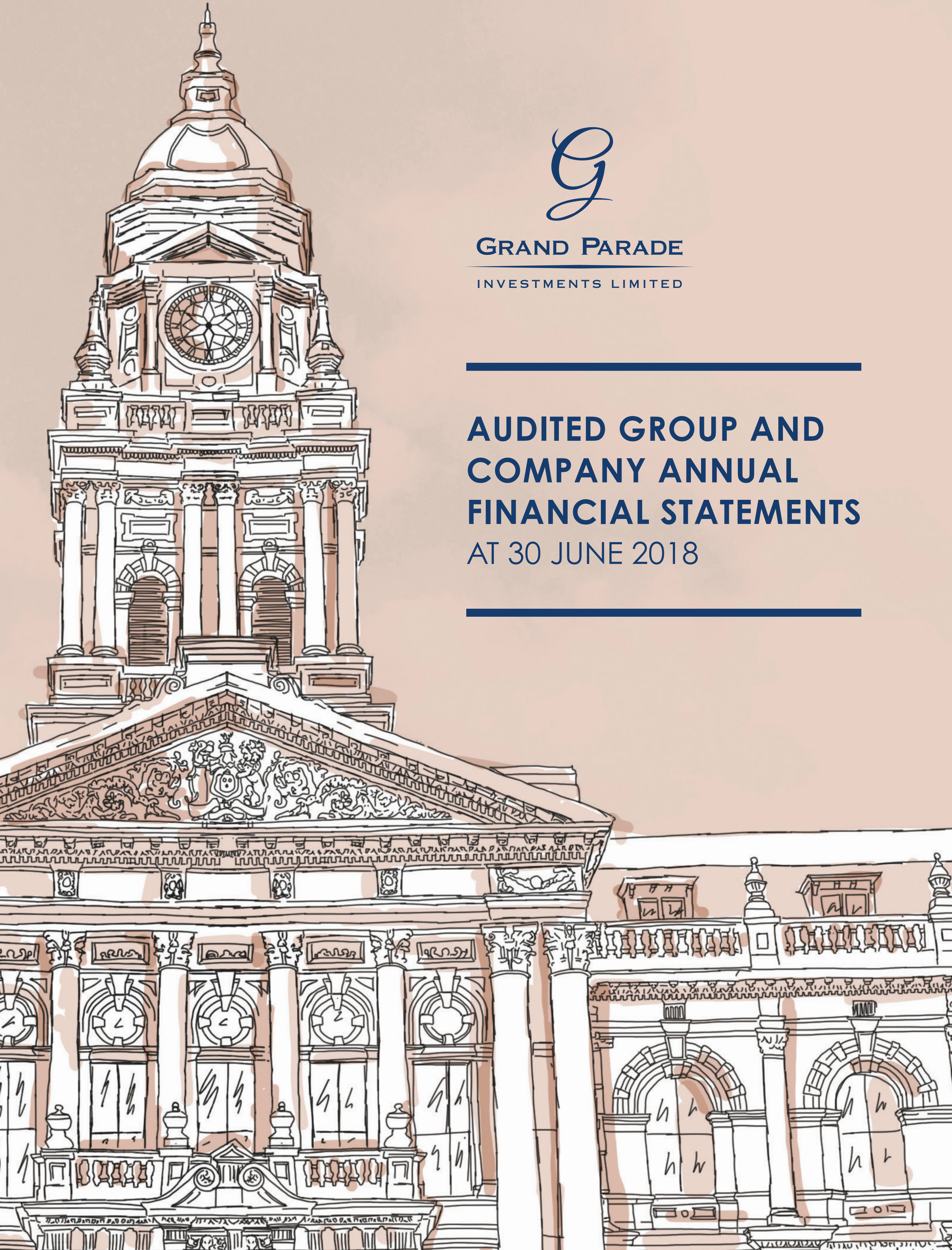
GRAND PARADE
INVESTMENTS LIMITED

AUDITED GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2018



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LEVEL OF ASSURANCE

These Audited Annual Financial Statements have been audited in compliance with the applicable requirement of the Companies Act (No. 71 of 2008) of South Africa.

COMPANY INFORMATION

DIRECTORS	H Adams (Executive Chairman) P Moodley (Chief Executive Officer) appointed 8 August 2018 C Priem (Group Financial Director) appointed 1 July 2018 A Abercrombie W Geach R Hargey NV Maharaj N Mlambo D Pienaar resigned 7 November 2017 T Karriem resigned 2 April 2018 S Barends resigned 30 June 2018
NATURE OF BUSINESS	Investment Holding Company
COMPANY SECRETARY	Statucor (Pty) Ltd 6th Floor 119 – 123 Hertzog Boulevard Foreshore Cape Town 8001
PUBLIC OFFICER	C Priem
PREPARER OF THE FINANCIAL STATEMENTS	The annual financial statements were prepared under supervision of Grand Parade Investments' (GPI) Group Financial Director, C Priem.
TRANSFER SECRETARIES	Computershare Investor Services (Pty) Ltd PO Box 61051 Marshalltown 2107
AUDITORS	Ernst & Young Inc. PO Box 656 Cape Town 8000
ATTORNEYS	Bernadt Vukic Potash & Getz PO Box 252 Cape Town 8000
BANKERS	The Standard Bank of South Africa Limited
SPONSORS	PSG Capital (Pty) Ltd PO Box 7403 Stellenbosch 7600
REGISTERED OFFICE	10th Floor, 33 on Heerengracht Heerengracht Street Cape Town 8001
REGISTRATION NUMBER	1997/003548/06
DOMICILE AND COUNTRY OF INCORPORATION	South Africa

STATEMENT OF RESPONSIBILITY BY THE DIRECTORS AND COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS APPROVAL

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

The external auditors are responsible for conducting an independent audit of the AFS of the Company and its subsidiaries in accordance with International Standards on Auditing (ISA) and reporting their opinion to shareholders. Their report is presented on pages 3 to 6.

The Directors have reviewed the Group's and Company's budget and cash flow forecast for the year to 30 June 2019. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Directors are satisfied that the Group and Company are going concerns and have continued to adopt the going-concern basis in preparing the AFS.

The AFS were approved by the Board on 28 September 2018 and are signed on its behalf by:

H ADAMS
Executive Chairman

P MOODLEY
Chief Executive Officer

DECLARATION BY THE COMPANY SECRETARY

TO THE MEMBERS OF GRAND PARADE INVESTMENTS LIMITED

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

STATUCOR (PTY) LTD
Company Secretary

28 September 2018

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

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

C PRIEM
Group Financial Director

28 September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRAND PARADE INVESTMENTS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Grand Parade Investments Limited set out on pages 15 to 100, which comprise the consolidated and separate statements of financial position as at 30 June 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the period then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Grand Parade Investments Limited as at 30 June 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of Grand Parade Investments Limited in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA code) and other independence requirements applicable to performing the audit of Grand Parade Investments Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Grand Parade Investments Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements. We have determined that there are no key audit matters relating to the separate financial statements and the identified key audit matters relate only to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF GRAND PARADE INVESTMENTS LIMITED

Key Audit Matter	How the matter was addressed in the audit
Recoverability of deferred tax assets on assessed losses	
The Group has recorded net deferred tax assets amounting to R138.2 million in the financial statements resulting from losses carried forward as disclosed in note 8 of the financial statements. The significant assumptions relating to the recoverability of these deferred tax assets are disclosed in note 1.4.2 of the financial statements. The recognition of a deferred tax asset in respect of tax losses is permitted only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity. The revenue growth, cost control and other assumptions in determining forecast profits for the future utilisation of deferred tax assets in separate legal entities where the losses reside is an area of significant management judgement. Changes in trading conditions and performance for existing and newly opened stores all impact this assessment and thus require specific audit attention on an annual basis. In addition, the utilisation of losses in the Burger King group is dependent on the allocation of profitable new stores to poorer performing statutory entities. Given the level of judgement involved in management estimates that are required to determine the forecasts and the quantitative materiality of the deferred tax asset balances recognised, we consider the recoverability of deferred tax assets to be a key audit matter.	*Our procedures included, amongst others:* • Assessing whether management has historically achieved budget by comparing previous year's results to the budget for that period; • Evaluating the assumptions used in preparing the budgets. This included assessing whether the information used was derived from the Group's business plans, is consistent with performance to date, and whether these plans have been subject to internal reviews and approved by those charged with governance. It also included evaluating critical assumptions including forecast gross margin and planned store roll-out; • Testing the arithmetical accuracy of the calculations within the respective models; and • Determining the adequacy and accuracy of the related disclosures in the financial statements.
Valuation of goodwill balances	
The Group is required to assess the recoverable amount of its Goodwill on an annual basis in accordance with IAS 36: Impairment of Assets. The carrying value of Goodwill amounted to R92.5 million at 30 June 2018 as disclosed in note 17. The valuation process is complex and involves judgment regarding certain assumptions when concluding on inputs to the calculation. These assumptions are disclosed in note 17.2. The major inputs include the determination of appropriate discount rates; the assessment of forecast average revenue growth rates and terminal growth rates, all of which will vary year on year based on macro-economic factors and the recent performance of the Cash Generating Units and therefore requires specific audit attention on an annual basis. Given the level of judgement involved in management estimates that are required to determine the valuation of the Cash Generating Units as well as the quantitative materiality of the goodwill balances, we consider the valuation of goodwill to be a key audit matter.	*Our procedures included, amongst others:* • Evaluating the forecasts and approved budgets provided by management against historical data and other relevant information; • Assessment of the principles and method applied to the discounted cash flow valuations for appropriateness; • Vouching the key inputs used in the calculation (e.g. discount rates, sales growth rates) with reference to actual experience to date and external data and our own expertise; • Testing the arithmetical accuracy of the calculations within the respective models; • Performing sensitivity analyses regarding key assumptions to determine the impact on potential impairment; • We included a valuation specialist on our team to assist in the assessments of these forecasts applied by management; and • Determining the adequacy and accuracy of the related disclosures in the financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Company Information, Statement of Responsibility by the Directors, Directors Approval, Declaration by the Company Secretary, Report of the Audit and Risk Committee, Report of the Directors and Appendices, which we obtained prior to the date of this report, and the Integrated Annual Report and Corporate Governance Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Integrated Annual Report and the Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Grand parade Investments Limited group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Grand Parade Investments Limited group or company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated or separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Grand Parade Investments Limited for 22 years.

Ernst & Young Inc.

ERNST & YOUNG INC.
Director: Pierre du Plessis
Registered Auditor
Chartered Accountant (SA)

3rd Floor, Waterway House
3 Dock Road, V&A Waterfront
Cape Town
8001

28 September 2018

REPORT OF THE AUDIT AND RISK COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2018

The Audit and Risk Committee is a formally constituted committee of the Board. It is appointed by the shareholders to assist the Board with its corporate governance oversight duties. The Committee operates independently of management and acts in accordance with its statutory duties and the delegated authority of the Board as documented in a formal Charter. The composition of the Audit and Risk Committee of Grand Parade Investments Limited complies with all statutory requirements relating thereto including the Companies Act 2008.

