GRAND PARADE
INVESTMENTS LIMITED

UNAUDITED INTERIM RESULTS OF GRAND PARADE INVESTMENTS LIMITED (GPI)

FOR THE SIX MONTHS ENDED
31 DECEMBER 2017

CORPORATE INFORMATION

Directors

H Adams	Executive Chairman
T Karriem	Chief Executive Officer
S Barends	Group Financial Director
A Abercrombie	Non-executive
Dr N Maharaj	Lead Independent Non-executive Director
W Geach	Independent Non-executive
R Hargey	Independent Non-executive
N Mlambo	Independent Non-executive
C Priem	Independent Non-executive

Registered office	10th Floor, 33 on Heerengracht Heerengracht Street, Foreshore, Cape Town, 8001 (PO Box 6563, Roggebaai, 8012)
Transfer secretaries	Computershare Investor Services (Pty) Ltd 70 Marshall Street, Johannesburg, 2001
Attorneys	Cliff Dekker Hofmeyr Inc.
Auditors	Ernst & Young Inc.
Sponsor	PSG Capital (Pty) Ltd
Company Secretary	Statucor (Pty) Ltd
Registration number	1997/003548/06
ISIN	ZAE000119814
Share code	GPL

FINANCIAL HIGHLIGHTS

281%

INCREASE IN
HEADLINE EARNINGS PER SHARE

14%

INCREASE IN
REVENUE TO R576 MILLION

135%

INCREASE IN
PROFIT FROM OPERATIONS INCLUDING EQUITY EARNINGS TO R69 MILLION

546%

INCREASE IN
BURGER KING PROFIT FROM OPERATIONS FROM R3.2 MILLION TO R20.7 MILLION

OPERATIONAL HIGHLIGHTS

- Opened 10 Burger King outlets increasing to a total of 71 outlets at 31 December 2017
- On track to meet Burger King 80 store target of which 35 stores will be drive-throughs by 30 June 2018
- Reduced central costs by 18% to R25.5 million for the period under review
- Sold 51% stake in Grand Tellumat Manufacturing (Pty) Ltd for proceeds of R15 million
- Cash dividends from investments totalling R48.8 million (R18 million from Sun Slots and R30.8 million from SunWest)

OVERVIEW

FOOD

GPI's results for the six months ended 31 December 2017 have clearly demonstrated its commitment to growing its food brands.

Burger King

Whilst the quick service restaurant market continues to experience low growth as result of weak consumer spending, GPI has managed to grow results from its leading food brand, Burger King, substantially with profit from operations increasing by 546% to R20.7 million during the period.

The growth in Burger King profit was driven by a more aggressive store rollout in order to meet the target of 80 corporate stores set for 30 June 2018. During the period under review, 10 new stores were opened and there were no store closures. The focus on value meal offerings over the past two years has yielded positive results, which was evident in the significant traffic growth seen through the stores during the period.

Dunkin' Donuts and Baskin-Robbins

GPI continued with the expansion of its existing food investment portfolio during the period with the further rollout of five new Dunkin' Donuts stores and one new Baskin-Robbins store in the Western Cape, bringing total stores to 11 and 5 respectively.

The supply chain of these brands remain a focus and a new, world class, bakery and freezer facility has been constructed to produce doughnuts and store ice-cream locally.

GAMING AND LEISURE

The gaming and leisure investments have performed in line with GPI's expectations of low growth within the casino segment of the gaming industry.

SunWest International (Pty) Ltd (**SunWest**) revenues increased marginally by 1.86% offset by higher operating costs, which ultimately resulted in a 6.15% decrease in GPI's equity earnings recognised for the period from this investment. Dividends totalling R30.8 million were received from SunWest during the period.

Worcester Casino (Pty) Ltd (**Worcester**) has continued to deliver on its operational improvement plans and has shown growth in EBITDA of 37.57% for this period. Worcester has paid its first dividend to shareholders since commencing operations, with GPI receiving R0.4 million in dividends from this investment.

Growth in the Limited Payout Machine (LPM) segment of the gaming industry outperformed the casino segment with Sun Slots RF (Pty) Ltd (**Sun Slots**) increasing revenue by 7.95% for the period. GPI's share of equity earnings for the period increased by 18.26% when compared to the prior period.

Sun Slots also paid its first dividend to shareholders since commencing operations and GPI received dividends totalling R18m during the period from this investment.

DIVESTMENTS

GPI divested from selected non-core investments during the period, concluding the sales of Grand Tellumat Manufacturing (Pty) Ltd (**GTM**) for proceeds of R15 million and two vacant properties in the Western Cape and Gauteng for R64 million.

PROFITABILITY

Overall profit before tax excluding once off items in respect of the sale of businesses, has increased by 190% from a loss of R13.2 million in the prior period to a profit of R11.8 million in the current period.

The turnaround is as a result of significant resources and management time being invested into the food business, with a focus on creating sustainable, profitable operations.

ANNUAL DIVIDEND

GPI paid its 2017 annual dividend of 11.5 cents per share on 27 December 2017.

Total dividend paid, net of treasury shares amounted to R50.3 million (43.8 million GPI shares held in treasury).

