preference shares with SCM from the cash received from the Sun International restructure. The Group also repaid R20.0 million of its term loan originally raised at the time of acquiring the Slots Group with SCM during the current year. An additional term loan of R75 million from SCM was secured during May 2013 in respect of the head office building purchased and redeveloped by the Group.

### 13. Taxation

The tax charge in the statement of comprehensive income is relatively low compared to the profit before tax due to exempt income earned, permanent differences and assessed losses raised.

## Selected Explanatory Notes to the Abridged Annual Financial Statements

### 14. Headline earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing net profit/(loss) for the year attributable to the ordinary equity holders of the parent by the weighted average number of shares in issue during the year. The Company has no dilutive potential ordinary shares. Basic and diluted earnings per share are therefore the same.

	Gross R'000s	Net R'000s	Gross R'000s	Net R'000s
		2013		2012
<b>Basic and diluted earnings per share reconciliation</b>				
Profit for the year		129 576		251 412
Non-controlling interest		1 957		–
Profit for the year attributable to ordinary shareholders		131 533		251 412
<b>Headline earnings reconciliation</b>				
Profit for the year attributable to ordinary shareholders	–	131 533	–	251 412
Profit on disposal of investments	–	–	(60 248)	(52 172)
Loss on disposal of plant and equipment	733	528	447	321
Impairment of plant and equipment	316	316	–	–
Reversal of impairment of investment	–	–	(336)	(336)
Realisation of fair value reserve	–	–	(35 588)	(35 588)
Adjustments by jointly-controlled entities	167	120	–	–
– Loss of disposal of plant and equipment	167	120	–	–
<b>Headline and diluted headline earnings</b>	–	132 497	–	163 637
Reversal of employee share trust consolidated*	(8)	73	(95)	75
Reversal of transaction costs	9 904	9 904	13 907	13 907
Change in intended recovery of investments	–	–	–	(10 918)
Preference share redemption fee	–	–	2 100	2 100
Reversal of cancellation fees received	–	–	(32 271)	(32 271)
<b>Adjusted and diluted adjusted headline earnings</b>		142 474		136 530
Number of shares for basic EPS calculation		'000s		'000s
– weighted average number of shares in issue		460 680		469 195
Number of shares for headline EPS calculation				
– Weighted average number of shares in issue		460 680		469 195
– Adjusted weighted average number of shares in issue**		459 623		467 166
		cents		cents
<b>Basic and diluted earnings per share</b>		28.55		53.58
<b>Headline and diluted earnings per share</b>		28.76		34.88
<b>Adjusted and diluted adjusted headline earnings per share</b>		31.00		29.23

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

\*\* The weighted average number of shares in issue have been reduced by 1 032 396 treasury shares held by the GPSIT.



## Selected Explanatory Notes to the Abridged Annual Financial Statements

### *continued*

#### **15. Non-current assets**

Non-current assets increased primarily due to the completion of the head office building as well as the purchase of the building in Gauteng which is being used by Grand Gaming Gauteng. In addition the Group continued to invest in new generation LPMs, which is leased to the Slots Group. Further increases in non-current assets are the acquisition of assets in respect of the BURGER KING® roll-out.

#### **16. Current assets**

Current assets mainly increased due to outstanding amounts from site owners. This is due to timing differences in collections occurring weekly on a Thursday and the year-end closing off on a Sunday.

#### **17. Non-current liabilities**

The increase in non-current liabilities are mainly due to the Group obtaining a R75 million term loan from SCM in respect of the head office building.

The cumulative redeemable preference shares outstanding relate to the facility with Standard Bank and Depfin. This facility is currently being renegotiated.

During the year R20 million has been repaid on the SCM term loan raised at the time of acquiring the Slots Group.

#### **18. Current liabilities**

The increase in current liabilities is due to trade and other payables increasing from R36.2 million to R74.4 million and is mainly due to the development costs in respect of the head office building and the procurement of the new generation LPMs.

#### **19. Segmental analysis**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risk and returns that are different from other 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 industry. SunWest, Akhona GPI and Golden Valley, Winelands Manco and National Manco are classified as Casinos. The GPI Slots Group is classified as Slots. GPIMS is classified as Management Services. GPI House is classified as Property. Property is now effectively a service centre to other group companies at this time and BURGER KING® is classified as Food Division. The overheads and finance costs of GPI, Grand Capital, Utish, Grand Lifestyles, Grand Capital and GPSIT are classified as other. The directors do not review the Group's performance by geographical sector and therefore no such disclosure has been made.