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

Engagement with external auditors

- nominated and recommended to shareholders the appointment of the external auditor of the Company and the Group who is a registered auditor;
- satisfied itself that the external auditor is independent of the Company and the Group. In considering whether the external auditor is independent, the committee, in relation to the company (and other companies within the group), ascertained that the auditor does not receive any direct or indirect remuneration or other benefit from the company, except as auditor, or for rendering other services to the company, to the extent permitted in terms of the Companies Act and as agreed with the committee. The committee also ensured compliance with other criteria relating to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors established by the Auditing Profession Act;
- considered and approved the terms of engagement of the external auditor and the extent and scope of the audit and the timing thereof;
- reviewed and made recommendations to the Board in respect of the publicly disclosed financial information including the interim results for the six months ended 31 December 2017 and the audited annual results for the 2018 financial year;
- prior to the commencement of the audit, determined and recommended the audit fees to be paid to the auditor;
- ensured that the appointment of the auditor complies with the Companies Act, and other legislation relating to the appointment of the auditor;
- determined the nature, scope and extent of any non-audit services that the auditor may provide to the Group and the fees relating to such services, and satisfied itself that the nature of such services and fees relating thereto did not adversely impact on the independence of the external auditor.

Internal financial controls, and internal audit function

- evaluated the independence, effectiveness and performance of the internal audit function;
- reviewed and approved the internal audit annual work plan, as well as the quarterly internal audit report;
- reviewed the internal auditor's reports and noted the findings thereof and reported to the Board in connection therewith;
- assessed internal financial controls and concluded that no material breakdowns in the functioning of the internal financial controls were noted during the year under review and that the results of the internal audit tests conducted indicate that the internal financial controls provided a sound basis for the preparation of financial statements;
- considered and confirmed its satisfaction with the effectiveness of the internal audit function, as well as the expertise and experience of the internal auditor;

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

Oversight of risk management including IT

- monitored the implementation of the Group risk policy and Group risk plan as approved by the Board and reviewed the risk management framework and made appropriate recommendations to the Board;
- reviewed and considered the report by internal audit on the integrity and robustness of the Group's risk management processes;
- reviewed and considered the status of financial, Information Technology and internal controls, for the year under review, and reviewed and accepted the reports relating thereto.

Complaints and concerns

The Committee did not receive any complaints or concerns neither from within or outside the company, or find any concerns on its own initiative, relating to the following:

- the accounting practices and internal audit of the company;
- the content or auditing of the company's financial statements;
- the internal financial controls of the company; or
- any other matter.

Annual financial statements and reporting

- confirmed and satisfied itself as to the expertise and experience of the Company's Financial Director;
- reviewed and made recommendations to the Board in respect of the publicly disclosed financial information including the interim results for the six months ended 31 December 2017 and the audited annual results for the 2018 financial year;
- reviewed the Annual Financial Statements, including the valuation of unlisted investments and loans, prior to submission to the Board. In the course of the review the Audit and Risk Committee ensured that the AFS are prepared in accordance with IFRS and the Companies Act, and considered and made recommendations, where appropriate, on internal controls.

W GEACH
Chairman
Audit and Risk Committee

28 September 2018

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their report on the activities of the Group and Company for the year ended 30 June 2018.

NATURE OF THE BUSINESS

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

The consolidated annual financial statements of the Company and its subsidiaries also incorporate the equity accounted profit or loss of associated companies and joint ventures.

GROUP EARNINGS

Year ended	Note	2018 R'000s	2017 R'000s
Headline loss (R'000s)	9	(48 019)	(20 126)
– Headline loss per share (cents)	9	(11.18)	(4.59)
– Diluted headline loss per share (cents)	9	(11.18)	(4.59)
Basic (loss)/earnings – net profit for the year (R'000s)	9	(50 064)	19 281
– Basic (loss)/earnings per share (cents)	9	(11.66)	4.39
– Diluted (loss)/earnings per share (cents)	9	(11.66)	4.39
Dividends net of treasury shares (R'000s)		50 405	113 070
– Ordinary dividend per share (cents)		11.50	25.00

INVESTMENT ACTIVITIES

The Group has continued to restructure its investment portfolio in line with its strategy of increasing its investments in food. The move towards strategic investments in gaming & leisure and completely divesting from its non-core investments is on-going. Details of these transactions are set out below.

FOOD

Burger King, Dunkin' Donuts and Baskin-Robbins continued to experience a challenging year with the second half being the most significant on trading. The introduction of the new Health Promotion Levy (Sugar Tax) and the increase in the VAT rate from 14% to 15% had a significant negative impact on the margins as these costs were absorbed by the businesses to maintain market share growth. In addition, increased food and supply chain costs further eroded food margins.

GAMING AND LEISURE

The gaming and leisure investments have performed in line with GPI's expectations of low to medium growth within the casino and LPM segment of the gaming industry. Furthermore, the Group concluded the swap agreement in respect of Atlas Gaming Australia for a 26% stake in a local company called Infinity Gaming Africa (Pty) Ltd (IGA).

NON-CORE INVESTMENTS

During the current year, GPI concluded its divestment of non-core loss making investments. The sale of Grand Tellumat was finalised on 2 November 2017 for a total consideration of R15.0 million. The settlement of the proceeds was deferred over 4 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. To date, R5.5 million has been received of the total consideration. The settlement of the unpaid balance was renegotiated and a revised payment plan concluded on 24 July 2018 in which full settlement is to be made by the 30 November 2018. As a result, management has raised a provision to impair the remaining settlement of R9.5 million.

The Group entered into a sale agreement to dispose of its property situated on Sandton Drive and 1 Heerengracht during the year. The properties were accounted for respectively at a cost of R11.3 million and R40.2 million, the sales were concluded at a price of R11.5 million and R51.2 million respectively. Both properties were transferred within this financial year, realising a profit of R0.2 million and R8.5 million respectively, after CGT.

GROUP FINANCIAL REVIEW

The Group uses headline earnings to assess the underlying investment contributions to the Group's earnings. To make the operational assets more comparable year on year this was done on a pre-tax basis. The reason for using pre-tax headline earnings is that it eliminates the once-off effects of the Group's investment activities and also changes in the estimates if the recoverability of taxes and therefore provides a comparable view of the Group's operational and continuing earnings.

The decline in headline earnings is largely due to Dunkin' Donuts, including the Bakery and Baskin-Robbins which collectively contributed a R62.9 million headline loss before taxation for the period and was offset by Burger King which decreased its loss contribution by R11.5 million to R29.7 million. SunWest and Sun Slots contributed positively to headline earnings with a collective increase of 14% or R14.1 million offset by a decline in Worcester Casino of 23% or R0.7 million.

GPI showed an overall decrease in its headline earnings from core investments for the year, which declined by R27.9 million from a loss of R20.1 million last year to R48.0 million this year.

The table below shows the contribution each investment made to the Group headline earnings/(losses):

	30 June 2018 R'000s	30 June 2017 R'000s	Movement R'000s	%
Food	**(107 741)**	**(112 330)**	**4 589**	**(4%)**
Burger King	(29 744)	(41 285)	11 541	(28%)
Dunkin' Donuts	(29 833)	(27 754)	(2 079)	(7%)
Baskin-Robbins	(24 863)	(16 193)	(8 670)	(54%)
Mac Brothers	(10 700)	(10 345)	(355)	(3%)
Bakery	(8 172)	–	(8 172)	(100%)
Spur	608	(4 939)	5 547	(112%)
Grand Foods Meat Plant	(5 037)	(11 814)	6 777	(57%)
Gaming	**117 076**	**103 755**	**13 321**	**13%**
SunWest	77 739	70 354	7 385	10%
Sun Slots	36 786	30 102	6 684	22%
Worcester Casino	2 551	3 299	(748)	(23%)
Central costs	**(35 644)**	**(40 996)**	**5 352**	**(13%)**
Corporate Costs (excl net finance income)	(32 992)	(67 919)	34 927	(51%)
Net corporate finance income	(7 786)	18 186	(25 972)	(143%)
GPI Properties	5 134	8 737	(3 603)	(41%)
Non-core Investments	**(9 500)**	**(12 408)**	**2 908**	**(23%)**
GTM	(9 500)	(9 350)	(150)	(2%)
Grand Sport	–	(3 058)	3 058	(100%)
Headline loss before taxation	**(35 809)**	**(61 979)**	**26 170**	**(42%)**
Taxation	(12 210)	41 853	(54 063)	(129%)
Headline loss after tax	**(48 019)**	**(20 126)**	**(27 893)**	**(139%)**

DIVIDENDS

On 27 December 2017 GPI declared a dividend of 11.5 cents per share in respect of the 2017 financial year, which amounted to R54.5 million, of which R4.1 million related to GPI shares held in treasury. GPI is committed to remaining dividend-active. Any distribution relating to 2018 financial year will be considered once future cash flows can be determined with more certainty.

CAPITAL STRUCTURE

The Group recognises that whilst Burger King is still in its growth phase and the Dunkin' Brands businesses in their start-up phase, they consequently contribute minimal earnings to the Group, the Group will continue to maintain a conservative approach on its gearing for these operations to meet its Master Franchise obligations.

Over the past 36 months the Group decreased its gearing levels from 35.5% to 30.5% as a result of part disposals in its gaming and leisure investments over this period. The proceeds received from its part disposal of SunWest were utilised to repay the full Standard Bank revolving credit facility of R225.0 million. This was however offset by the raising of a new Standard Bank preference share facility in December 2017 of R251.7 million at an embedded dividend rate of 85% of prime over a 5 year term. The Group's targeted debt equity range is set between 20.0% and 35.0%. At 30 June 2018, the debt equity ratio increased by 13.6% from 16.8% last year to 30.5%, which is within the targeted range.

		30 June 2018 R'000s	30 June 2017 R'000s	Movement R'000s	%
Holding company facilities		**507 118**	**240 401**	**266 717**	**111%**
SunWest	Preference shares	251 673	–	251 673	
Spur	Preference shares	255 445	240 401	15 044	6%
Subsidiary facilities		**92 635**	**113 973**	**(21 338)**	**(19%)**
GPI Properties	Term loans (Mortgage)	67 229	74 641	(7 412)	(10%)
Mac Brothers	Finance leases	8 704	12 880	(4 176)	(32%)
GF Meat Plant	Finance leases	14 645	24 246	(9 601)	(40%)
Burger King	Finance leases	1 710	1 594	116	7%
Baskin-Robbins	Finance leases	124	146	(22)	(15%)
Dunkin' Donuts	Finance leases	153	357	(204)	(57%)
GPIMS	Finance leases	70	109	(39)	(36%)
Total Debt		**599 753**	**354 374**	**244 379**	**69%**
Debt/Equity		**30.5%**	**16.8%**	**(14%)**	**(83%)**

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

REVIEW OF INVESTMENT OPERATIONS

FOOD

Burger King

The total number of Burger King restaurants at 30 June 2018 closed at 87 stores of which 80 are corporate owned. The net restaurant movement included the opening of 19 new restaurants with no closures during the year. The average monthly restaurant revenues (ARS) increased by 5.3% from R0.8 million last year to R0.9 million this year, largely as a result of positive restaurant comparative sales of 3.45% (2017: 1.82%) and a proportional increase in revenue from Drive Thru sites opened towards the end of the 2017 financial year. Burger King's food revenue for the year increased by 22.19% from R623.5 million in the prior year to R756.2 million in the current year.