REVIEW OF RESULTS

for the six months ended 31 December 2017

GPI reported an increase in headline earnings of 267% or R10.0 million for the period under review. Headline earnings for the period was R13.7 million compared to R3.7 million in the comparative period. The main contributors to the increase in headline earnings were:

- Grand Sport and Grand Tellumat, which in the prior period contributed losses of R3.1 million and R4.6 million to headline earnings, respectively. This has been reduced to Rnil due to the sale of these investments.
- Burger King has reported a R2.7 million (32%) improvement in their reported headline loss with a loss contribution to headline earnings of R5.7 million compared to R8.4 million in the prior period.
- GPI Properties increased its headline earnings contribution by R4.3 million, from a loss of R0.8 million in the prior period to a profit of R3.5 million in the period under review. The increase was due to a reduction in net finance costs of R2.8 million as a result of a reduction in the property secured debt for the period.
- Sun Slots reported a 19% improvement in its contribution to Headline Earnings with earnings of R20.0 million for the period compared to R16.8 million in the prior period.
- SunWest reported a 14% increase in its contribution to Headline Earnings with earnings of R42.7 million for the period compared to R37.4 million in the prior period.
- Worcester Casino reported a 68% improvement in its earnings contribution to Headline Earnings of R1.6 million for the period compared to R1 million in the prior period.
- Corporate costs, before net central finance income, were reduced by 18% to R25.5 million compared to the prior period costs of R30.9 million.

The table below details each investments' contribution to the Group's headlines earnings for the period:

	UNAUDITED 31 December 2017 R'000s	UNAUDITED 31 December 2016 R'000s	Var R'000s	Var %
Food	(28 801)	(25 285)	(3 516)	14
Burger King	(5 720)	(8 376)	2 656	32
Dunkin' Donuts	(10 891)	(8 723)	(2 168)	(25)
Baskin-Robbins	(6 665)	(5 007)	(1 658)	(33)
Bakery	(3 063)	–	(3 063)	–
Spur	557	(2 992)	3 549	119
Mac Brothers	887	2 267	(1 380)	(61)
Grand Food Meat Plant	(3 906)	(2 454)	(1 452)	(59)
Gaming and Leisure	64 271	55 270	9 001	16
SunWest	42 656	37 443	5 213	14
Sun Slots	19 971	16 849	3 122	19
Worcester Casino	1 644	978	666	68
Other	(21 722)	(18 536)	(3 186)	17
Corporate costs	(25 467)	(30 953)	5 486	18
Net finance income	279	13 233	(12 954)	(98)
GPI Properties	3 466	(816)	4 282	525
Non-core	–	(7 707)	7 707	(100)
Grand Sport	–	(3 058)	3 058	(100)
Grand Tellumat	–	(4 649)	4 649	(100)
Headline earnings for the period	**13 748**	**3 742**	**10 006**	**267**

REVIEW OF INVESTMENT ACTIVITIES

DISPOSAL OF LOSS-MAKING NON-CORE INVESTMENTS

During the period under review, GPI concluded its divestment of non-core loss-making investments. The sale of Grand Tellumat was finalised on the 2nd November 2017 for a total consideration of R15 million. The settlement of the proceeds was deferred over four months with an initial upfront payment of R2.5 million paid at fulfilment of all the conditions precedent, and the balance to be paid by the end of March 2018.

SALE OF PROPERTIES

On 9 March 2017, the Group entered into a sales agreement with UBUD Developments (Pty) Ltd to sell its property, situated at 1 Heerengracht for R52.5 million. The property was accounted for at a cost of R40.2 million and was transferred on 18 August 2017, realising a profit of R9.5 million after CGT.

On 19 July 2017, the Group entered into a sale agreement to dispose of its property situated on Sandton Drive, accounted for at a cost of R11.3 million, for R11.5 million. The property was transferred on the 9 November 2017, realising a loss of R0.2 million after CGT.

ACQUISITION OF SPUR SHARES

Since 30 June 2017, GPI has acquired a further 330 000 Spur shares for R9.1 million. The shares were acquired in the open market at an average price of R27.70 per share and increased GPI's effective overall holding in Spur to 17.79%.

DEBT FACILITIES

GPI obtained preference share funding of R251.8 million (after related cost). This has resulted in the debt equity ratio increasing to 29.3% from 16.8%. The table below shows the Group's debt facilities split between Holding Company Facilities and Facilities held by subsidiary companies:

		31 December 2017 R'000s	31 December 2016 R'000s	30 June 2017 R'000s
HOLDING COMPANY FACILITIES				
Security	**Type of facility**			
SunWest and Sun Slots	Preference Shares	251 828	–	–
Spur	Preference Shares	247 815	237 558	240 401
		499 643	**237 558**	**240 401**
SUBSIDIARIES FACILITIES				
Subsidiary	**Type of facility**			
GPI Properties	Term Loans	70 891	78 357	74 641
Mac Brothers	Finance Lease	10 889	14 986	12 880
GF Meat Plant	Finance Lease	19 952	28 341	24 246
Various companies	Finance Lease	1 768	2 340	2 206
		103 500	**124 024**	**113 973**
TOTAL FACILITIES		**603 143**	**361 582**	**354 374**
DEBT EQUITY RATIO		**29.3%**	**16.5%**	**16.8%**

The new funding facility comprises preference shares issued, with SunWest and Sun Slots shares provided as security. This is for a five-year period and attracts interest at 85% of prime, with the interest being repaid semi-annually and the capital repayments commencing on 31 December 2020.

INTRINSIC NET ASSET VALUE (INAV)

Management's assessment of the Group's INAV at 31 December 2017 amounts to 693 cents per share, which is five cents less than the 698 cents per share reported at 30 June 2017.

The valuation methods used to determine the INAV remained consistent to those applied in the 30 June 2017 assessment.