## Selected Explanatory Notes to the Abridged Annual Financial Statements

	External revenue		Inter-segment revenue		Finance income	
	2013	2012	2013	2012	2013	2012
	R000's	R000's	R000's	R000's	R000's	R000's
Casinos	1 953	18 821	–	–	–	–
Slots	470 760	403 583	–	–	1 623	1 500
Management services	1 047	96	69 574	63 095	165	281
Food	4 965	–	–	–	91	–
Property	366	–	2 987	–	85	–
Other	10 262	8 151	–	–	4 252	5 016
	<b>489 353</b>	<b>430 651</b>	<b>72 561</b>	<b>63 095</b>	<b>6 216</b>	<b>6 797</b>

	Finance costs		Depreciation and amortisation		Profit from equity-accounted investments	
	2013	2012	2013	2012	2013	2012
	R000's	R000's	R000's	R000's	R000's	R000's
Casinos	–	–	–	–	114 672	131 072
Slots	(119)	(195)	(15 888)	(15 661)	–	–
Management services	(3 755)	(5 429)	(19 269)	(22 785)	–	–
Food	(159)	–	(287)	–	–	–
Property	(687)	–	(672)	–	–	–
Other	(9 883)	(18 601)	(14)	(164)	–	–
	<b>(14 603)</b>	<b>(24 225)</b>	<b>(36 130)</b>	<b>(38 610)</b>	<b>114 672</b>	<b>131 072</b>

	Taxation		Profit after tax		Total assets	
	2013	2012	2013	2012	2013	2012
	R000's	R000's	R000's	R000's	R000's	R000's
Casinos	–	–	114 672	231 639	1 092 469	1 109 667
Slots	(13 970)	(9 826)	33 479	24 026	283 240	273 278
Management services	(835)	(3 015)	3 376	7 741	94 407	72 270
Food	5 074	–	(17 193)	–	83 512	–
Property	(9)	55	23	(141)	133 164	28 574
Other	(1 215)	1 188	(4 781)	(11 853)	313 955	384 537
	<b>(10 955)</b>	<b>(11 598)</b>	<b>129 576</b>	<b>251 412</b>	<b>2 000 747</b>	<b>1 868 326</b>

	Total liabilities	
	2013	2012
	R000's	R000's
Casinos	–	(1 769)
Slots	(41 590)	(38 982)
Management services	(73 035)	(70 570)
Food	(20 883)	–
Property	(75 727)	(216)
Other	(135 972)	(139 312)
	<b>(347 207)</b>	<b>(250 849)</b>

The effects of inter-company transactions have been eliminated from the segmental analysis.

The profit on sale of investments of R nil (2012: R60.2 million) has been included under the Casinos segment.

The realisation of fair value reserves of R nil (2012: R35.6 million) has been included under the Casinos segment.

## Selected Explanatory Notes to the Abridged Annual Financial Statements

*continued*

	GROUP		COMPANY	
	2013 R'000s	2012 R'000s	2013 R'000s	2012 R'000s
<b>20. Cash generated from operations</b>				
Profit before taxation	140 531	263 010	132 708	592 333
Adjustments for:				
Depreciation	33 882	35 987	14	164
Amortisation	2 248	2 623	–	–
Finance income	(6 216)	(6 797)	(1 620)	(3 001)
Finance costs	14 603	24 225	–	1 849
Dividends received	(12 215)	(26 971)	(139 119)	(555 031)
Loss on disposal of property, plant and equipment	733	447	–	–
Profit on disposal of investments	–	(60 248)	–	(57 485)
Realisation of expenses previously recognised against share premium	–	1 189	–	–
Realisation of fair value reserve	–	(35 588)	–	–
Treasury allocated to employees	276	–	–	–
Reversal of impairment of investment	–	(336)	–	(336)
Impairment of loans	–	217	–	–
Impairment of plant and equipment	316	–	–	–
Profit from equity-accounted investments	(114 672)	(131 072)	–	–
<b>Operating cash flows before working capital changes</b>	<b>59 486</b>	<b>66 686</b>	<b>(8 017)</b>	<b>(21 507)</b>
Decrease in inventory	533	296	–	–
(Increase)/decrease in trade and other receivables	(16 307)	(11 843)	256	(2 801)
Increase/(decrease) in trade and other payables	42 640	(6 795)	1 073	(2 434)
<b>Net cash generated/(utilised) from operations</b>	<b>86 352</b>	<b>48 344</b>	<b>(6 688)</b>	<b>(26 742)</b>
<b>21.1 Increase/(decrease) in loans</b>				
Redeemable preference shares	–	(125 726)	–	–
Loans receivable recovered	4 518	–	2 700	–
Loans receivable advanced	(1 450)	(1 250)	–	–
Employee loans receivable advanced	–	(7)	–	–
Employee loans receivable recovered	120	1 110	–	–
Finance leases advanced	178	424	–	–
Finance leases repaid	(1 116)	(1 045)	–	–
Term loans received	75 000	–	–	–
Term loans repaid	(20 368)	(52 000)	–	(40 000)
	<b>56 882</b>	<b>(178 494)</b>	<b>2 700</b>	<b>(40 000)</b>
<b>21.2 Inter-group loans repaid/(advanced)</b>				
GPI Slots	–	–	42 000	5 000
Grand Lifestyles	–	–	(33)	(31)
Utish	–	–	(41 223)	185 709
GPIMS	–	–	(13 111)	903
Grand Capital	–	–	(29 063)	(28 500)
GPSIT	–	–	4 900	–
Grand Sport	–	–	(25)	–
	<b>–</b>	<b>–</b>	<b>(36 555)</b>	<b>163 081</b>
Grand Casino	–	–	112	(105 131)
	<b>–</b>	<b>–</b>	<b>112</b>	<b>(105 131)</b>