Burger King continued to focus on market share growth by actively managing the menu pricing to increase traffic through the stores. A total of 15.6 million customers were served compared to 13.3 million in the prior year. The resulting increase in revenue was however offset by higher than anticipated food cost increases, increase in the VAT rate of 1% and the implementation of the Healthy Promotion Levy (Sugar Tax) during the second half of the financial year. This translated to a decrease in the restaurant EBITDA margin from 9% in the prior year to 6.6% in the current year.

Of significant importance is the improvement of Company EBITDA from a profit of R11.1 million to a profit of R22.9 million in the current financial year.

Dunkin' Donuts

Dunkin' Donuts opened its first outlet on 13 October 2016. During the current period Dunkin' Donuts opened 5 outlets bringing the total number of outlets to 11 stores and 1 Drive Thru as at 30 June 2018. All the outlets are currently corporate-owned.

The outlets reported revenue of R29.8 million and a gross profit of R11.6 million for the year with over 1.4 million doughnuts sold in the period under review. The gross profit percentage of 39% is below the target due to the doughnuts still being imported for the major part of the financial year.

The Restaurant EBITDA loss for the period was R5.3 million, however after head office and marketing costs, a Company EBITDA loss of R24.9 million was reported for the period compared to a R24.5 million loss for the prior period.

Baskin-Robbins

Baskin-Robbins opened 1 new store during the period. Total revenue for the 6 stores amounted to R12.4 million with a gross profit of R4.9 million. The gross profit percentage of 39% is below target mainly due 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 R0.3 million for the period. Baskin-Robbins reported a Company EBITDA loss for the period of R18.6 million compared to R14.4 million in the prior period.

Spur

GPI increased its shareholding in Spur with the acquisition of 330 000 shares for R9.1 million. The shares were acquired on the open market at an average price of R27.70 per share and increased GPI's effective overall holding in Spur to 17.79% from 17.48% in the prior year. A total dividend of R23.7 million was received during the period with a related finance charge of R23 million resulting in a R0.7 million reported net profit contribution for the period.

Grand Foods Meat Plant

Grand Foods Meat Plant is exposed to Burger King indirectly through their agreement with Burger King's main supplier, Vector. As a result of Burger King's 21% increase in revenue, Grand Foods Meat Plant's revenue increased by 35% from R92 million last year to R124.4 million this year. Cost of sales in the current year increased by 32.8% from R83.9 million to R111.4 million. This is a direct result of higher input costs due to increased food costs. Grand Foods Meat Plant's earnings for the year resulted in a R3.5 million loss after tax, which was 62% lower than the R9.3 million net loss after tax incurred last year.

Mac Brothers Catering Equipment
Amidst tough trading conditions experienced in the manufacturing sector, Mac Brothers revenue increased by 7% to R224.2 million (2017: R209.4 million) mainly as a result of a 87.2 increase in internal sales to Burger King and Dunkin' Brands which collectively contributed R52.3 million (2017: R27.9 million). The operating costs for the year amounted to R69.7 million which is 16% higher than the operating costs of R59.6 million incurred in the prior year. The increase is mainly due to increased rental paid during the year from the new lease agreement signed for the rental of office and warehouse space.

The EBITDA for the year of R0.3 million is 83.5% lower than the R1.4 million EBITDA in the prior year. Depreciation for the year of R4.1 million which decreased slightly by R0.2 million and the interest costs of R4 million decreased by R0.8 million when compared to the prior year.

Mac Brothers recorded a company loss after tax for the year of R5.0 million, representing a 5.2% decrease from the net loss after tax of R5.3 million in the prior year.

GAMING

SunWest
SunWest's revenue for the year increased by 3.3% from R2 478 million last year to R2 560 million this year. Net profit after tax increased by 12.6% to R524.5 million for the year (2017: R465.9 million).

Sun Slots
Sun Slots increased their revenue by 9.5% from R1 019.5 million last year to R1 117 million this year. Sun Slots Net Profit After Tax increased by 31% from R92.8 million in the prior year to R122 million in the current year.

OTHER

Central Costs
The Group's net central costs for the year amounted to R49.6 million, which is 13% higher than the central costs of R43.8 million last year. This is a direct result of the increase in debt funding raised in the current year thereby reducing the net finance income of R18.1 million the prior year to a net interest expense of R7.8 million in the current year.

Share Capital
The Company bought back 3.7 million shares during the year at a average price of R2.16. These shares were subsequently cancelled. No new shares were issued during the year. Details of the share and the share capital of the Company both authorised and issued have been disclosed in Note 23.1 of the Consolidated Annual Financial Statements.

Treasury Shares
At 30 June 2018 a total of 43.8 million GPI shares were held as treasury shares by the Grand Parade Share Incentive Trust, GPI Management Services and the GPI Women's BBBEE Empowerment Trust. These entities are controlled by the Group, with the Grand Parade Share Incentive Trust holding 4.98 million treasury shares, GPI Management Services holding 24 million shares and the GPI Women's BBBEE Empowerment Trust holding 14.82 million treasury shares. Details of the Group's treasury shares have been disclosed in Note 23.2 of the Consolidated Annual Financial Statements.

Preference Shares
During the current year, the Group issued 10 000 redeemable preference shares to Standard Bank at an issue price of R25 400 per share. The total preference share funding raised from this issue amounted to R251.7 million after capital raising fees. The terms of these respective preference shares and others have been disclosed in Note 25.1, 25.2 and Note 25.3 of the Consolidated Annual Financial Statements.

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

Borrowings
The terms of Group's borrowings are fully disclosed in Note 26 of the Consolidated Annual Financial Statements. In terms of the Memorandum of Incorporation of the Company and its subsidiaries, the borrowing powers of the Directors of these companies are unlimited.

Capital Commitments and Contingent Liabilities
Details of the Group's capital commitments are disclosed in Note 37 of the Consolidated Annual Financial Statements.

Subsidiary Companies and Investments
Particulars of subsidiary companies, equity accounted investments and other investments are disclosed in *Appendix 1* and *Appendix 2* of the Consolidated Annual Financial Statements.

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

Directors and Company Secretary
D Pienaar resigned as an Executive Director on 7 November 2017. T Karriem resigned as Chief Executive Officer and Director of the Group on 2 April 2018 and was replaced by P Moodley on 8 August 2018. S Barends resigned as Financial Director on 30 June 2018 and was replaced by C Priem on 1 July 2018. Colin Priem was previously a Non-Executive Director and stepped down from all the Board sub-Committees.

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

Directors' Interest in Contracts
Details of the directors' interests in contracts and transactions with the Group are disclosed in Note 36 of the Consolidated Annual Financial Statements.

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

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

Subsequent Events
The details of events occurring subsequent to the reporting date but prior to the date of issue of this report are detailed in Note 38 of the Consolidated Annual Financial Statements.

Related parties
The Group, in the ordinary course of business, entered into various transactions with related parties consistent with those as reported at 30 June 2018. Details of related parties and transactions are disclosed in Note 36 of the Consolidated Annual Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 R'000s	2017 R'000s
Revenue	5	1 144 638	962 998
Cost of Sales		(596 362)	(508 724)
Gross profit		548 276	454 274
Operating costs		(578 830)	(515 342)
Loss from operations		(30 554)	(61 068)
Profit from equity-accounted investments	6	109 360	96 094
Profit on disposal of investments	4	–	91 929
Impairment of property, plant, equipment and intangible assets	6	–	(18 549)
Impairment of investment	10.1	–	(8 271)
Impairment of other receivables	20.2	(9 500)	–
Impairment of loans	21.1	–	(4 701)
Depreciation	15	(59 750)	(66 083)
Amortisation	16	(5 705)	(4 906)
Profit before finance costs and taxation	6	3 851	24 445
Finance income	5	8 387	31 583
Finance costs	7	(48 714)	(50 093)
(Loss)/profit before taxation		(36 476)	5 935
Taxation	8	(13 391)	5 018
(Loss)/profit for the year		(49 867)	10 953
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Unrealised fair value adjustments on available-for-sale investments, net of tax	24.1, 32.2	(35 303)	(51 099)
Total comprehensive loss for the year		(85 170)	(40 146)
(Loss)/profit for the year attributable to:			
– Ordinary shareholders		(50 064)	19 281
– Non-controlling interest	13.1	197	(8 328)
		(49 867)	10 953
Total comprehensive (loss) attributable to:			
– Ordinary shareholders		(85 367)	(31 818)
– Non-controlling interest	13.1	197	(8 328)
		(85 170)	(40 146)

		Cents	Cents
Basic and diluted basic (loss)/earnings per share	9.5	(11.66)	4.39
Headline and diluted headline loss per share	9.5	(11.18)	(4.59)
Ordinary dividend per share		11.50	25.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 R'000s	2017 R'000s
ASSETS			
Non-current assets		2 428 528	2 361 016
Investments in jointly controlled entities	10.1	625 882	616 099
Investments in associates	11.1	376 762	358 157
Available-for-sale investment	12	494 273	520 435
Investment properties	14	7 014	6 821
Property, plant and equipment	15	633 617	575 789
Intangible assets	16	48 584	44 079
Goodwill	17.1	92 508	92 508
Deferred tax assets	8	149 888	147 128
Assets classified as held-for-sale	3	–	40 175
Current assets		355 223	230 023
Inventory	18	85 804	88 763
Deferred proceeds	19	–	–
Related party loans	21.1	21 467	44 774
Trade and other receivables	20.1	101 706	64 135
Cash and cash equivalents	22.1	136 287	22 911
Income tax receivable	34.2	9 959	9 440
Total assets		2 783 751	2 631 214
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity		1 995 855	2 141 147
Ordinary share capital	23.1	798 586	806 707
Treasury shares	23.2	(166 286)	(166 286)
Accumulated profit		1 431 892	1 532 361
Available-for-sale reserve at fair value	24.1	(78 347)	(43 044)
Share based payment reserve		10 010	11 409
Non-controlling interest	13.1	(29 557)	(29 754)
Total shareholder's equity		1 966 298	2 111 393
Non-current liabilities		560 430	337 912
Preference shares	25	501 939	238 390
Interest-bearing borrowings	26	29 931	67 238
Finance lease liabilities	27	10 578	25 023
Provisions	28	631	2 792
Deferred tax liabilities	8	17 351	4 469
Liabilities associated with assets held-for-sale	3	–	–
Current liabilities		257 023	181 909
Preference shares	25	5 179	2 011
Interest-bearing borrowings	26	37 298	7 403
Finance lease liabilities	27	14 442	14 309
Provisions	28	13 193	17 833
Trade and other payables	29	148 936	103 877
Bank overdraft	22.2	25 603	25 474
Dividends payable	34.3	10 416	9 744
Income tax payable	34.2	1 956	1 258
Total equity and liabilities		2 783 751	2 631 214