Intrinsic NAV summary at 31 December 2017

Company	Valuation methodology	100% Equity value (R'000s)	GPI holding %	GPI Equity value (R'000s)	Related holding co borrow-ings (R'000s)	Intrinsic NAV (R'000s)	% of portfolio
FOOD INVESTMENTS				**1 542 771**	**(248 156)**	**1 294 615**	**43**
Burger King	DCF	908 486	91.1	827 631	–	827 631	28
Dunkin' Donuts	NAV	30 417	100	30 417	–	30 417	1
Baskin-Robbins	NAV	13 784	100	13 784	–	13 784	0
Spur	Traded price	2 889 219	17.8	514 281	(248 156)	266 125	9
Mac Brothers	DCF	107 983	100	107 983	–	107 983	4
Grand Foods Meat Plant	DCF	50 232	96.9	48 675	–	48 675	2
GAMING AND LEISURE				**1 573 643**	**–**	**1 573 643**	**53**
SunWest International	EV/EBITDA	5 739 397	15.1	866 649	–	866 649	29
Worcester Casino	EV/EBITDA	204 914	15.1	30 942	–	30 942	1
Sun Slots	EV/EBITDA	2 253 507	30	676 052	–	676 052	23
OTHER INVESTMENTS				**185 000**	**(71 186)**	**113 814**	**4**
GPI Properties	Various	185 000	100	185 000	(71 186)	113 814	4
Other Group companies' cash and cash equivalents						**211 696**	
Other Group companies' net liabilities						**(214 316)**	
INAV: Ordinary shareholders (pre-head office costs)						**2 979 452**	
Number of issued ordinary shares ('000s) excluding treasury shares						**429 988**	
INAV per share (cents)						**693**	

The table below reflects a sensitivity analysis of the Group's INAV to head office costs and CGT discount.

		Head office cost discount (as % of INAV)					
		10%	11%	12%	13%	14%	15%
CGT discount (as % of INAV)	10%	554	547	540	534	527	520
	11%	547	540	534	527	520	513
	12%	540	534	527	520	513	506
	13%	534	527	520	513	506	499
	14%	527	520	513	506	499	492
	15%	520	513	506	499	492	485

REVIEW OF OPERATIONS

FOOD

Burger King (Effective holding 91.1%)

Burger King opened 10 new restaurants during the period, with the number of restaurants on 31 December 2017 totalling 71 corporate restaurants and seven Sasol franchised restaurants.

The average CAPEX for the 10 new corporate restaurants amounted to R5.9 million split between eight drive-throughs at R6.1m and two In-Line stores at R5.2m. The reduction in the average CAPEX spend was driven through the utilization of recycled equipment from stores closed in the prior period.

Sales for the period from corporate restaurants amounted to R365.6 million, up 15.1% from R317.6 million. More encouragingly, for the six months, like-for-like compound growth increased by 4.5% versus negative 3.41% for the corresponding period.

The increase in sales is due to positive traffic growth of 5.51% versus negative growth of 6.98% in the corresponding period, marginally offset by reduced negative check basket growth of 0.83% versus 3.59% respectively. Burger King's significant improvement in traffic was a result of the improved menu, which factors in a constrained consumer environment where customers are spending less and are looking for value.

The 10 new corporate restaurants achieved average monthly restaurant sales of R1.277 million for the six months to 31 December 2017. This was 34.52% above the network average of R0.95 million and also 10.16% above our drive-through only average of R1.159 million. 80% of the new restaurants are drive-throughs – in line with our strategy – and we believe improved site feasibility analysis contributed to the result.

The Burger King Operations team continued to build on the initiatives introduced during the last financial year. The focus is on optimising the restaurant operating model which resulted in a 38.6% increase in the Restaurant EBITDA from R27.2 million to R37.7 million in the period under review.

Burger King also achieved profitability at a Company EBITDA level of R20.7 million which was 546% higher than the R3.2 million Company EBITDA profit reported in the prior period.

Depreciation for the period amounted to R31.3 million, which is in line with the prior period.

As a result of new restaurant openings Burger King reported a reduced EBIT loss of R10.7 million for the period, which is 71% lower than the loss of R37 million reported in the corresponding period.

Dunkin' Donuts (Effective holding 100.0%)

Dunkin' Donuts opened its first outlet on 13 October 2016. During the current period Dunkin' Donuts opened five outlets bringing the total number of outlets to 11 stores with one drive-through as at 31 December 2017. All the outlets are currently corporate-owned.

The outlets reported sales of R15.7 million and a gross profit of R6.3 million for the six months ended 31 December 2017 with over one million doughnuts sold in the period under review. The gross profit percentage of 40.56% is below the target due to the doughnuts being imported during the period.

The Restaurant EBITDA loss for the period was R1.5 million, however after head office and marketing costs, a Company EBITDA loss of R8.3 million was reported for the period compared to a R11.6 million loss for the prior period.

Depreciation for the period amounted to R2 million resulting in an EBIT loss for the period of R11 million.

Baskin-Robbins (Effective holding 100.0%)

Baskin-Robbins opened one new store during the period. Total revenue for the five stores amounted to R6.9 million with a gross profit of R2.1 million. The gross profit percentage of 30.6% is below target due mainly to high inventory holding costs in respect of the minimum required flavours for each store.

Restaurant EBITDA for the period amounted to a loss of R0.4 million for the period. Baskin-Robbins reported a Company EBITDA loss for the period of R5.6 million compared to R5.8 million in the prior period.

Depreciation for the period amounted to R1 million resulting in an EBIT loss for the period of R6.6 million.

SPUR (Effective holding 17.79%)

GPI increased its stake in Spur during the current period with a cash purchase of 330,000 shares for a consideration of R9.1 million. This increased the effective holding to 17.79%. Total dividends of R11.5 million were received during the period, which was offset by related finance charges of R10.9 million, resulting in a R0.6 million profit contribution for the period related to the investment in Spur.