## Selected Explanatory Notes to the Abridged Annual Financial Statements

### 22. Directors' emoluments

Remuneration paid to directors and three highest paid employees.  
2013

	Salary R'000s	Short-term benefits* R'000s	Long-term benefits R'000s	Bonuses R'000s	Directors' fees R'000s	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Remuneration R'000s	Total Remuneration R'000s	Interest free loan awarded during the year R'000s
<b>Executive directors</b>											
H Adams	1 802	585	270	6 470	-	-	-	-	-	9 127	-
A Abercrombie	1 227	182	184	975	-	-	-	-	-	2 568	-
R Hopton#	275	28	41	150	-	-	-	-	-	494	-
A Keet	1 576	124	236	1 000	-	-	-	-	-	2 936	-
S Petersen	678	87	113	740	-	-	-	-	-	1 618	-
<b>Sub-total</b>	<b>5 558</b>	<b>1 006</b>	<b>844</b>	<b>9 335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 743</b>	<b>-</b>
<b>Non-executive directors</b>											
A Bedford	-	-	-	-	145	-	40	-	-	185	-
M Maharaj	-	-	-	-	161	33	-	-	-	194	-
N Mlambo	-	-	-	-	171	-	20	-	-	191	-
F Samaai	-	-	-	-	139	18	20	-	-	177	-
C Priem**	-	-	-	-	127	59	-	7	-	193	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>743</b>	<b>110</b>	<b>80</b>	<b>7</b>	<b>-</b>	<b>940</b>	<b>-</b>
<b>Total</b>	<b>5 558</b>	<b>1 006</b>	<b>844</b>	<b>9 335</b>	<b>743</b>	<b>110</b>	<b>80</b>	<b>7</b>	<b>-</b>	<b>17 683</b>	<b>-</b>
<b>Top three senior employees</b>	<b>2 812</b>	<b>140</b>	<b>402</b>	<b>1 548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 902</b>	<b>-</b>
<b>Prescribed officers ##</b>											
A Sadler - Almeida	903	45	128	730	-	-	-	-	-	1 806	-
D Pienaar	715	14	99	377	-	-	-	-	-	1 205	-
R Hopton #	385	38	58	375	-	-	-	-	-	856	-
F Mthembu	1 015	63	141	197	-	-	-	-	-	1 416	-
L Parton	685	-	103	476	-	-	-	-	-	1 264	-
D Pollock	893	32	134	621	-	-	-	-	-	1 680	-
S Sadan	454	-	69	75	-	-	-	-	-	598	-
J Sinclair	1 000	-	-	1 000	-	-	-	-	-	2 000	-
	<b>6 050</b>	<b>192</b>	<b>732</b>	<b>3 851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 825</b>	<b>-</b>

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

\*\* C Priem was appointed as director on 20 August 2012.

# R Hopton resigned as director on 30 November 2012.

## All staff members making up the executive committee have been identified as prescribed officers in terms of the Companies Act.



## Selected Explanatory Notes to the Abridged Annual Financial Statements

*continued*

### 22. Directors' emoluments (continued)

Remuneration paid to directors and three highest paid employees.

2012

	Salary R'000s	Short-term benefits R'000s	Long-term benefits R'000s	Bonuses R'000s	Directors' fees R'000s	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Total remuneration R'000s	Interest- free loan awarded during the year R'000s
<b>Executive directors</b>										
H Adams	1 768	617	271	6 650	–	–	–	–	9 306	–
A Abercrombie*	271	13	41	–	–	–	–	–	325	1 128
R Hopton	614	70	92	378	–	–	–	–	1 154	–
A Keet**	347	23	52	–	–	–	–	–	422	1 504
S Petersen	706	89	106	378	–	–	–	–	1 279	–
<b>Sub-total</b>	<b>3 706</b>	<b>812</b>	<b>562</b>	<b>7 406</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>12 486</b>	<b>2 632</b>
<b>Non-executive directors</b>										
A Abercrombie* #	–	–	–	–	523	28	12	6	569	–
A Bedford	–	–	–	–	132	–	24	–	156	–
R Freese	–	–	–	–	133	60	–	6	199	–
M Maharaj	–	–	–	–	142	36	–	–	178	–
N Mlambo	–	–	–	–	138	–	12	–	150	–
D Naidoo	–	–	–	–	6	3	–	–	9	–
F Samaai	–	–	–	–	138	–	12	–	150	–
C Williams	–	–	–	–	6	2	–	–	8	–
<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 218</b>	<b>129</b>	<b>60</b>	<b>12</b>	<b>1 419</b>	<b>–</b>
<b>Total</b>	<b>3 706</b>	<b>812</b>	<b>562</b>	<b>7 406</b>	<b>1 218</b>	<b>129</b>	<b>60</b>	<b>12</b>	<b>13 905</b>	<b>2 632</b>
<b>Top three senior employees*</b>	<b>2 532</b>	<b>154</b>	<b>378</b>	<b>570</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 634</b>	<b>–</b>
<b>Prescribed officer</b>										
A Sadler-Almeida #	950	74	143	300	–	–	–	–	1 467	–