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Ordinary share capital (Note 23.1) R'000s	Treasury shares (Note 23.2) R'000s	Accumu-lated profits R'000s	Available-for-sale reserve at fair value (Note 24.1) R'000s	Share based payment reserve R'000s	Non-controlling interest (Note 13.1) 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 year	–	–	19 281	(51 099)	–	(8 328)	(40 146)
– Profit/(loss) for the year from continuing operations	–	–	19 281	–	–	(8 328)	10 953
– Other comprehensive loss	–	–	–	(51 099)	–	–	(51 099)
Dividends declared	–	–	(113 070)	–	–	–	(113 070)
Shares cancelled[1]	(52 810)	–	–	–	–	–	(52 810)
Treasury shares acquired	–	(69 317)	–	–	–	–	(69 317)
Share based payment reserve expense	–	–	–	–	3 453	–	3 453
Sale of subsidiary	–	–	–	–	–	6 612	6 612
Treasury shares allocated to employees	–	9 002	(105)	–	(1 680)	–	7 217
Balance at 30 June 2017	806 707	(166 286)	1 532 361	(43 044)	11 409	(29 754)	2 111 393
Total comprehensive income/(loss) for the year	–	–	(50 064)	(35 303)	–	197	(85 170)
– Loss for the year from continuing operations	–	–	(50 064)	–	–	197	(49 867)
– Other comprehensive loss	–	–		(35 303)	–	–	(35 303)
Dividends declared	–	–	(50 405)	–	–	–	(50 405)
Shares cancelled[1]	(8 121)	–	–	–	–	–	(8 121)
Share based payment reserve expense	–	–	–	–	(1 399)	–	(1 399)
Balance at 30 June 2018	798 586	(166 286)	1 431 892	(78 347)	10 010	(29 557)	1 966 298

[1] Shares bought back are deducted from share capital at cost.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 R'000s	2017 R'000s
Cash flows from operating activities			
Net cash utilised from operations	34.1	(64 231)	(95 787)
Income tax paid	34.2	(3 090)	(60 501)
Finance income	5	8 387	31 583
Net cash outflow from operating activities		(58 934)	(124 705)
Cash flows from investing activities			
Acquisition of plant and equipment		(109 029)	(80 941)
Acquisition of land and buildings	15	(27 523)	(7 799)
Acquisition of investment properties	14	(193)	(15)
Acquisition of intangibles	16	(10 210)	(8 694)
Proceeds from disposal of property, plant and equipment		71 080	61 862
Proceeds from disposal of investment property		–	56 000
Loans advanced	34.6	–	(6 849)
Loan repayment received	34.7	13 816	1 128
Investments made	34.8	(9 141)	(266 555)
Consideration received from the disposal of subsidiaries	34.9	–	10 215
Consideration received from the disposal of equity accounted investment	34.10	–	790 937
Dividends received	34.11	104 962	87 829
Net cash inflow from investing activities		33 762	637 118
Cash flows from financing activities			
Dividends paid	34.3	(49 733)	(112 152)
Treasury shares acquired	23.2	–	(69 317)
Shares bought back for cancellation	23.1	(8 121)	(52 810)
Loans received	34.4	251 673	–
Repayment of loans	34.5	(21 730)	(301 754)
Finance costs		(33 670)	(36 618)
Net cash inflow/(outflow) from financing activities		138 419	(572 651)
Net increase/(decrease) in cash and cash equivalents		113 247	(60 238)
Cash and cash equivalents at the beginning of the year		(2 563)	57 675
Total cash and cash equivalents at the end of the year		110 684	(2 563)
Total cash and cash equivalents at year end comprises of:		110 684	(2 563)
Cash and cash equivalents	22.1	136 287	22 911
Overdraft	22.2	(25 603)	(25 474)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial results

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

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

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

1.2 Statement of compliance

These Group Annual Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), Interpretations issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the requirements of the Companies Act, 71 of 2008 of South Africa.

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2018 and the year then ended.

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

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

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

a) Business combinations and goodwill

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

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of consolidation (continued)

a) Business combinations and goodwill (continued)

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

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

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

b) Interest in joint ventures and associates

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

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

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

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

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

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

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Significant accounting judgements and estimates

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

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

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

Estimates and assumptions

1.4.1 Depreciation rates and residual values

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

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

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

1.4.2 Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax is provided for on unutilised assessed losses of the Group based on forecasts made by management that provide convincing evidence that the utilisation thereof is probable. Management has prepared a forecast for each statutory entity in an assessed loss position, based on the up-to-date market assumptions as well as using the experience gained in the prior years.

During the current year certain deferred tax assets balances relating to underperforming statutory entities were derecognised as a result of this assessment performed by management. This was as a results of changes in the estimated likelihood of recoverability of those assets (refer to Note 8).

The most significant factors in achieving forecast profits, and therefore the utilisation of the deferred tax assets reflected in the consolidated annual financial statements are:

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

1.4.3 Property, plant and equipment and finite useful life intangible assets

Although the operations of Dunkin' Donuts and Baskin-Robbins are currently loss making, the businesses are 'start up' and management has performed an assessment of recoverability of its PPE and finite intangible assets.

The most significant factors in achieving forecast profit for utilisation of these assets are as follows: average revenue growth per store, constant gross profit margin percentage and a efficiencies relating to store EBITDA. Any significant change in these factors over the coming years could result in a potential material impact to the recoverability amount of the assets.

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Significant accounting judgements and estimates (continued)

1.4.4 Impairment of non-financial assets

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

1.4.5 Share-based payments

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

1.4.6 Jointly controlled entities and associates

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

In assessing the level of influence held by GPI in respect of Worcester Casino, the voting rights in Worcester Casino as well as the extent of board representation are evaluated. With 15.1% of votes and 2 of 4 board members, management considers their relationship to be one of significant influence as they are able to participate in the policy-making processes, including participation in decisions about dividend distribution. Therefore, the Group's investment in Worcester Casino is considered to be an associate.

1.5 Revenue recognition

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

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

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

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

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Revenue recognition (continued)

Government grant income

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

1.6 Cost of sales

Food and Equipment

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

1.7 Investment properties

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

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

Cost model

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

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

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

1.8 Property, plant and equipment

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

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

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

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

The useful lives are as follows:

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

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Intangible assets

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

Computer software costs

Computer software acquired separately is measured on initial recognition at cost. Following initial recognition computer software is carried at cost less any accumulated amortisation and accumulated impairment losses. Computer software is amortised over its useful economic life and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method for computer software is reviewed annually. The amortisation expense on computer software is recognised in profit or loss under the amortisation category. Computer software is amortised over its expected useful life of 3 years.

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

Master Franchise License

Franchise license fee

Expenditure incurred by the Group in acquiring Franchisee licenses in respect of the right to operate Burger King restaurants at the various locations and the intangibles are measured at the original cost to acquire the license less accumulated amortisation. The intangible is amortised over its expected useful life of 5 to 10 years, which represents the license period over which the Group has the right to operate the Burger King restaurant.

1.10 Impairment of non-financial assets

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial instruments – initial recognition and subsequent measurement

1.11.1 Financial assets

i) Initial recognition and measurement of financial assets

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

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

ii) Subsequent measurement of financial assets

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

Loans and receivables

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

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity date of three months or less. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

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

Available-for-sale investments

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

iii) Derecognition of financial assets

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

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

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

iv) Impairment of financial assets

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

1. ACCOUNTING POLICIES (CONTINUED)

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

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

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

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (a) adverse changes in the payment status of borrowers in the portfolio; and
  (b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

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

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

1.11.2 Financial liabilities

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

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

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

1.11.2 Financial liabilities (continued)

ii) Subsequent measurement of financial liabilities (continued)

Trade and other payables

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

Preference shares

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

iii) Derecognition of financial liabilities

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

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

1.11.3 Offsetting of financial assets and liabilities

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

1.12 Inventories

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

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

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

1.13 Borrowing costs

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

1.14 Leases

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

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Leases (continued)

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

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

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

1.15 Taxes

Current normal tax

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

Deferred tax

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

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

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

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

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

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

Dividend withholding tax

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

1. ACCOUNTING POLICIES (CONTINUED)

1.16 Dividends payable

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

1.17 Employee benefits

Wages and salaries, annual leave and sick leave

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

Long-service leave provision

The liability for long-service leave is recognised in provisions and measured using the projected unit credit method calculated by an independent actuary and is based on a minimum service period of 5 years and accumulates up to a maximum of 35 years continuous service. Consideration is given to the current wage and salary levels and the number of employees expected to qualify for the award. Movements in the provision are taken to profit or loss.

Retirement benefit obligations

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

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

Short-term incentive plan

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

Termination benefits

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

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

1.18 Provisions

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.19 Treasury shares

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

1.20 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period, foreign currency:

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

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

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

1.21 Share based payments

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

Equity-settled transactions

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

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

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

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.22 Non-current assets held-for-sale

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

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

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

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

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

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

(i) its carrying amount before the asset (or disposal group) was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held-for-sale, and

(ii) its recoverable amount at the date of the subsequent decision not to sell.

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

1.23 Fair value measurement

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

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

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

2. STANDARDS AND INTERPRETATIONS

2.1 Standard issued and effective for the current reporting period

The accounting policies adopted by the Group are consistent with the previous financial year. The group adopted all standards and amendments that became effective in the current period. None of these standards or amendments had an impact on the financial statements as presented, but may have on future transactions and disclosures

2.2 Standards issued not yet effective

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

Standard	Effective date – annual periods commencing on or after	Effect of change
Amendment to IAS 40 – Investment Property	1 Jan 2018	The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. This may affect the classification of items in future but is unlikely to have a material impact on the Group
Amendment to IAS 28 – Investment in Associates and Joint Ventures	1 Jan 2018	The amendment clarifies that measuring investees at fair value through profit or loss is an investment-by-investment choice. The clarification is not expected to have a material impact on the Group.
Amendment to IFRS 2 – Clarification of Classification and Measurement of Share-based Payment Transactions	1 Jan 2018	The amendments to IFRS 2 are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement relating to the effects of vesting conditions on the measurement of cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting for a modification to the terms and conditions of a share-based payment transaction which changes its classification from cash-settled to equity-settled. The amendments are not expected to have a material impact on the Group.

2. STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 Standards issued not yet effective (continued)

Standard	Effective date – annual periods commencing on or after	Effect of change
IFRS 9 – Financial Instruments	1 Jan 2018	IFRS 9 introduces new classification and measurement bases, a new impairment model and revised guidance on hedge accounting. Based on the new classification and measurement requirements, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. Equity instruments are generally measured at FVTPL, FVOCI can be irrevocably elected. Equity instruments' gains and losses through other comprehensive income is never reclassified to profit and loss. The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised. The majority of 'IAS 39 Financial Instruments: Recognition and Measurement' classification and measurement requirements for financial liabilities have been carried forward into IFRS 9. Management has assessed the impact of IFRS 9, particularly relating to the classification and profit or loss impacts of its current 'Available for sale' financial assets. Management has assessed that IFRS 9 has no material impact on the classification of the company's current 'Available for sale' financial assets, as the company will still elect to account for these assets at fair value through other comprehensive income. There will be no impact on profit or loss as these instrument are never released to profit or loss. Other than these instruments, there is no significant change in classification or measurement identified. In addition, because of the short term nature of the majority of GPI's receivables, significant increases in impairment are considered unlikely.

2. STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 Standards issued not yet effective (continued)

Standard	Effective date – annual periods commencing on or after	Effect of change
IFRS 15 – Revenue from Contracts from Customers	1 Jan 2018	IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 must be applied using a five-step model: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognise revenue when (or as) the entity satisfies a performance obligation IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. Management has assessed the impact of IFRS15 and due to the nature of the group's revenue no significant impact has been identified relating to the recognition or measurement of the group's revenue under IFRS 15.
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	1 Jan 2018	This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. IFRIC 22 is unlikely to have a material impact on the Group
Amendment to IAS 12 – Income Taxes	1 Jan 2019	The amendment clarifies that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises. IAS 12 is unlikely to have a material impact on the Group.

2. STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 Standards issued not yet effective (continued)

Standard	Effective date – annual periods commencing on or after	Effect of change
Amendment to IAS 23 – Borrowing Costs	1 Jan 2019	The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. IAS 23 is unlikely to have a material impact on the Group.
Amendment to IFRS 3 – Business Combinations	1 Jan 2019	The amendment clarifies that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held in that business. The clarification is not expected to have a material impact on the Group.
IFRS 16 – Leases	1 Jan 2019	The new leasing standard requires a lessee to recognise a 'right of use' asset and a corresponding financing liability on commencement of a lease for all leases other than low value or short term leases. Right of lease assets are amortised over period to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. This will affect the majority of the Group's leases in which it is the lessee. The new model will result in an increase in both assets and liabilities of the Group. Management is currently assessing the impact of IFRS 16 especially with regards to the effect on profit or loss.
IFRIC 23 – Uncertainty over Income Tax Treatments	1 Jan 2019	Applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is unlikely to have a material impact on the Group.
Amendment to IAS 28 – Long term interest in Associates and Joint Ventures	1 Jan 2019	The amendment clarifies that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. IAS 28 is unlikely to have a material impact on the Group.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

		Note	2018 R'000s	2017 R'000s
3.	**ASSETS HELD-FOR-SALE**			
	The assets and liabilities included in assets classified as held-for-sale are as follows:			
	Assets			
	Non-current assets			
	Investment property (1 Heerengracht)		–	40 175
	Assets classified as held-for-sale		–	40 175
	Non-current liabilities			
	Liabilities associated with assets held-for-sale		–	–
	Net assets		–	40 175

During the previous financial year the Group dispose of its property situated at 1 Heerengracht for R52.5 million. The transfer of the property was effected 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.

		Note	2018 R'000s	2017 R'000s
4.	**PROFIT/(LOSS) ON DISPOSAL OF BUSINESSES AND INVESTMENTS**			
	Profit on disposal of Sun Slots		–	90 588
	Loss on disposal of Grand Linkstate		–	(7 900)
	Profit on disposal of Grand Sport		–	9 241
		6	–	91 929
5.	**REVENUE**			
	Food sales		798 020	653 413
	Equipment sales		171 895	182 704
	Meat sales		126 321	91 477
	Dividends received		23 726	16 859
	Other revenue		22 320	6 925
	Rental income		2 356	10 980
	Gross gaming revenue – Sport betting		–	640
	Revenue		1 144 638	962 998
	Finance income		8 387	31 583
	Total revenue and finance income		1 153 025	994 581

	Note	2018 R'000s	2017 R'000s
6. PROFIT FROM OPERATIONS BEFORE FINANCE COSTS AND TAXATION			
Profit before finance and taxation cost is stated after:			
Income:			
Gain on disposal of investments	4	–	91 929
Profit from equity accounted investments		109 360	96 094
SunWest	10.1	70 188	70 354
Grand Tellumat Manufacturing	10.1	–	(4 649)
Sun Slots	11.1	36 622	27 860
Worcester Casino	11.1	2 550	2 529
Expenses:			
Depreciation	15	59 750	66 083
Amortisation	16	5 705	4 906
Operating lease rentals of premises		56 252	51 020
– Contingent leases		2 469	1 981
– Straight lined leases		53 783	49 039
Profit on disposal of property, plant and equipment		11 640	15 998
Impairment of property, plant, equipment, intangible assets and inventory		–	18 549
– Property, plant and equipment	15	–	14 374
– Intangibles	16	–	504
– Work in progress	18	–	3 671
Auditors remuneration			
Audit fees		4 909	4 454
– Current year		4 642	3 886
– Prior year under provision		267	568
Staff costs		242 977	240 566
– Salaries and wages		222 561	205 679
– Directors remuneration	35	21 815	31 434
– Share based payments (income)/expense		(1 399)	3 453

7. FINANCE COSTS

		2018 R'000s	2017 R'000s
Preference shares – interest		34 512	21 724
Interest bearing borrowings		7 271	10 621
Bank loans and overdraft		4 001	1 190
Short-term borrowings		1 647	12 272
Finance lease liabilities		1 283	4 286
		48 714	50 093

	2018 R'000s	2017 R'000s
8. TAXATION		
South African normal tax		
– Current year expense	3 198	67 705
– Prior year over/(under)provision	71	(4 676)
Deferred tax	10 122	(51 287)
Movement in deferred tax liability associated with assets held-for-sale	–	(16 760)
	13 391	(5 018)

	%	%
Standard rate	28.00	28.00
Exempt income[1]	102.20	(532.89)
Non-deductible expenses[2]	(26.51)	173.60
Prior year over provision	–	78.80
Tax rate differential on disposals of capital items	–	269.04
Tax on impairment loss not recognised	(7.30)	–
Assessed loss not recognised	(133.10)	(101.10)
Effective tax rate	(36.71)	(84.55)

[1] Exempt income pertains mostly to dividends received and equity accounted earnings.
[2] Non-deductible expenses pertains to other expenses disallowed under the apportionment basis as well as on impairments of investments.

	R'000s	R'000s
Deferred taxation		
Deferred tax assets	149 888	147 128
Deferred tax liabilities	(17 351)	(4 469)
	132 537	142 659
The deferred tax balance is made up as follows:		
Operating lease	8 618	4 285
Assessed losses	138 150	141 845
Provisions and accruals	3 120	11 042
Prepayments	(2 388)	(1 823)
Property, plant and equipment	(14 963)	(12 690)
	132 537	142 659
Reconciliation of net deferred tax asset		
Opening balance	142 659	88 996
Tax expense for the period recognised in profit or loss	(10 122)	51 287
Operating lease	4 333	2 629
Assessed losses[1]	16 138	47 161
Assessed loss derecognised[2]	(19 833)	–
Provisions and accruals	(7 922)	5 469
Prepayments	(565)	(589)
Property, plant and equipment	(2 273)	(3 383)
Tax expense for the period recognised in other comprehensive income	–	2 376
Closing balance	132 537	142 659

[1] Refer to note 1.4.2 for significant estimates and judgements applied.
[2] Deferred tax assets relating to losses of R163 million (2017: R22 million) have not been recognised. These Losses do not expire.

9. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the Weighted Average Number of Ordinary Shares (WANOS) in issue during the year.

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

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

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

		2018 R'000s	2017 R'000s
9.1	**Reconciliation of the (loss)/profit for the year**		
	Basic and diluted (loss)/earnings per share reconciliation		
	(Loss)/profit for the year	(49 867)	10 953
	Non-controlling interest	(197)	8 328
	(Loss)/profit for the year attributable to ordinary shareholders	(50 064)	19 281
9.2	**Reconciliation of headline (loss)/earnings for the year**		
	(Loss)/profit for the year attributable to ordinary shareholders	(50 064)	19 281
	Profit on sale of investments	–	(59 819)
	Impairment of investments	–	4 490
	(Profit)/Loss on disposal of property, plant, equipment and intangibles	(5 671)	12 910
	Adjustments by jointly-controlled entities	7 716	3 012
	– Impairment of investment	7 551	2 889
	– Loss on disposal of plant and equipment	165	123
	Headline (loss)	(48 019)	(20 126)

		R'000s	R'000s
9.3	**Reconciliation of WANOS – net of treasury shares**		
	Shares in issue at beginning of the year	429 989	461 732
	Shares repurchased during year weighted for period held by Group	–	(17 020)
	Shares repurchased and cancelled during the year weighted for period held by the Group	(569)	(7 148)
	Shares issued during the year weighted for period in issue	–	1 271
		429 420	438 835

		R'000s	R'000s
9.4	**Reconciliation of diluted WANOS – net of treasury shares**		
	WANOS in issue – net of treasury shares	429 420	438 835
	Effects of dilution from:		
	– Share options	–	–
	Diluted WANOS in issue – net of treasury shares	429 420	438 835

		Cents	Cents
9.5	**Statistics**		
	Basic and diluted basic (loss)/earnings per share	(11.66)	4.39
	Headline and diluted headline loss per share	(11.18)	(4.59)

10. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

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

Investment	Effective Holding 2018	Effective Holding 2017	Description of Business
SunWest	15.10%	15.10%	SunWest holds 100% of GrandWest Casino and Entertainment World and 100% of the Table Bay Hotel
Grand Tellumat Manufacturing (GTM)	0.00%	51.00%	Grand Tellumat manufactures and assembles electronic equipment

The investment in Grand Tellumat was fully impaired in the prior year. The company's interest in Grand Tellumat was sold on 2 November 2017 for a total consideration of R15 million, the consideration was used to recover the outstanding loan balance to Grand Tellumat for further details refer to Note 21.1.

10.1 Reconciliation of carrying value

		SunWest		Grand Tellumat Manufacturing		Total	
	Note	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Carrying amount of the investment – beginning of the year		616 099	616 715	–	12 920	616 099	629 635
Profit/(loss) from jointly controlled entities	6	70 188	70 354	–	(4 649)	70 188	65 705
Dividends received		(60 405)	(70 970)	–	–	(60 405)	(70 970)
Impairment of investment		–	–	–	(8 271)	–	(8 271)
Carrying amount of the investment – end of the year		625 882	616 099	–	–	625 882	616 099

10. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

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

10.2 Investment in jointly controlled entities' financial results

	SunWest		Grand Tellumat Manufacturing	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Summarised statement of comprehensive income				
Revenue	2 560 814	2 495 893	–	87 096
Cost of sales and operating costs	(1 614 567)	(1 583 628)	–	(103 500)
Finance income	13 501	1 095	–	22
Finance cost	(99 834)	(93 847)	–	(1 586)
Depreciation and amortisation	(143 940)	(162 166)	–	(6 830)
Profit/(loss) before tax	715 974	657 347	–	(24 798)
Taxation	(204 641)	(191 427)	–	–
Profit/(loss) for the year	511 333	465 920	–	(24 798)
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss) for the year	511 333	465 920	–	(24 798)
Summarised statement of financial position				
Non-current assets	1 236 158	1 305 278	–	15 529
Current assets excluding cash and cash equivalents	40 535	49 368	–	54 593
Cash and cash equivalents included in current assets	78 228	92 297	–	3 713
Non-current liabilities (excluding trade and other payables and provisions)	(311 720)	(335 374)	–	–
Current liabilities (excluding trade and other payables and provisions)	(581 386)	(735 991)	–	(88 187)
Current trade and other payables and provisions	(213 877)	(192 428)	–	(28 625)
Equity	247 938	183 150	–	(42 977)

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

	SunWest		Grand Tellumat Manufacturing		Total	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Jointly controlled entities' total equity	247 938	183 150	–	(42 977)	247 938	140 173
Group's proportionate interest	15.1%	15.1%	–	51.0%	–	1
Group's proportionate share of equity	37 439	27 656	–	(21 918)	37 439	5 738
Goodwill	588 443	588 443	–	–	588 443	588 443
Proportionate share of share based payment reserve	–	–	–	(76)	–	(76)
Loans	–	–	–	22 267	–	22 267
Loss not recognised	–	–	–	7 998	–	7 998
Impairment of investment	–	–	–	(8 271)	–	(8 271)
Carrying amount of the investment	625 882	616 099	–	–	625 882	616 099

11. INVESTMENTS IN ASSOCIATES

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

Investment	Effective Holding 2018	Effective Holding 2017	Description of business
Worcester Casino	15.10%	15.10%	Worcester Casino holds 100% of the Golden Valley Casino situated in Worcester
Sun Slots	30.00%	30.00%	Sun Slots operates limited pay-out machines throughout the country under different brands

There has been no change in these investments during the current year.