Grand Foods Meat Plant (Effective holding 96.9%)

Grand Foods Meat Plant increased its revenue by 22% to R59.8 million and its EBITDA decreased from a R0.1 million profit in the prior period to a R2.1 million loss in the current period. The decrease is a result of increased meat prices with an average increase across all raw materials of 17% during the period. This increase was only passed on to Burger King in December 2017.

Grand Bakery (Effective holding 100%)

During the current period GPI constructed a world class bakery facility in order to reduce costs and ensure the security of the supply of doughnuts to Dunkin' Donuts. The total cost of the facility, including the purchase of a property by GPI Properties, amounted to R43 million. The facility includes two bulk storage freezers and has a blast freezing capability which will enable production and supply of long-life doughnuts for up to six months. The initial operating loss of R3.1 million is due to product testing and related setup costs of operating the facility.

Mac Brothers (Effective holding 100.0%)

Tough trading conditions continued in the period under review.

As a result, revenue only increased by R2.6 million to close at R136.0 million, compared to the previous year's revenue of R133.4 million.

EBITDA for the period amounted to R8.18 million compared against R12.23 million for the prior comparable period.

EBIT for the period amounted to R6.13 million compared to the EBIT for the prior period of R5.11 million.

Mac Brothers' forward order book at 31 December 2017 is very encouraging and the management team is confident that they will recover lost revenue during the second half of the financial year.

GAMING AND LEISURE

SunWest (Effective holding 15.1%)

SunWest's revenue marginally increased by 1.86% to R1.3 billion, but remains under pressure as a result of continued slow down in consumer spending. Net profit after tax decreased by 6% to R232 million mainly due to an impairment of R51 million in respect of the investment held in the Cape Town International Convention Centre.

The total ordinary dividend reduced from R240 million to R200 million in the current period.

GPI recognised R35.0 million in equity accounted earnings for the period and received R30.8 million in dividends.

Sun Slots (Effective holding 30.0%)

Sun Slots continued to outperform the overall gaming market and reported a R135 million EBITDA, a 4.57% improvement when compared to the prior period. Revenue for the period increased by 7.95% to R555 million and net profit after tax increased by 34.78% to R66.3 million.

GPI recognised R19.9 million in equity accounted earnings, which is up by 18% from R16.8 million in the prior period. GPI received its first cash dividend from Sun Slots during the period of R18 million.

Worcester (Effective holding 15.1%)

Worcester's revenue increased by 5.37% to R94 million and its EBITDA improved by 37.57% to R23.8 million as a result of the continued improvements made in its operating model.

During the period GPI recognised R1.6 million in equity accounted earnings, which is up strongly on the prior period equity accounted earnings of R1 million. GPI received its first cash dividend from Worcester during the period of R0.4 million.

REVIEW OF RESULTS (continued)

for the six months ended 31 December 2017

RELATED PARTY TRANSACTIONS

The Group, in the ordinary course of business, entered into various transactions with related parties consistent with those as reported at 30 June 2017.

SUBSEQUENT EVENTS

Subsequent to the six months ended 31 December 2017, an agreement was entered into to dispose of the building situated at 33 Heerengracht for a consideration of R225.0 million. This is subject to certain conditions precedent.

DIRECTORATE

Tasneem Karriem was appointed to the GPI Board on 9 September 2016 and was appointed as Chief Executive Officer of GPI on 1 July 2017.

Shaun Barends was appointed as the Financial Director on 1 July 2017.

Dylan Pienaar resigned from the board of GPI on the 8 November 2017.

PROSPECTS

GPI continues its journey to build a formidable food group. With the new management team in place, new and innovative ways are constantly being sought to drive efficiencies throughout the Group.

While GPI sees itself as an active investor, the Group is preparing to reshape its overall structure by repositioning itself into a fully fledged investment holding company. Management remains confident that within GPI there is value to be unlocked.

For and on behalf of the board

H Adams
Executive Chairman

15 March 2018

T Karriem
Chief Executive Officer

15 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2017

	Note	Unaudited six months ended 31 December 2017 R'000s	Unaudited six months ended 31 December 2016 R'000s	Audited 12 months ended 30 June 2017 R'000s
Revenue		**576 718**	506 757	962 998
Cost of sales		**(302 504)**	(266 554)	(508 724)
Gross profit		**274 214**	240 203	454 274
Operating costs		**(261 891)**	(262 246)	(515 342)
Profit/(loss) from operations		**12 323**	(22 043)	(61 068)
Profit from equity-accounted investments		**56 683**	50 596	96 094
Profit on disposal of investments	3	**–**	83 086	91 929
Impairment of property, plant, equipment and intangible assets		**–**	(18 389)	(18 549)
Impairment of investment		**–**	–	(8 271)
Impairment of loans		**–**	–	(4 701)
Depreciation		**(36 417)**	(33 692)	(66 083)
Amortisation		**(2 803)**	(2 290)	(4 906)
Profit before finance costs and taxation		**29 786**	57 268	24 445
Finance income		**2 605**	24 227	31 583
Finance costs		**(20 525)**	(30 045)	(50 093)
Profit before taxation		**11 866**	51 450	5 935
Taxation		**(626)**	(23 922)	5 018
Profit for the period		**11 240**	27 528	10 953
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss				
Unrealised fair value adjustments on available-for-sale investments, net of tax		**11 054**	7 324	(51 099)
Total comprehensive income/(loss) for the period		**186**	34 852	(40 146)
Profit/(loss) for the period attributable to:				
– Ordinary shareholders		**12 548**	31 585	19 281
– Non-controlling interest		**(1 308)**	(4 057)	(8 328)
		11 240	27 528	10 953
Total comprehensive income/(loss) attributable to:				
– Ordinary shareholders		**1 494**	38 909	(31 818)
– Non-controlling interest		**(1 308)**	(4 057)	(8 328)
		186	34 852	(40 146)