\* All three of the top earning senior employees form part of the Slots Operations, none of whom are directors of GPI. This amount includes A Sadler-Almeida's remuneration which has also been separately disclosed under the section prescribed officers. The remaining employees have not been identified as prescribed officers in terms of the Companies Act

## Selected Explanatory Notes to the Abridged Annual Financial Statements

### 23. 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:

Director	Beneficial direct 2013 000's	Beneficial indirect 2013 000's	Beneficial total shares 2013 000's	Beneficial total shares 2013 %	Beneficial direct 2012 000's	Beneficial indirect 2012 000's	Beneficial total shares 2012 000's	Beneficial total shares 2012 %
H Adams	3 565	50 391	53 956	11.71	3 565	50 391	53 956	11.71
A Abercrombie	5 237	300	5 537	1.20	4 606	300	4 906	1.06
A W Bedford	375	3 988	4 363	0.95	375	3 988	4 363	0.95
R Freese <sup>#</sup>	–	–	–	–	168	155	323	0.07
N Mlambo	20	43	63	0.01	20	31	51	0.01
A Keet	600	293	893	0.19	600	–	600	0.13
R J Hoption <sup>**</sup>	–	–	–	–	450	–	450	0.10
F Samaai	29	377	406	0.09	29	377	406	0.09
NV Maharaj	–	5	5	–	–	5	5	–
S Petersen	400	–	400	0.09	400	–	400	0.09
	10 226	55 397	65 623	14.24	10 213	55 247	65 460	14.21

<sup>#</sup> R Freese resigned on 28 June 2012.

<sup>\*\*</sup> R J Hoption resigned on 30 November 2012.

H Adams disposed of 130 570, 87 821 and 31 830 GPI shares on 10 September, 11 September and 13 September 2013 respectively. A Bedford also disposed of 8 291 GPI shares on 13 September 2013. Except for the trades as indicated no other director shareholding changed from the date of the financial year end up to the approval of the AFS.

### 24. Related party transactions

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

### 25. Subsequent events

Following to our SENS announcement on 5 August 2013 regarding our intention to purchase the route operator licence and site operator licences of Zimele in Mpumalanga, and that the Mpumalanga Gambling Board approved our licence transfer application to GPI on 17 July 2013, we are pleased to announce that we have now taken control of Zimele Operations. GPI Slots acquired Zimele for R6.75 million. Furthermore the Slots Group concluded an agreement on 30 July 2013 to acquire the route operator licence and operational sites of Hot Slots in Gauteng for R62 million. This acquisition is still subject to Gauteng Gambling Board and GPI shareholder approval. Lastly, our application to the WCOGRB for a bookmaker licence in the name of Grand Sport was approved on 11 July 2013.

BURGER KING® opened two additional stores subsequent to year-end in the Western Cape in Tygervalley Centre and Cavendish Square Centre on 4 July and 30 July respectively. BURGER KING® has signed an exclusive deal with Sasol to roll out BURGER KING® restaurants across the Sasol national network.

Subsequent to year end an offer was made to purchase a property in Atlantis, Western Cape for R15.4 million. The offer has been accepted and is awaiting transfer.

### 26. Capital commitment

Authorised and contracted  
Property, plant and equipment

2013 R'000's	2012 R'000's
8 517	–

**27. Litigation**

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. Grand Gaming Western Cape (Pty) Ltd (GGWC), a wholly-owned subsidiary of GPI, has noted an appeal against the judgement and order granted in the Western Cape High Court, under case no 11360/11. The appeal relates to review proceedings brought by GGWC against the regulator in the Western Cape in terms of the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) which sought the review and setting aside of certain license conditions imposed on that subsidiary by the regulator, with a view to maximising roll-out of its gaming machine network.

**28. Contingent Liability**

On 2 April 2013 the South Africa Revenue Services (SARS) levied understatement penalty and interest of R16.4 million against GPI relating to an incorrect disclosure made on the company's 2009 income tax return. The Board of Directors of the Company are of the opinion that SARS have incorrectly applied the provisions of the Tax Administration Act in raising the penalty as the incorrect disclosure did not prejudice SARS or the fiscus in that year of assessment. The Company has therefore with the assistance of external professional advice, commenced with lodging an appeal with the Tax Court against the abovementioned penalty.

The Group has not recognised a provision for this disputed penalty as it considers the risk of financial outflow as 'possible' and therefore does not meet the definition of a provision under IAS 37 – Provisions, contingent liabilities and contingent assets.