11.1 Reconciliation of carrying value of Investment in associate

	Note	Sun Slots 2018 R'000s	Sun Slots 2017 R'000s	Worcester Casino 2018 R'000s	Worcester Casino 2017 R'000s	Total 2018 R'000s	Total 2017 R'000s
Carrying amount of the investment – beginning of the year		329 583	301 723	28 574	26 045	358 157	327 768
Profit from associates	6	36 622	27 860	2 550	2 529	39 172	30 389
Dividends received		(18 000)	–	(2 567)	–	(20 567)	–
Carrying amount of the investment – end of the year		348 205	329 583	28 557	28 574	376 762	358 157

11.2 Investment in associates' financial results

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

	Sun Slots 2018 R'000s	Sun Slots 2017 R'000s	Worcester Casino 2018 R'000s	Worcester Casino 2017 R'000s
Summarised statement of comprehensive income				
Revenue	1 117 890	1 019 561	180 800	252 333
Cost of sales and operating costs	(855 996)	(779 966)	(142 208)	(203 021)
Finance income	8 594	9 706	1 843	784
Finance cost	(12 422)	(20 184)	(194)	(4 903)
Depreciation and amortisation	(89 828)	(89 021)	(16 019)	(23 758)
Profit before tax	168 238	140 096	24 222	21 435
Taxation	(46 169)	(47 228)	(7 329)	(4 689)
Profit for the year	122 069	92 868	16 893	16 746
Summarised statement of financial position				
Non-current assets	600 811	598 908	166 291	178 310
Current assets excluding cash and cash equivalents	66 748	53 093	13 700	4 450
Cash and cash equivalents included in current assets	45 272	82 049	10 244	14 712
Non-current liabilities (excluding trade and other payables and provisions)	(22 213)	(26 413)	(8 431)	(8 830)
Current liabilities (excluding trade and other payables and provisions)	(67 160)	(134 268)	(521)	(5 719)
Current trade and other payables and provisions	(104 561)	(116 545)	(18 742)	(20 269)
Equity	518 897	456 824	162 541	162 654

11. INVESTMENTS IN ASSOCIATES (CONTINUED)

11.3 Reconciliation between Investment in associates' equity and carrying value

	Sun Slots		Worcester Casino		Total	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Investment in associates' equity	518 897	456 824	162 541	162 654	681 438	619 478
Group's proportionate interest	30.00%	30.00%	15.10%	15.10%		
Group's proportionate share of equity	155 669	137 047	24 544	24 561	180 213	161 608
Goodwill	191 012	191 012	4 013	4 013	195 025	195 025
Proportionate share of share based payment reserve	1 524	1 524	–	–	1 524	1 524
Carrying amount of the investment	348 205	329 583	28 557	28 574	376 762	358 157

12. AVAILABLE-FOR-SALE INVESTMENT

	Effective Holding		
Investment	**2018**	**2017**	**Description of business**
Spur	17.79%	17.48%	Spur Corporation operates a franchise restaurant business with multiple brands in South Africa and internationally.
Atlas Gaming	4.95%	4.95%	Atlas Gaming is a gaming software and machine development company based in Melbourne, Australia.

		Spur		Atlas Gaming		Total	
	Note	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Opening balance		514 648	305 036	5 787	2 319	520 435	307 355
Acquisitions		9 141	266 555	–	–	9 141	266 555
Unrealised fair value (losses)/gains on available-for-sale investments	24.1	(35 303)	(56 943)	–	3 468	(35 303)	(53 475)
		488 486	514 648	5 787	5 787	494 273	520 435

13. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST

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

		2018 R'000s	2017 R'000s
13.1	**Non-controlling interest**		
	Accumulated balances of non-controlling interests:		
	Burger King South Africa (Pty) Ltd – Group	(29 557)	(29 754)
	Loss allocated to non-controlling interest:		
	Burger King South Africa (Pty) Ltd – Group	197	(8 328)
13.2	**Summarised financial information of subsidiaries with material non-controlling interest**		
	Burger King South Africa (Pty) Ltd		
	The Group holds a 91.1% investment in Burger King South Africa (Pty) Ltd with the remaining 8.9% held by Burger King Europe. Burger King South Africa (Pty) Ltd holds the master franchise license of Burger King for South Africa.		
	Portion of equity interest held by non-controlling interests:		
	Burger King South Africa (Pty) Ltd	8.90%	8.90%

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

	2018 R'000s	2017 R'000s
Summarised statement of comprehensive income		
Revenue	774 999	628 897
Cost of sales and operating costs	(719 298)	(630 617)
Operating income/(loss)	55 701	(1 720)
Finance income	1 249	1 197
Finance expense – intercompany	–	(46 410)
Finance expense – third party	(4 216)	(3 070)
Depreciation and amortisation	(52 743)	(60 825)
Loss before tax	(9)	(110 828)
Tax	2 218	29 864
Profit/(loss) after tax	2 209	(80 964)
Total profit/(loss) attributable to		
– Ordinary shareholder	2 012	(72 636)
– Non-controlling interests	197	(8 328)

	2018 R'000s	2017 R'000s
13. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST (CONTINUED)		
13.2 Summarised financial information of material subsidiaries (continued)		
Summarised statement of financial position		
Non-current assets	519 382	477 168
Current assets	88 637	67 488
Non-current liabilities	(599 554)	(557 645)
Current liabilities	(119 131)	(100 175)
Equity	(110 666)	(113 164)
Total equity attributable to:		
– Ordinary shareholder	(81 109)	(83 410)
– Non-controlling interest	(29 557)	(29 754)
Summarised cash flow information		
Operating	21 879	(3 225)
Investing	(54 912)	(42 700)
Financing	35 402	21 295
Net decrease in cash and cash equivalents	2 369	(24 630)

2018	Office Buildings R'000s	Industrial Buildings R'000s	Total R'000s
14. INVESTMENT PROPERTY			
Cost	–	6 821	6 821
Accumulated depreciation	–	–	–
Carrying value at 1 July 2017	–	6 821	6 821
Additions	–	193	193
Sale of property	–	–	–
Transferred to assets held-for-sale	–	–	–
Carrying value at 30 June 2018	–	7 014	7 014
Made up of:			
Cost	–	7 014	7 014
Accumulated depreciation	–	–	–
2017			
Cost	40 160	29 638	69 798
Accumulated depreciation	–	–	–
Carrying value at 1 July 2016	40 160	29 638	69 798
Additions	15	–	15
Sale of property		(22 817)	(22 817)
Transfers to assets held for sale	(40 175)	–	(40 175)
Carrying value at 30 June 2017	–	6 821	6 821
Made up of:			
Cost	–	6 821	6 821
Accumulated depreciation	–	–	–

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

14. INVESTMENT PROPERTY (CONTINUED)

Fair value of investment properties carried at cost

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

			2018		2017	
			Fair Value	Carrying Value	Fair Value	Carrying Value
Property	Class	Location	R'000s	R'000s	R'000s	R'000s
Erf 33997, Goodwood	Industrial Building	Goodwood	7 014	7 014	6 821	6 821
			7 014	7 014	6 821	6 821

The fair value is based on recent market valuations performed.

	Computer equipment R'000s	Furniture & fittings R'000s	Leasehold improvements R'000s
15. PROPERTY, PLANT AND EQUIPMENT			
Cost	24 674	30 967	9 574
Accumulated depreciation	(15 400)	(13 459)	(887)
Carrying value at 1 July 2017	9 274	17 508	8 687
Additions	5 957	421	45
Disposals	–	–	–
Depreciation	(6 448)	(4 512)	(25)
Carrying value at 30 June 2018	8 783	13 417	8 707
Made up of:			
Cost	30 631	31 388	9 619
Accumulated depreciation	(21 848)	(17 971)	(912)
Cost	25 417	27 747	9 551
Accumulated depreciation	(11 011)	(7 391)	(862)
Carrying value at 1 July 2016	14 406	20 356	8 689
Additions	2 979	3 295	23
Disposals	(67)	(54)	–
Depreciation	(7 433)	(6 089)	(25)
Impairment[2]	–	–	–
Transfers	(611)	–	–
Carrying value at 30 June 2017	9 274	17 508	8 687
Made up of:			
Cost	24 674	30 967	9 574
Accumulated depreciation	(15 400)	(13 459)	(887)

[1] Land and buildings includes land, buildings, generators, air conditioners, lifts and security systems.
[2] The Group closed certain under performing Burger King restaurants during the year and performed an assessment as to the recoverability of the related assets. All assets deemed to be unrecoverable were scrapped and impaired to nil. The impairment relating to land and buildings pertains to a property of the Group whose fair value assessment was lower than carrying value and the property was subsequently impaired.
[3] Refer to Note 26 and Note 27 for details of property, plant and equipment pledged as security.

	Motor vehicles R'000s	Plant & equipment R'000s	Premises soft furnishings R'000s	Projects under development R'000s	Land & buildings[(1)] R'000s	Plant & equipment: Food Group R'000s	Total R'000s
	11 026	82 518	207 387	5 038	154 050	220 959	746 193
	(4 646)	(25 268)	(50 441)	–	(7 322)	(52 981)	(170 404)
	6 380	57 250	156 946	5 038	146 728	167 978	575 789
	1 537	2 373	50 999	290	27 523	47 407	136 552
	(247)	(385)	–	(3 793)	(11 258)	(3 291)	(18 974)
	(1 796)	(8 181)	(17 778)	–	(351)	(20 659)	(59 750)
	5 874	51 057	190 167	1 535	162 642	191 435	633 617
	12 316	84 506	258 386	1 535	170 315	265 075	863 771
	(6 442)	(33 449)	(68 219)	–	(7 673)	(73 640)	(230 154)
	10 074	82 152	169 786	476	198 823	194 658	718 684
	(3 532)	(17 468)	(21 335)	–	(3 323)	(27 717)	(92 639)
	6 542	64 684	148 451	476	195 500	166 941	626 045
	1 800	459	37 616	4 562	7 799	30 207	88 740
	(308)	(53)	(33)	–	(52 969)	(4 444)	(57 928)
	(1 654)	(7 840)	(18 964)	–	(1 037)	(23 041)	(66 083)
	–	–	(10 124)	–	(2 565)	(1 685)	(14 374)
	–	–	–	–	–	–	(611)
	6 380	57 250	156 946	5 038	146 728	167 978	575 789
	11 026	82 518	207 387	5 038	154 050	220 959	746 193
	(4 646)	(25 268)	(50 441)	–	(7 322)	(52 981)	(170 404)

	Franchise licences R000's	Master franchise licence R000's	Computer software R000's	Total R000's
16. INTANGIBLE ASSETS				
Cost	17 995	18 101	16 835	52 931
Accumulated amortisation	(3 573)	(1 379)	(3 900)	(8 852)
Carrying value at 1 July 2017	14 422	16 722	12 935	44 079
Additions	6 670	–	3 540	10 210
Amortisation	(1 714)	(851)	(3 140)	(5 705)
Carrying value at 30 June 2018	19 378	15 871	13 335	48 584
Made up of:				
Cost	24 665	18 101	20 375	63 141
Accumulated amortisation	(5 287)	(2 230)	(7 040)	(14 557)
Cost	15 354	18 101	12 135	45 590
Accumulated amortisation	(1 872)	(430)	(2 689)	(4 991)
Carrying value at 1 July 2016	13 482	17 671	9 446	40 599
Additions	2 642	–	6 052	8 694
Disposals	–	–	(72)	(72)
Amortisation	(1 702)	(949)	(2 255)	(4 906)
Impairment	–	–	(504)	(504)
Transfer	–	–	647	647
Sale of subsidiary	–	–	(379)	(379)
Carrying value at 30 June 2017	14 422	16 722	12 935	44 079
Made up of:				
Cost	17 995	18 101	16 835	52 931
Accumulated amortisation	(3 573)	(1 379)	(3 900)	(8 852)

At 30 June 2018, the Group intangible assets are made up of franchise licences, a master franchise licence and computer software and no internally generated or indefinite useful life intangibles have been recognised.