		Cents	Cents	Cents
Basic earnings per share	4	**2.92**	7.07	4.39
Diluted earnings per share	4	**2.92**	7.07	4.39
Headline earnings per share	4	**3.20**	0.84	(4.59)
Diluted headline earnings per share	4	**3.20**	0.84	(4.59)
Ordinary dividend per share		**11.5**	25.00	25.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	Unaudited 31 December 2017 R'000s	Unaudited 31 December 2016 R'000s	Audited 30 June 2017 R'000s
ASSETS				
Non-current assets		**2 418 057**	2 215 001	2 361 016
Investments in jointly controlled entities		**620 437**	617 918	616 099
Investments in associates		**361 322**	345 724	358 157
Available-for-sale investment		**518 522**	374 595	520 435
Investment properties		**6 821**	46 981	6 821
Property, plant and equipment		**623 715**	575 288	575 789
Intangible assets		**45 796**	46 050	44 079
Goodwill		**92 508**	92 508	92 508
Deferred tax assets		**148 936**	115 937	147 128
Assets classified as held-for-sale	2	**–**	22 817	40 175
Current assets		**412 100**	592 877	230 023
Inventory		**102 617**	86 144	88 763
Trade and other receivables		**62 469**	100 095	64 135
Related party loans		**23 132**	48 215	44 774
Cash and cash equivalents		**219 498**	354 039	22 911
Income tax receivable		**4 384**	4 384	9 440
Total assets		**2 830 157**	2 830 695	2 631 214
EQUITY AND LIABILITIES				
Capital and reserves				
Total equity		**2 092 976**	2 244 242	2 141 147
Ordinary share capital		**806 707**	839 465	806 707
Treasury shares		**(166 286)**	(169 495)	(166 286)
Accumulated profit		**1 494 627**	1 549 027	1 532 361
Available-for-sale reserve at fair value		**(54 098)**	15 379	(43 044)
Share-based payment reserve		**12 026**	9 866	11 409
Non controlling-interest		**(31 062)**	(25 483)	(29 754)
Total shareholders' equity		**2 061 914**	2 218 759	2 111 393
Non-current liabilities		**581 531**	350 975	337 912
Preference shares		**489 447**	236 973	238 390
Interest-bearing borrowings		**63 750**	70 131	67 238
Finance lease liabilities		**22 331**	35 308	25 023
Deferred tax liabilities		**5 310**	7 614	4 469
Provisions		**693**	949	2 792
Current liabilities		**186 712**	260 961	181 909
Trade and other payables		**109 040**	154 778	103 877
Provisions		**8 679**	11 944	17 833
Bank overdraft		**31 636**	6 707	25 474
Preference shares		**9 900**	1 311	2 011
Interest-bearing borrowings		**7 436**	7 500	7 403
Finance lease liabilities		**10 277**	10 360	14 309
Dividends payable		**9 744**	8 419	9 744
Income tax payable		**–**	59 942	1 258
Total equity and liabilities		**2 830 157**	2 830 695	2 631 214

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2017

	Ordinary share capital R'000s	Treasury shares R'000s	Accumulated profits R'000s	Available-for-sale reserve at fair value R'000s	Share-based payment reserve R'000s	Non-controlling interest R'000s	Total equity R'000s
Balance at 30 June 2016	**859 517**	**(105 971)**	**1 626 255**	**8 055**	**9 636**	**(28 038)**	**2 369 454**
Total comprehensive income/(loss) for the period	**–**	**–**	**31 585**	**7 324**	**–**	**(4 057)**	**34 852**
– Profit/(loss) for the period from continuing operations	–	–	31 585	–	–	(4 057)	27 528
– Other comprehensive loss	–	–	–	7 324	–	–	7 324
Dividends declared	–	–	(111 998)	–	–	–	(111 998)
Shares repurchased and cancelled	(20 052)	–	–	–	–	–	(20 052)
Share-based payment reserve expense	–	–	–	–	1 838	–	1 838
IFRS 2 charge relating to equity accounted investments	–	–	–	–	153	–	153
Treasury shares acquired	–	(69 317)	–	–	–	–	(69 317)
Decrease of interest in subsidiary	–	–	104	–	(104)	6 612	6 612
Treasury shares allocated to employees	–	5 793	3 081	–	(1 657)	–	7 217
Release of capital redemption reserve	–	–	–	–	–	–	–
Balance at 31 December 2016	**839 465**	**(169 495)**	**1 549 027**	**15 379**	**9 866**	**(25 483)**	**2 218 759**
Total comprehensive income/(loss) for the period	**–**	**–**	**(12 304)**	**(58 423)**	**–**	**(4 271)**	**(74 998)**
– Profit/(loss) for the period from continuing operations	–	–	(12 304)	–	–	(4 271)	(16 575)
– Other comprehensive loss	–	–	–	(58 423)	–	–	(58 423)
Dividends declared	–	–	(1 072)	–	–	–	(1 072)
Shares cancelled (*)	(32 758)	–	–	–	–	–	(32 758)
IFRS 2 charge relating to equity accounted investments	–	–	–	–	(153)	–	(153)
Share-based payment reserve expense	–	–	–	–	1 615	–	1 615
Sale of subsidiary	–	–	(104)	–	104	–	–
Treasury shares allocated to employees	–	3 209	(3 186)	–	(23)	–	–
Balance at 30 June 2017	806 707	(166 286)	1 532 361	(43 044)	11 409	(29 754)	2 111 393

Notes

* *Shares bought back are deducted from share capital at cost.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 31 December 2017