## Shareholders' Information

### Analysis of ordinary shareholders as at 30 June 2013

Size of holdings	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
1 – 1000 shares	599	8.61	385 288	0.08
1001 – 10 000 shares	4 310	61.95	21 596 699	4.69
10 001 – 100 000 shares	1 804	25.93	49 499 239	10.75
100 001 – 1 000 000 shares	178	2.56	48 286 431	10.48
1 000 001 shares and over	66	0.95	340 912 244	74.00
<b>Total</b>	<b>6 957</b>	<b>100.00</b>	<b>460 679 901</b>	<b>100.00</b>

Distribution of shareholders	Number of Shareholdings	% of Total Shareholdings	Number of Shares	% of Shares In Issue
Private Companies	60	0.87	127 270 534	27.64
Retail Shareholders	6 605	94.94	105 766 961	22.96
Collective Investment Schemes	40	0.57	87 754 689	19.05
Trusts	120	1.73	65 326 979	14.19
Hedge Funds	15	0.22	22 133 358	4.80
Retirement Benefit Funds	24	0.34	21 911 679	4.76
Investment Partnerships	27	0.39	8 124 903	1.76
Stockbrokers and Nominees	7	0.10	7 290 392	1.58
Close Corporations	33	0.47	4 851 932	1.05
Custodians	5	0.07	4 185 377	0.91
Managed Funds	6	0.09	3 938 000	0.85
Share Schemes	1	0.01	1 032 396	0.22
Insurance Companies	3	0.04	571 798	0.12
Foundations and Charitable Funds	9	0.13	499 401	0.11
Assurance Companies	2	0.03	21 502	0.00
<b>Total</b>	<b>6 957</b>	<b>100.00</b>	<b>460 679 901</b>	<b>100.00</b>

Shareholder type	Number of Shareholdings	% of Total Shareholdings	Number of Shares	% of Shares In Issue
Non-Public Shareholders	16	0.23	66 845 172	14.51
Directors and Associates (Direct Holding)	8		10 676 358	2.32
Directors and Associates (Indirect Holding)	7		55 136 418	11.97
Share Schemes	1		1 032 396	0.22
Public Shareholders	6 941	99.77	393 834 729	85.49
<b>Total</b>	<b>6 957</b>	<b>100.00</b>	<b>460 679 901</b>	<b>100.00</b>

Beneficial shareholders with a holding greater than 3% of the shares in issue	Number of Shares	% of Shares In Issue
The Chandos Trust	47 268 792	10.26
Nadeson Investments (Pty) Ltd	42 492 359	9.22
Quintessence Opportunities (Pty) Ltd	31 070 614	6.74
Baleine Capital (Pty) Ltd	21 411 112	4.65
Nedbank Group (primarily consists of Unit Trust holders)	20 800 120	4.52
Foord Asset Management	19 408 550	4.21
<b>Total</b>	<b>182 451 547</b>	<b>39.60</b>



# Notice of Annual General Meeting

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, 11 December 2013, at 18:00.

The purpose of the AGM is to transact the business set out in the Agenda below.

## AGENDA

1. Presentation of the Audited Annual Financial Statements of the Company and the Group, including the reports of the Directors and the Audit and Risk Committee for the year ended 30 June 2013.
2. To consider and, if deemed fit, approve with or without modification the ordinary resolutions set out below.

## ORDINARY RESOLUTIONS

### Note:

*For any of the ordinary resolutions numbers 1 to 8 to be adopted, more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.*

### 2.1 Retirement and re-election of Directors

#### 2.1.1 Ordinary resolution number 1

"Resolved that Mr M F Samaai who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election be and is hereby reappointed as Director of the Company."

A summary curriculum vitae of Mr Samaai is included on page 31.

#### 2.1.2 Ordinary resolution number 2

"Resolved that Mrs N Mlambo who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election be and is hereby reappointed as Director of the Company."

A summary curriculum vitae of Mrs Mlambo is included on page 31.

#### Reason for and effect of ordinary resolutions 1 and 2

*The reason for Ordinary Resolutions 1 and 2 is that the MOI and to the extent applicable the Companies Act require that a third of the non-executive Directors must retire by rotation at the Company's annual general meeting and being eligible, may offer themselves for re-election.*

### 2.2 Confirmation of appointment of Director

#### 2.2.1 Ordinary resolution number 3

"Resolved that the appointment of Professor Walter Geach, who was appointed to the board to fill a vacancy, be and is confirmed."

A summary curriculum vitae of Professor Geach is included on page 31.

#### Reason for and effect of ordinary resolution 3

*The reason for Ordinary Resolution 3 is that the Company's Memorandum of Incorporation 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 Appointment of the members of the audit and risk committee

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

#### 2.3.1 Ordinary resolution number 4

"Resolved that Dr N Maharaj, he being eligible, be and is hereby re-appointed 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 summary curriculum vitae of Dr Maharaj is included on page 31.

#### 2.3.2 Ordinary resolution number 5

"Resolved that Mr C Priem, he being eligible, be and is hereby appointed 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 summary curriculum vitae of Mr Priem is included on page 31.

## Notice of Annual General Meeting *continued*

### 2.3.3 Ordinary resolution number 6

"Resolved that Professor W Geach, he being eligible, be and is hereby appointed 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 summary *curriculum vitae* of Professor W Geach is included on page 31.