Franchise licences:
In terms of the Burger King Master Franchise Development Agreement, the Group is required to pay a franchise licence fee to Burger King Europe of USD20,000 per store that is opened in South Africa. The licence fees are amortised over the periods of the respective stores' lease which range between 5 and 10 years. In terms of the Dunkin' Brands Master Franchise Development Agreement, the Group is required to pay a franchise licence fee to Dunkin' Brands International of USD15,000 per Dunkin' Donuts and Baskin-Robbins store that is opened in South Africa. The licence fees are amortised over the periods of the respective stores' lease which range between 5 and 10 years.

Master franchise licence:
The master license fee of R2.5 million paid to Burger King Europe is for the rights to the Master Franchise for South Africa and is being amortised over 20 years. Costs of R15.5 million was incurred to acquire a Master Franchise Development agreement for the right to trade under the brand names of Dunkin' Donuts® and Baskin-Robbins® in South Africa and is being amortised over 20 years. There were no further movements during the current year.

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

	Grand Food Meat Plant R'000s	Mac Brothers R'000s	Grand Linkstate R'000s	Total R'000s
17. GOODWILL				
17.1 Reconciliation of goodwill				
Cost	53 910	38 598	–	92 508
Accumulated impairment	–	–	–	–
Carrying value at 1 July 2017	53 910	38 598	–	92 508
Disposal of investment	–	–	–	–
Carrying value at 30 June 2018	53 910	38 598	–	92 508
Made up of:				
Cost	53 910	38 598	–	92 508
Accumulated impairment	–	–	–	–
Cost	53 910	38 598	377	92 885
Accumulated impairment	–	–	–	–
Carrying value at 1 July 2016	53 910	38 598	377	92 885
Disposal of investment	–	–	(377)	(377)
Carrying value at 30 June 2017	53 910	38 598	–	92 508
Made up of:				–
Cost	53 910	38 598	–	92 508
Accumulated impairment	–	–	–	–

17.2 Goodwill impairment testing

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

Mac Brothers

The annual impairment test was performed on the CGUs and it was determined that the recoverable amounts were higher than the carrying amounts and therefore no impairment loss has been recognised.

	2018	2017
Pre-tax discount rate applied to projections (2017: post-tax)	20.80%	20.79%
Growth rate used to extrapolate cash flows beyond five years	5.20%	5.50%

17. GOODWILL (CONTINUED)

17.2 Goodwill impairment testing (continued)

Analysis illustrating the sensitivity of the value in use calculation to the key assumptions:

	Rate	Headroom/ (impairment)
Revenue	8.9%	
Revenue growth plus 0.5%	9.4%	9 548
Revenue growth less 0.5%	8.4%	(9 393)
Gross margin	29.3%	
Gross margin plus 0.5%	29.8%	8 625
Gross margin less 0.5%	28.8%	(8 625)
Opex growth	5.0%	
Opex growth plus 0.5%	5.5%	(7 752)
Opex growth less 0.5%	4.5%	7 623
WACC	17.9%	
WACC plus 1.0%	18.9%	(7 185)
WACC less 1.0%	16.9%	8 457

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

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

Terminal growth rates – The terminal growth rates have been based on the long term growth forecast.

17. GOODWILL (CONTINUED)

17.2 Goodwill impairment testing (continued)

Grand Foods Meat Plant

The annual impairment test was performed on the CGUs and it was determined that the recoverable amounts were higher than the carrying amounts and therefore no impairment loss has been recognised.

	2018	2017
Pre-tax discount rate applied to projections (2017: post-tax)	21.10%	19.20%
Growth rate used to extrapolate cash flows beyond five years	5.20%	5.50%

Analysis illustrating the sensitivity of the value in use calculation to the key assumptions:

	Rate	Headroom/ (impairment)
Revenue	19.00%	
Revenue growth plus 0.5%	19.50%	5 450
Revenue growth less 0.5%	18.50%	(5 310)
Gross margin	13.50%	
Gross margin plus 0.5%	14.00%	7 227
Gross margin less 0.5%	13.00%	(7 218)
Opex growth	14.00%	
Opex growth plus 1.0%	15.00%	14 472
Opex growth less 1.0%	13.00%	(14 474)
WACC	17.24%	
WACC plus 1.0%	18.24%	7 778
WACC less 1.0%	16.24%	(6 570)

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

Terminal growth rates – The terminal growth rates have been based on the long term growth forecast.

		Notes	2018 R'000s	2017 R'000s
18.	**INVENTORY**			
	Catering equipment		40 988	43 803
	Stock of food and packaging		20 801	21 178
	Spare parts		11 608	11 050
	Consumables		6 555	7 203
	Work in progress		1 881	5 229
	Gaming machines		3 971	3 971
			85 804	92 434
	Impairment		–	(3 671)
	Work in progress	6	–	(3 671)
			85 804	88 763

At year end all items of inventory are carried at cost and no items have been written down to their net realisable value. During the current year stock to the value of R3.8 million was written off as obsolete (2017: R0.5 million).

19. DEFERRED PROCEEDS

2018

The full outstanding balance was received during the prior year.

	SunWest R'000s	Worcester R'000s	Total R'000s
2017			
Opening balance	502 972	25 473	528 445
Interest accrued	16 221	822	17 043
Instalments received	(521 108)	(26 392)	(547 500)
Gain on acceleration of proceeds	1 915	97	2 012
Closing balance	–	–	–

In terms of the agreement entered into with Tsogo Sun, the proceeds were to be received in 18 equal instalments of R37.5 million. In November 2016 this was renegotiated and the full outstanding balance was settled in full.

		2018 R'000s	2017 R'000s
20.	**TRADE AND OTHER RECEIVABLES**		
20.1	**Reconciliation of trade and other receivables**		
	Trade receivables	45 320	32 128
	Less: provision for doubtful debts	(12 959)	(2 374)
		32 361	29 754
	Deposits and other receivables	16 354	3 993
	Prepayments	40 337	30 388
	Vat receivable	12 654	–
		101 706	64 135

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

Group receivables are considered overdue 30 days from the invoice date. Refer to Note 32.3.2 for the maturity analysis of trade and other receivables financial assets.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

20.2 Past due and impaired accounts receivable

The individually impaired receivables mainly relate to proceeds from the sale of GTM of R9.5 million that is long over due.

	2018 R'000s	2017 R'000s
0 to 30 Days	–	–
30 to 60 days	–	–
60 to 120 days	–	–
over 120 days	12 959	2 374
	12 959	2 374
Opening balance	2 374	2 104
Charge to profit or loss	10 647	332
Impairment utilised	(62)	(62)
Closing balance	12 959	2 374

21. RELATED PARTY LOANS

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

	2018 R'000s	2017 R'000s
21.1 Related party loans receivable[1]		
Interest-free loans		
– Directors[2]	18 185	26 492
Interest-bearing loans		
– Grand Tellumat[3]	–	19 701
– Atlas Gaming[4]	3 282	3 282
Total gross current assets	21 467	49 475
Impairment of loans receivable	–	(4 701)
Total net current assets	21 467	44 774

[1] None of the above related party loans are past due.

[2] Employee loans are secured by GPI shares purchased by employees under the rules of the Employee Share Scheme. During the year the Group issued loans with a value of R Nil (2017: R7.2 million) to Directors to fund their acquisition of GPI Shares under the GPI Employee Share Scheme. During the year loans with a value of R8.3 million were repaid by Directors (2017: R1.1 million). The market value of the shares held as security at 30 June 2018 amounted to R10.8 million (2017: R21.9 million). These above loans are interest free.

[3] During the current year the loan's carrying value was recovered through the sale of GTM.

[4] The loan is denominated in Australian dollars. This loan accrues interest at 10% per annum.

			2018 R'000s	2017 R'000s
22.	**CASH AND CASH EQUIVALENTS**			
	22.1	**Cash and cash equivalents**	136 287	22 911
	22.2	**Bank overdraft**	(25 603)	(25 474)
		Total cash and cash equivalents	110 684	(2 563)

Cash and cash equivalents include Money Market call accounts with floating interest rates that fluctuated between 6.00% and 6.50% during the year (2017: between 6.50% and 8.00%). At year end the Group had overdraft facilities of R65.0 million (2017: R65.0 million). This is made up of a R50.0 million overdraft facility in Burger King with Nedbank Limited attracting interest at prime less 0.75% and with a monthly commitment fee of 0.5% and a R13.0 million facility held by GPI with Standard Bank Limited attracting interest at prime and with a monthly commitment fee of 0.65%. Furthermore there is a R8 million overnight facility in Mac Brothers attracting interest at prime less half a percentage point.

			2018 R'000s	2017 R'000s
23.	**STATED CAPITAL**			
	23.1	**Ordinary Share Capital**		
		Authorised share capital		
		2 000 000 000 ordinary shares of no par value	–	–
		Opening balance – 1 July	806 707	859 517
		Shares cancelled	(8 121)	(52 810)
		Closing balance (issued and fully paid) – 30 June	798 586	806 707

	R'000s	R'000s
Reconciliation of number of shares in issue		
Opening balance – 1 July	473 789	488 806
Shares cancelled	(3 766)	(15 017)
Closing balance – 30 June	470 023	473 789

During the year the Group bought back and cancelled 3.7 million shares at a average price of R2.16.

	2018 R'000s	2017 R'000s
23. STATED CAPITAL (CONTINUED)		
23.2 Treasury shares		
Opening balance – 1 July	(166 286)	(105 971)
Treasury shares allocated to employees	–	9 002
Shares acquired	–	(69 317)
Closing balance – 30 June	(166 286)	(166 286)

	2018 R'000s	2017 R'000s
Reconciliation of number of treasury shares		
Opening balance – 1 July	(43 800)	(27 074)
Shares allocated to employees	–	2 000
Shares acquired	–	(18 726)
Closing balance – 30 June	(43 800)	(43 800)

At 30 June 2018, the Grand Parade Share Incentive Trust holds 4.98 million GPI shares (2017: 4.98 million GPI Shares) in treasury for the purpose of hedging GPI's Employee Share Scheme. During the year the Grand Parade Share Incentive Trust repurchased no GPI Shares (2017: nil) and allocated no GPI Shares (2017: 2.00 million GPI Shares) to employees under the GPI Employee Share Scheme. At 30 June 2018, the GPI Women's BBBEE Empowerment Trust holds 14.82 million GPI shares (2017: 14.82 million GPI Shares) in treasury to maintain the Company's minimum black female ownership. The trust did not repurchase any GPI shares during the year. At 30 June 2018, GPI Management Services holds 24.00 million GPI Shares (2017: 24 million GPI Shares) in treasury. During the year GPI Management Services repurchased no GPI Shares (2017: 18.73 million shares).