	Ordinary share capital R'000s	Treasury shares R'000s	Accumulated profits R'000s	Available-for-sale reserve at fair value R'000s	Share-based payment reserve R'000s	Non-controlling interest R'000s	Total equity R'000s
Total comprehensive income/(loss) for the period	–	–	12 548	(11 054)	–	(1 308)	186
– Profit/(loss) for the period from continuing operations	–	–	12 548	–	–	(1 308)	11 240
– Other comprehensive loss	–	–	–	(11 054)	–	–	(11 054)
Dividends declared	–	–	(50 282)	–	–	–	(50 282)
Share-based payment reserve expense	–	–	–	–	617	–	617
Balance at 31 December 2017	**806 707**	**(166 286)**	**1 494 627**	**(54 098)**	**12 026**	**(31 062)**	**2 061 914**

Notes

* *Shares bought back are deducted from share capital at cost.*

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2017

	Unaudited 31 December 2017 R'000s	Unaudited 31 December 2016 R'000s	Audited 30 June 2017 R'000s
Cash flows from operating activities			
Net cash utilised from operations	**(28 743)**	(26 503)	(95 787)
Income tax received/(paid)	**2 264**	4 283	(60 501)
Finance income	**2 605**	24 227	31 583
Net cash (outflow)/inflow from operating activities	**(23 874)**	2 007	(124 705)
Cash flows from investing activities			
Acquisition of plant and equipment	**(64 736)**	(47 779)	(80 941)
Acquisition of land and buildings	**(30 865)**	–	(7 799)
Acquisition of investment properties	**–**	–	(15)
Acquisition of intangibles	**(4 521)**	(4 397)	(8 694)
Proceeds from disposal of property, plant and equipment	**62 988**	21 002	61 862
Proceeds from disposal of investment property	**–**	59 500	56 000
Loans advanced	**–**	(5 901)	(6 849)
Loan repayment received	**21 973**	1 137	1 128
Investments made	**(9 225)**	(57 800)	(266 555)
Consideration received from the disposal of subsidiaries	**–**	262 492	10 215
Consideration received from the disposal of equity accounted investment	**–**	528 445	790 937
Dividends received	**60 751**	44 159	87 829
Net cash inflow/(outflow) from investing activities	**36 365**	800 858	637 118
Cash flows from financing activities			
Dividends paid	**(50 357)**	(112 405)	(112 152)
Treasury shares acquired	**–**	(20 052)	(52 810)
Shares bought back for cancellation	**–**	(69 317)	(69 317)
Loans received	**251 828**	–	–
Repayment of loans	**(10 475)**	(288 280)	(301 754)
Finance costs	**(13 062)**	(23 154)	(36 618)
Net cash inflow/(outflow) from financing activities	**177 934**	(513 208)	(572 651)
Net (decrease)/increase in cash and cash equivalents	**190 425**	289 657	(60 238)
Cash and cash equivalents at the beginning of the period	**(2 563)**	57 675	57 675
Total cash and cash equivalents at the end of the period	**187 862**	347 332	(2 563)
Total cash and cash equivalents at period-end comprises:	**187 862**	347 332	(2 563)
Cash and cash equivalents	**219 498**	354 039	22 911
Overdraft	**(31 636)**	(6 707)	(25 474)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2017

1 BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements and the requirements of the Companies Act, No. 71 of 2008. The Listings Requirements require condensed interim financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS); the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Standards Council; and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 30 June 2017.

The interim financial statements have been prepared under the supervision of the Financial Director, Shaun Barends CA(SA).

The consolidated interim financial statements have not been audited or reviewed by the Company's auditors.

During the period, various new and revised accounting standards became effective, however, their implementation had no impact on the results of either the current or prior year.

2. ASSETS HELD FOR SALE

The assets and liabilities included in assets classified as held-for-sale are as follows:

	Unaudited 31 December 2017 R'000s	Unaudited 31 December 2016 R'000s	Audited 30 June 2017 R'000s
Assets			
Non-current assets			
Investment property (1 Heerengracht)	–	–	40 175
Investment property (Atlantis)	–	22 815	–
Assets classified as held-for-sale	–	22 815	40 175
Net assets	–	22 815	40 175

On 30 June 2017, the Group entered into an agreement with UBUD Developments (Pty) Ltd to dispose of its property situated at 1 Heerengracht for R52.5 million. The transfer of the property was affected on 18 August 2017. The property was previously disclosed as investment property. Non-current assets held-for-sale are measured at the lower of carrying amount and fair value less cost of sale.

	Unaudited 31 December 2017 R'000s	Unaudited 31 December 2016 R'000s	Audited 30 June 2017 R'000s
3. DISPOSAL/ACQUISITION OF BUSINESSES			
Profit/(loss) on disposal of investments			
Profit on disposal of Sun Slots	**–**	90 986	90 588
Loss on disposal of Grand Linkstate	**–**	(7 900)	(7 900)
Profit on disposal of Grand Sport	**–**	–	9 241
	–	83 086	91 929

4. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares (WANOS) in issue during the period.

Diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders by the diluted WANOS in issue.

Headline earnings per share amounts are calculated by dividing the headline earnings for the period attributable to ordinary shareholders by the WANOS in issue for the period.

Diluted headline earnings per share amounts are calculated by dividing the headline earnings for the period attributable to ordinary shareholders by the diluted WANOS in issue for the period.