#### Reason for and effect of ordinary resolutions 4 to 6 (inclusive)

*The reason for the abovementioned ordinary resolutions (inclusive) is that the Company, being a public listed company, is required to appoint an Audit Committee in terms of the Companies Act, which act also requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each annual general meeting of the Company.*

### 2.4 Re-appointment of auditor

#### Ordinary resolution number 7

"Resolved that, on the recommendation of the Audit and Risk Committee of the Company, EY be and is hereby re-appointed as independent auditor of the Company and that Mr Abdul Majid Cader be appointed as the designated registered auditor of the Company and the Group for the ensuing year."

#### Reason for and effect of ordinary resolution 7

*The reason for Ordinary Resolution 7 is that the Company, being a public listed company, must have its financial results audited by an independent external auditor and such auditor must be appointed or re-appointed each year at the Company's annual general meeting in accordance with the provisions of the Companies Act.*

### 2.5 Directors and/or Company Secretary to implement resolutions

#### Ordinary resolution number 8

"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 annual general meeting at which this ordinary Resolution Number 8 will be considered."

#### Reason for and effect of ordinary resolution 8

*The reason for Ordinary Resolution 8 is to enable the Directors of the Company and/or the Company Secretary to take appropriate steps to implement the resolutions that are passed at the annual general meeting.*

### SPECIAL RESOLUTIONS

3. To consider and if deemed fit, approve with or without modification the Special Resolutions set out below.

*Note: For Special Resolutions 1 and 2 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 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 January 2014, subject to an annual increase not exceeding 10% being applied on 1 January 2015".

<b>Fees for 2013/2014 Financial Year</b>	Base fee R	Attendance fee R	Attendance fee above min number of meetings R	Number of meetings per year (indicative)
<b>Lead Independent Director</b>	130 500	13 050	7 830	4
<b>Directors</b>	104 400	13 050	7 830	4
<b>Audit and Risk Committee Chair</b>	30 000	20 880	–	3
<b>Audit and Risk Committee Member</b>	20 000	10 440	–	3
<b>Remuneration and Nomination Committee Chair</b>	30 000	15 660	–	2
<b>Remuneration and Nomination Committee Member</b>	20 000	13 050	–	2
<b>Social and Ethics Committee Chair</b>	N/A	N/A	N/A	2
<b>Social and Ethics Committee Members</b>	–	7 830	–	2
<b>Investment Committee Chair</b>	N/A	N/A	N/A	2
<b>Investment Committee Member</b>	–	7 830	–	2

#### **Reason for and effect of special resolution**

*Directors are currently remunerated in accordance with a special resolution as passed by shareholders at the Annual General Meeting on 12 December 2012 (Special Resolution Number 4). As this resolution is valid up to 31 December 2013, it is necessary for shareholders to pass a further Special Resolution authorising the Company to remunerate its non-executive Directors for a period of two years commencing 1 January 2014 to 31 December 2015, subject to an annual increase not exceeding 10% being applied with effect from 1 January 2015.*

*The effect of Special Resolution 1 will be to authorise the Company to remunerate the non-executive Directors for their services as directors for a period of two years commencing 1 January 2014 to 31 December 2015.*

### **3.2 Financial assistance to related or interrelated company or corporation**

#### **Special resolution number 2**

“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 2008 and that the terms under which the financial assistance is proposed to be given, are fair and reasonable to the Company.”

#### **Reason for and effect of special resolution**

*The reason for and effect of this special resolution 2 is to enable the Company to continue to provide financial assistance, within the meaning attributed to that term in Section 44 or 45 (as the case may be) of the Companies Act, to the entities referred to in that section. The resolution does not authorise the provision of financial assistance to a director or prescribed officer of the Company.*

# Notice of Annual General Meeting *continued*

## OTHER BUSINESS

4. To transact such other business as may be transacted at an Annual General Meeting or raised by shareholders.

### Information Relating to the Special Resolutions

General information in respect of directors (page 80), major shareholders (page 72), directors' interests in securities (page 70), material changes (page 76) and the share capital of the Company (page 60 of the full AFS) is contained in this Integrated Annual Report of which this Notice forms a part.

### Directors' Responsibility Statement

The Directors, whose names are given on page 80 of this Integrated 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 position of the Group since the publication of the financial results for the period ended 30 June 2013 and the date of the notice.

### 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 (twelve) months. Grand Gaming Western Cape Proprietary Limited (GGWC), a wholly-owned subsidiary of GPI, has noted an appeal against the judgement and order granted in the Western Cape High Court, under case no 11360/11. The appeal relates to review proceedings brought by GGWC against the regulator in the Western Cape in terms of the Promotion of Administrative Justice Act No. 3 of 2000 which sought 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.

### 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 Friday, 27 September 2013.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at the Annual General Meeting is Friday, 6 December 2013, with the last day to trade being Friday, 29 November 2013.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the Annual General Meeting and must accordingly bring a copy of their identity document, passport or drivers' license to the Annual General Meeting. 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 Annual General Meeting 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 annual general meeting.
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 18h00 on Monday, 9 December 2013, in accordance with the instructions therein.
6. Dematerialised shareholders, other than own name registered dematerialised shareholders, who wish to attend the Annual General Meeting 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 Annual General Meeting 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 Parton**

Company Secretary



## Form of Proxy

### GRAND PARADE

INVESTMENTS LIMITED

#### GRAND PARADE INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number: 1997/003548/06)

Share Code: GPL ISIN: ZAE000119814

("GPI" or "the Company")

#### FORM OF PROXY – 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, 11 December 2013 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 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
<b>Ordinary resolution number 1:</b> To re-elect Mr F Samaai as director.			
<b>Ordinary resolution number 2:</b> To re-elect Mrs N Mlambo as director.			
<b>Ordinary resolution number 3:</b> To confirm the appointment of Professor W Geach			
<b>Ordinary resolution number 4:</b> To re-appoint Dr N Maharaj as a member of the Audit and Risk Committee.			
<b>Ordinary resolution number 5:</b> To re-appoint Mr C Priem as a member of the Audit and Risk Committee.			
<b>Ordinary resolution number 6:</b> To appoint Professor W Geach as a member of the Audit and Risk Committee.			
<b>Ordinary resolution number 7:</b> To re-appoint EY as the external auditor and registered auditor.			
<b>Ordinary resolution number 8:</b> To grant the directors and/or the Company Secretary general authority to implement the Ordinary and Special Resolutions.			
<b>Special resolution number 1:</b> To approve the remuneration of non-executive Directors for the period 1 January 2014 to 31 December 2015			
<b>Special resolution number 2:</b> To grant the directors general authority for intercompany loans.			

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 \_\_\_\_\_ 2013

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.



## Proxy *continued*

### 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 '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 meeting, or any other proxy to vote or to abstain from voting at the 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 meeting in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders are present or represented at any meeting, that one of the said persons whose name appears 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 (Proprietary) Limited (PO Box 61051, Marshalltown, 2107), by no later than 18:00 on Monday, 9 December 2013.
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 do so.

# Shareholders' Diary

## ANNUAL GENERAL MEETING

11 December 2013 at Market Hall, GrandWest Casino, Goodwood, Cape Town

## REPORTS/ACTIVITY

– Announcement of annual results and declaration of final dividend for the year ended 30 June 2013	August 2013
– 2013 Integrated Annual Report published	September 2013
– Annual General Meeting	December 2013

In terms of Paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- Local dividends tax rate is 15%;
- Gross local dividend amount is 15 cents per share;
- Net local dividend amount is 15 cents per share;
- GPI will utilise STC credits to cover the full dividend of 15 cents per share;
- GPI's income tax reference number is 9037038024; and
- There are 460 679 901 ordinary shares in issue.

Salient features of final dividend payable in respect of the year ended 30 June 2013

– Last date to trade 'cum' the dividend	Thursday, 19 September 2013
– Last date to trade 'ex' the dividend	Friday, 20 September 2013
– Record date	Friday, 27 September 2013
– Date of payment of dividend	Monday, 30 September 2013

Share certificates cannot be dematerialised or rematerialised between 20 September 2013 and 27 September 2013, both days inclusive.

– Announcement of interim results for the half-year ending 31 December 2013	February 2014
– Announcement of annual results and declaration of final dividend for the year ending 30 June 2014	August 2014
– Annual General Meeting	December 2014

## Company Information

<b>Director Details</b>	
<b>Hassen Adams</b>	Executive Chairman
<b>Alexander Abercrombie</b>	Executive Director – Gaming
<b>Anthony William Bedford</b>	Non-executive
<b>Walter Geach</b>	Non-executive (Appointed 17 September 2013)
<b>Alan Edward Keet</b>	Chief Executive Officer
<b>Norman Victor Maharaj</b>	Non-executive
<b>Nombeko Mlambo</b>	Non-executive
<b>Sukena Petersen</b>	Financial Director
<b>Colin Michael Priem</b>	Non-executive (Appointed 20 August 2012)
<b>Mogamat Faldi Samaai</b>	Non-executive
<b>Nature of Business</b>	Investment holding company
<b>Company Secretary</b>	Lazelle Christian Parton
<b>Public Officer</b>	Dylan Pienaar
<b>Transfer Secretaries</b>	Computershare Investor Services (Pty) Ltd P.O Box 61051 Marshalltown 2107
<b>Auditors</b>	Ernst & Young Inc. (EY)
<b>Attorneys</b>	Bernadt Vukic Potash & Getz
<b>Bankers</b>	The Standard Bank of South Africa Limited
<b>Corporate Advisers</b>	Leaf Capital (Pty) Ltd P.O Box 44302 Claremont 7735
<b>Sponsors</b>	PSG Capital (Pty) Ltd P.O Box 7403 Stellenbosch 7599
<b>Registered Office</b>	10 <sup>th</sup> Floor, 33 On-Heerengracht Heerengracht Cape Town 8001
<b>Registration Number</b>	1997/003548/06
<b>Share Code</b>	GPL ISIN: ZAE000119814
<b>Domicile and Country of Incorporation</b>	South Africa