	Unaudited 31 December 2017 R'000s	Unaudited 31 December 2016 R'000s	Audited 30 June 2017 R'000s
4.1 Reconciliation of the profit for the period			
Basic and diluted earnings per share reconciliation			
Profit for the period	**11 240**	27 528	10 953
Non-controlling interest	**1 308**	4 057	8 328
Profit for the year attributable to ordinary shareholders	**12 548**	31 585	19 281
4.2 Reconciliation of headline earnings for the period			
Profit for the period attributable to ordinary shareholders	**12 548**	31 585	19 281
Profit on sale of investments	**–**	(40 656)	(59 819)
Impairment of investments	**–**	8 271	4 490
Reversal of impairments	**–**	–	–
(Profit)/loss on disposal of property, plant, equipment and intangibles	**(6 388)**	4 518	12 910
Remeasurement of investment	**–**	–	–
Adjustments by jointly-controlled entities	**7 588**	24	3 012
– Impairment of investment	**7 588**	–	2 889
– Loss on disposal of plant and equipment	**–**	24	123
Headline earnings	**13 748**	3 742	(20 126)

	Unaudited 31 December 2017 000s	Unaudited 31 December 2016 000s	Audited 30 June 2017 000s
4.3 Reconciliation of WANOS – net of treasury shares			
Shares in issue at beginning of the period	**429 988**	461 732	461 732
Shares repurchased during year weighted for period held by Group	**–**	(15 424)	(17 020)
Shares repurchased and cancelled during the period weighted for period held by Group	**–**	(376)	(7 148)
Shares issued during the period weighted for period in issue	**–**	557	1 271
	429 988	446 489	438 835
4.4 Reconciliation of diluted WANOS – net of treasury shares			
WANOS in issue – net of treasury shares	**429 988**	446 489	438 835
Effects of dilution from:			
– Share options	**–**	118	–
Diluted WANOS in issue – net of treasury shares	**429 988**	446 607	438 835

	Cents	Cents	Cents
4.5 Statistics			
Basic earnings per share	**2.92**	7.07	4.39
Diluted earnings per share	**2.92**	7.07	4.39
Headline earnings per share	**3.20**	0.84	(4.59)
Diluted headline earnings per share	**3.20**	0.84	(4.59)

5. FAIR VALUE MEASUREMENTS

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

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

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

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

As at 31 December, the Group held the following instruments measured at fair value:

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
31 December 2017				
Available-for-sale investment – Spur (i)	**232 312**	**–**	**280 423**	**512 735**
Available-for-sale investment – Atlas Gaming	**–**	**–**	**5 787**	**5 787**
Total	**232 312**	**–**	**286 210**	**518 522**
31 December 2016				
Available-for-sale investment – Spur (i)	55 885	–	316 391	372 276
Available-for-sale investment – Atlas Gaming	–	–	2 319	2 319
Total	55 885	–	318 710	374 595
30 June 2017				
Available-for-sale investment – Spur (i)	**228 108**	**–**	**286 540**	**514 648**
Available-for-sale investment – Atlas Gaming	**–**	**–**	**5 787**	**5 787**
Total	**228 108**	**–**	**292 327**	**520 435**

(i) Available-for-sale investment – Spur

The carrying value of the investment in Spur at 31 December 2017 of R512.7 million is made up of the original acquisition price of R294.7 million, acquisition during prior and current year of R274.4 million and fair value adjustments of R56.4 million (2016: R21.7 million). The Group's initial investment in Spur is subject to a trading restriction linked to the Group's empowerment credentials. The restriction expires on 29 October 2019, after which the instrument may be traded without restriction. The fair value of the investment has been measured by applying a tradability discount of 3% per year remaining on the restriction against the market price of Spur, as quoted on the JSE. The tradability discount was determined with reference to the agreements which govern the trading restrictions and industry standards applied to empowerment transactions. As the terms of the trading restrictions are unobservable the instrument has been classified under level 3, had the trading restrictions not been in place, the instrument would have been classified under level 1. A change of 1.0% in the discount rate used to determine the fair value at the reporting date would have increased/decreased other comprehensive income after tax by R2.4 million (2016: R2.6 million). There were no additions to level 3 instruments in the current period.

6. SEGMENT ANALYSIS

The chief decision-makers are considered to be the members of the GPI Executive Committee, who review the Group's internal reporting firstly by industry and secondly by significant business unit. The chief decision-makers do not review the Group's performance by geographical sector and therefore no such disclosure has been made. During the period, the chief decision-makers re-assessed the segments. The prior period has been restated to reflect these changes. Listed below is a detailed segment analysis:

	External revenue			Inter-segment revenue[1]			EBITDA		
	Unaudited 31 Dec 2017 R'000s	Unaudited 31 Dec 2016 R'000s	30 Jun 2017 R'000s	Unaudited 31 Dec 2017 R'000s	Unaudited 31 Dec 2016 R'000s	30 Jun 2017 R'000s	Unaudited 31 Dec 2017 R'000s	Unaudited 31 Dec 2016 R'000s	30 Jun 2017 R'000s
Food	**570 907**	500 078	948 853	**27 663**	18 671	27 919	**18 825**	(8 546)	(32 119)
Burger King	**368 607**	317 637	628 897	**–**	–	–	**20 757**	(6 907)	249
Mac Brothers	**108 344**	113 389	181 434	**27 663**	18 671	27 919	**4 947**	8 731	(3 780)
Bakery	**56**	–	–	**–**	–	–	**(2 898)**	–	–
Spur	**11 569**	7 919	16 859	**–**	–	–	**11 533**	7 874	16 786
Grand Food Meat Plant	**59 783**	49 002	92 087	**–**	–	–	**(2 152)**	53	(4 598)
Dunkin' Donuts	**15 659**	11 244	24 035	**–**	–	–	**(8 350)**	(11 599)	(25 460)
Baskin-Robbins	**6 889**	887	5 541	**–**	–	–	**(5 012)**	(6 698)	(15 316)
Gaming and leisure	**–**	–	–	**–**	–	–	**56 683**	56 089	101 580
SunWest	**–**	–	–	**–**	–	–	**35 142**	38 286	71 190
Sun Slots	**–**	–	–	**–**	–	–	**19 897**	16 825	27 861
Worcester Casino	**–**	–	–	**–**	–	–	**1 644**	978	2 529
Group costs	**5 811**	6 040	13 506	**67 281**	199 860	247 042	**(6 502)**	70 324	46 037
GPI Properties	**5 811**	5 645	10 887	**8 130**	10 457	17 106	**15 106**	9 286	16 826
Central costs	**–**	395	2 619	**59 151**	189 403	229 936	**(21 608)**	61 038	29 211
Non-core	**–**	639	639	**–**	–	–	**–**	(24 617)	(20 064)
GTM[4]	**–**	–	–	**–**	–	–	**–**	(12 920)	(17 621)
Grand Linkstate	**–**	–	–	**–**	–	–	**–**	(8 884)	(8 875)
Grand Sport	**–**	639	639	**–**	–	–	**–**	(2 813)	6 432
Continuing	**576 718**	506 757	962 998	**94 944**	218 531	274 961	**69 006**	93 250	95 434
1 Heerengracht	**–**	–	–	**–**	–	–	**–**	–	–
Atlantis	**–**	–	–	**–**	–	–	**–**	–	–
Sun Slots	**–**	–	–	**–**	–	–	**–**	–	–
Held-for-sale	**–**	–	–	**–**	–	–	**–**	–	–

[1] Transactions between segments are concluded at arm's length.
[2] Certain costs are presented pre-elimination of intergroup charges and therefore net profit is after these eliminations.
[3] The income tax expense is based on the net profit before tax and pre-elimination of intergroup charges.
[4] During the period GPI's 51% interest in Grand Tellumat Manufacturing was sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2017

	Net profit/(loss) after tax			Total assets			Total liabilities		
	Unaudited 31 Dec 2017 R'000s	Unaudited 31 Dec 2016 R'000s	30 Jun 2017 R'000s	Unaudited 31 Dec 2017 R'000s	Unaudited 31 Dec 2016 R'000s	30 Jun 2017 R'000s	Unaudited 31 Dec 2017 R'000s	Unaudited 31 Dec 2016 R'000s	30 Jun 2017 R'000s
Food	**(30 830)**	(36 357)	(86 123)	**1 278 834**	1 129 504	1 297 578	**(402 442)**	(444 498)	(479 264)
Burger King	**(7 887)**	(20 506)	(29 149)	**499 112**	533 626	544 657	**(66 118)**	(104 165)	(101 918)
Mac Brothers	**887**	3 324	(8 051)	**98 147**	101 918	90 609	**(37 687)**	(32 782)	(32 577)
Bakery	**(3 063)**	–	–	**13 548**	–	–	**–**	–	–
Spur	**557**	(2 992)	(4 939)	**512 736**	373 271	527 672	**(247 699)**	(242 457)	(288 586)
Grand Food Meat Plant	**(3 907)**	(2 454)	(7 979)	**58 974**	56 284	54 747	**(38 301)**	(49 231)	(51 354)
Dunkin' Donuts	**(10 820)**	(8 723)	(22 389)	**67 844**	45 534	54 978	**(10 346)**	(12 846)	(3 587)
Baskin-Robbins	**(6 597)**	(5 006)	(13 616)	**28 473**	18 871	24 915	**(2 291)**	(3 017)	(1 242)
Gaming and leisure	**56 054**	54 082	101 580	**981 758**	963 643	974 256	**(251 828)**	–	–
SunWest	**34 513**	36 279	71 190	**620 437**	617 918	616 099	**(251 828)**	–	–
Sun Slots	**19 897**	16 825	27 861	**331 481**	318 702	329 583	**–**	–	–
Worcester Casino	**1 644**	978	2 529	**29 840**	27 023	28 574	**–**	–	–
Group costs	**(13 984)**	34 665	15 805	**569 565**	694 319	304 205	**(133 973)**	(166 768)	(40 557)
GPI Properties	**9 899**	2 293	(1 978)	**203 580**	264 575	234 208	**(77 837)**	(81 423)	(83 464)
Central costs	**(23 883)**	32 372	17 783	**365 985**	429 744	69 997	**(56 136)**	(85 345)	42 907
Non-core	**–**	(24 862)	(20 309)	**–**	20 412	15 000	**–**	(668)	–
GTM[4]	**–**	(12 920)	(17 621)	**–**	18 640	15 000	**–**	–	–
Grand Linkstate	**–**	(8 884)	(8 875)	**–**	–	–	**–**	–	–
Grand Sport	**–**	(3 058)	6 187	**–**	1 772	–	**–**	(668)	–
Continuing	**11 240**	27 528	10 953	**2 830 157**	2 807 878	2 591 039	**(788 243)**	(611 934)	(519 821)
1 Heerengracht	**–**	–	–	**–**	–	40 175	**–**	–	–
Atlantis	**–**	–	–	**–**	22 817	–	**–**	–	–
Sun Slots	**–**	–	–	**–**	–	–	**–**	–	–
Held-for-sale	**–**	–	–	**–**	22 817	40 175	**–**	–	–

(1) Transactions between segments are concluded at arm's length.
(2) Certain costs are presented pre-elimination of intergroup charges and therefore net profit is after these eliminations.
(3) The income tax expense is based on the net profit before tax and pre-elimination of intergroup charges.
(4) During the period GPI's 51% interest in Grand Tellumat Manufacturing was sold.