## Glossary of Terms

ARC	Audit and Risk Committee
AFS	Annual Financial Statements
Afrisun KZN Manco	Afrisun KwaZulu-Natal Manco (Pty) Limited
AGBT	Akhona Governing Body Trust
AGM	Annual General Meeting
AIHL	Akhona Investment Holdings 2005 Limited
Akhona GPI	Akhona Gaming Portfolio Investments (Pty) Ltd
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
BK Centre	BK Centre (Pty) Ltd
BK Dormants	BK Grand (Pty) Ltd, K2013003386 (Pty) Ltd, K2013002814 (Pty) Ltd
BK Marketing	BK Marketing Fund (Pty) Ltd
BK SA	BURGER KING® Southern Africa (Pty) Ltd
BK 33	BK 33 On-Heerengracht (Pty) Ltd
Board	GPI Board of Directors
CEMS	Central Electronic Monitoring System
CEO	Chief Executive Officer
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) Ltd
Depfin	Depfin Investments (Pty) Ltd
Dolcoast	Dolcoast Investments (Pty) Ltd (Previously Dolcoast Investments Limited)
DTI	Department of Trade and Industry
DWT	Dividends Withholding Tax
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
Gauteng Manco	Gauteng Casino Resorts Manco (Pty) Ltd
GGR	Gross gaming revenue
GGCSI	Grand Gaming Corporate Social Investment Company (NPC)
GLA	Gross lettable area
Golden Valley or Worcester Casino	Worcester Casino (Pty) Ltd
GPI	Grand Parade Investments Ltd
GPIMS	GPI Management Services (Pty) Ltd
GPI House	GPI House Properties (Pty) Ltd
GPI Slots	GPI Slots (Pty) Ltd
GPSIT	Grand Parade Share Incentive Trust
Grand Capital	Grand Capital Investment Holding (Pty) Ltd
Grand Casino	Grand Casino Investments (Pty) Ltd (Previously Business Venture Investments No. 575 (Pty) Ltd)
Grand Foods	Grand Foods (Pty) Ltd
Grand Gaming: Slots	Grand Gaming Gauteng (Pty) Ltd (Previously Thuo Gaming Gauteng (Pty) Ltd)
Grand Gaming: Slots	Grand Gaming Mpumalanga (Pty) Ltd
Grand Lifestyles	Grand Lifestyles (Pty) Ltd
Grand Merkur	Grand Merkur (Pty) Ltd
Grand Online	Grand Online (Pty) Ltd
Grandslots	Grand Gaming Western Cape (Pty) Ltd (Previously Thuo Gaming Western Cape (Pty) Ltd)
Grand Sport	Grand Sport (Pty) Ltd
Grand Technology	Grand Technology (Pty) Ltd
GrandWest	GrandWest Casino and Entertainment World

## Glossary of Terms *continued*

Grand World Vision Events	Grand World Vision Events (Pty) Ltd
Grindrod Bank	Grindrod Bank Limited
Group	GPI and all its subsidiaries
HEPS	Headline earnings per share
HDI	Historically Disadvantaged Individuals
Hot Slots	Bohwa 1 Gaming (Pty) Ltd
HR	Human Resources
IAR	Integrated Annual Report
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRC	Integrated Reporting Committee
IT	Information Technology
JSE	JSE Limited
King III	King III Code of Governance Principles for South Africa
Kingdomslots	Grand Gaming KwaZulu–Natal (Pty) Ltd (Previously Thuo Gaming KwaZulu–Natal (Pty) Ltd))
KZN	KwaZulu–Natal
KPI	Key Performance Indicators
LID	Lead Independent Director
LPM	Limited Payout Slot Machine
Merkur Gaming	Merkur Gaming GmbH
MOI	Memorandum of Incorporation
Nadesons Consulting	Nadesons Consulting Services (Pty) Ltd
Nadeson Projects	Nadeson Projects (Pty) Ltd
National Manco	National Casino Resort Manco (Pty) Ltd
NAV	Net asset value
NGB	National Gambling Board
NLB	National Lotteries Board
NRGP	National Responsible Gambling Programme
OCI	Other comprehensive income
Proman	Proman Project Management Services (Pty) Ltd
QSR	Quick Service Restaurant
RAH	Real Africa Holdings Limited
RFP	Request for proposals
RTT	Right Track Training Programme
SCM	Sanlam Capital Markets Limited
Sibaya Casino	Afrisun KZN (Pty) Ltd
Standard Bank	Standard Bank of South Africa Limited
STC	Secondary Tax on Companies
Sun International	Sun International Limited
SunWest	SunWest International (Pty) Ltd
TNAV	Tangible net asset value
Tsogo Sun	Tsogo Sun Holdings Limited
Utish	Utish Investments (Pty) Ltd
WACC	Weighted Average Cost of Capital
WCGRB	Western Cape Gambling and Racing Board
Western Cape Manco	Western Cape Casino Resort Manco (Pty) Ltd
Wild Rush	Wild Rush Trading 97 (Pty) Ltd
Winelands Manco	Winelands Casino Manco (Pty) Ltd
WSP	Workplace Skills Plan
Zimele	Zimele Slots (Pty) Ltd