24. RESERVES

24.1 Available-for-sale reserve at fair value

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

	Atlas Gaming		Spur		Total	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Opening Balance	3 468	–	(46 512)	8 055	(43 044)	8 055
Movement during the year:	–	3 468	(35 303)	(54 567)	(35 303)	(51 099)
Unrealised fair value (losses)/ gains on available-for-sale investments (Note 12)	–	3 468	(35 303)	(56 943)	(35 303)	(53 475)
Deferred tax	–	–	–	2 376	–	2 376
Closing balance	3 468	3 468	(81 815)	(46 512)	(78 347)	(43 044)

As at 30 June 2018 the decrease in fair value is not significant nor prolonged as a result the decrease in fair value has not been recycled to profit or loss. The value of the investment did not decrease more than 20% during the year and the price did increase above cost and therefore management has assessed the decrease not to be prolonged nor significant.

24. RESERVES (CONTINUED)

24.2 IFRS 2 share based payment reserve

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

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

1) 5 year vesting period commencing on the grant date and vests in 4 equal tranches.
2) The first tranche vests on the 2nd anniversary of the Option Grant Date and annually thereafter for 3 years in equal tranches.
3) Share options exercised are settled on a Net Settlement Share basis.
4) No dividend rights will be attached to the share options until such time as the shares are registered in the recipients name.
5) In the event of death, retirement or retrenchment any exercisable options will only be capable of conversion for a 12 month period.
6) Upon resignation or termination of employment all unexercised options will immediately lapse.

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

	Number '000s	Weighted exercise price R	Total value R'000s
2018			
Outstanding at beginning of the year	7 517	4.56	34 284
Granted during the year	4 326	2.61	11 291
Exercised during the year	–	–	–
Forfeited during the year	(6 759)	3.66	(24 765)
Outstanding at end of the year	5 084	4.09	20 810
Exercisable at the end of the year	766	5.63	4 313

	Exercise date within one year 000s	Exercise date from two to five years 000s	Exercise date after five years 000s	Total 000s
Outstanding options				
Options with exercise price from R3.61	1 240	–	–	1 240
Options with exercise price from R6.33	505	–	–	505
Options with exercise price from R7.21	481	481	–	962
Options with exercise price from R2.61	–	2 377	–	2 377

	Number '000s	Weighted exercise price R	Total value R'000s
24. RESERVES (CONTINUED)			
24.2 IFRS 2 share based payment reserve (continued)			
2017			
Outstanding at beginning of the year	14 346	4.61	66 181
Granted during the year	2 604	3.52	9 166
Forfeited during the year	(7 433)	4.55	(33 845)
Exercised during the year	(2 000)	3.61	(7 218)
Outstanding at end of the year	7 517	4.56	34 284
Exercisable at the end of the year	766	5.63	4 313

	Exercise date within one year 000s	Exercise date from two to five years 000s	Exercise date after five years 000s	Total 000s
Outstanding options				
Options with exercise price from R3.61	1 878	1 604	–	3 482
Options with exercise price from R6.33	505	505	–	1 010
Options with exercise price from R7.21	481	481	–	962
Options with exercise price from R5.32	155	465	–	620
Options with exercise price from R3.52	–	1 443	–	1 443

Information on options granted during the year

During the year the Group granted 4.33 million options to key employees of the Group. These options were granted on 26 September 2017. The tables below provide details of the options granted during the year.

Fair value was determined by the Black-Scholes-Merton model. The following inputs were used for the share options granted 26 September 2017:

	26 Sep 19	26 Sep 20	26 Sep 21	26 Sep 22
– Weighted fair value per option granted (cents)	38	49	58	65
– Weighted average share price per GPI share (cents)	261.00	261.00	261.00	261.00
– Exercise price (cents)	261.00	261.00	261.00	261.00
– Expected volatility	20.00%	31.00%	32.00%	32.98%
– Dividend yield	4.00%	4.00%	4.00%	4.00%
– Risk free interest rate	6.80%	6.91%	7.06%	7.20%

24. RESERVES (CONTINUED)

24.2 IFRS 2 share based payment reserve (continued)

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

1) Implied volatility from traded share options on the entities shares;
2) Historical volatility of the GPI share price over the most recent period that is commensurate with the expected term of the option;
3) The length of time the entity's shares have been publicly traded;
4) The tendency of volatility to revert to its mean; and
5) Appropriate and regular intervals for price observations.

Total income of R1.4 million (2017: R3.5 million expense), relating to equity-settled share based payments transactions were recognised during the year.

	Notes	2018 R'000s	2017 R'000s
25. PREFERENCE SHARES			
Standard Bank (SunWest)	25.1	251 673	–
Standard Bank (Spur) – Class "A"	25.2	75 957	75 918
Standard Bank (Spur) – Class "B"	25.2	78 863	72 652
Spur (Vendor funding)	25.3	100 625	91 831
		507 118	240 401
Balance made up as follows:			
Short-term portion		5 179	2 011
Long-term portion		501 939	238 390
		507 118	240 401
Balance below including interest accrual approximates fair value:			
Short-term portion – Capital		5 179	2 011
Long-term portion		501 939	238 390
Fair value		507 118	240 401

25.1 Preference shares – Standard Bank (SunWest)

Authorised
203 356 authorised preference shares of R1 per share (2017: 203 356)
Issued
10 000 authorised preference shares of R25 400 per share (2017: Nil)

	2018 R'000s	2017 R'000s
Balance at beginning of year – 1 July	–	–
Preference shares issued	254 000	–
Capitalised raising fee – net of related amortisation	(2 327)	–
Closing balance – 30 June	251 673	–

10 000 authorised preference shares were issued at a value of R25 400 each during the current year. Interest is paid semi-annually on 31 March and 30 September at a rate of 85% of the prime interest rate. The SunWest shares that are held are held as security against the preference shares.

25. PREFERENCE SHARES (CONTINUED)

25.2 Preference shares – Standard Bank (Spur)

Authorised

90 000 authorised A preference shares of R1 000 per share (2017: 90 000)

60 000 authorised B preference shares of R1 000 per shares (2017: 60 000)

Issued

75 000 redeemable A preference shares of R1 000 per share (2017: 79 000)

60 000 redeemable B preference share of R1 000 per share (2017: 60 000)

	A Preference Shares		B Preference Shares	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Balance at beginning of year – 1 July	75 918	83 955	72 652	67 135
Capitalised raising fee – net of related amortisation	151	172	110	68
Redemption	–	(8 000)	–	–
Interest accrued	7 493	7 435	6 431	5 449
Interest paid	(7 605)	(7 644)	(330)	–
Closing balance – 30 June	75 957	75 918	78 863	72 652

Preference shares – Standard Bank (Spur)

A cumulative redeemable preference shares:

The A cumulative redeemable preference shares are partially amortised with a bullet payment at their maturity date of 31 October 2019 with a rate of 95.0% of the prime interest rate. The rate, however reduces to 90.0% of the prime interest rate, if market capitalisation of the Group's investment in Spur is greater than 4 times the outstanding balance on the A preference shares. Interest is payable semi-annually on 31 October and 30 April.

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

- Between 12 and 24 months: R2.0 million less any voluntary redemptions,
- Between 24 and 36 months: R5.0 million less any voluntary redemptions, and
- At 36 months: R9.0 million less any voluntary redemptions.

The shares have the following mandatory redemptions:

- 3 000 shares on 30 October 2018; and
- 72 000 shares on 30 October 2019.

The loan has the following financial covenant:

- Group must maintain a Net asset value of R1 600.0 million. The Net asset value was R1 966.0 million at 30 June 2018 (2017: R2 111.0 million)
- Group must maintain a Share cover ratio of 2.50. The Share cover ratio was 3.67 at 30 June 2018 (2017: 4.02)

As additional security the Group ceded its shares in Spur and provided a performance guarantee to Standard Bank. The carrying value of GPI's pledged holding in Spur at 30 June 2018 is R270.9 million (2017: R286.5 million).

B cumulative redeemable preference shares:

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

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

25. PREFERENCE SHARES (CONTINUED)

25.3 Preference shares – Spur

Authorised

72 328 authorised preference shares of R1 000 per share (2017: 72 328)

Issued

72 328 redeemable preference shares of R1 000 per share (2017: 72 328)

	2018 R'000s	2017 R'000s
Balance at beginning of year – 1 July	91 831	83 581
New issue of cumulative redeemable preference shares	–	–
Interest accrued	8 794	8 250
Closing balance – 30 June	100 625	91 831

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

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

	2018 R'000s	2017 R'000s
26. INTEREST-BEARING BORROWINGS		
Sanlam Capital Markets – Term loan 1	37 334	44 746
Sanlam Capital Markets – Term loan 3	29 895	29 895
	67 229	74 641
Balance made up as follows:		
Short-term portion	37 298	7 403
Long-term portion	29 931	67 238
	67 229	74 641

26.1 Sanlam Capital Markets – Term loan 1

The SCM term loan 1 bears interest at the 3 month JIBAR rate plus 3.15% and interest is paid quarterly on 30 June, 30 September, 31 December and 31 March annually. The interest rate at 30 June 2018 is 10.02% (2017: 10.51%). The loan is repayable in 40 quarterly instalments of R1.9 million each, with the final instalment being due in June 2023. The proceeds from the loan were used to acquire an office building in the Cape Town central business district, which is occupied by Group companies and recognised under property, plant and equipment (Note 15). The carrying value of the office building is R84.1 million (2017: R83.7 million).

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

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

The loan has the following financial covenant:

- Group must maintain a debt to tangible net worth ratio of no greater than 40.0%. The ratio was 26.8% at 30 June 2018 (2017: 18%)
- The fair value of the term loan approximates its carrying value as the terms are market related.

26. INTEREST-BEARING BORROWINGS (CONTINUED)

26.2 Sanlam Capital Markets – Term loan 3

On 26 January 2016, the Group entered into a new term facility agreement with SCM for a R30.0 million term loan with a 5 year term (Term loan 3). The loan bears interest at the 3 month JIBAR rate plus 3% which equalled 9.87% at 30 June 2018 (2017: 10.36%). The interest is payable quarterly on 30 June, 30 September, 31 December and 31 March each year. There are no capital repayments during the term of the loan, however the total outstanding capital amount is repayable on the maturity date of the loan 26 January 2021.

The proceeds from the new term loan funds were used to fund the acquisition of two properties situated in Goodwood, Erf 33996 and Erf 33997 (Note 14). Properties consist of a vacant land and a meat processing plant tenanted by Group companies and have been recognised in property, plant and equipment. The combined carrying value of the properties at 30 June 2018 is R26.7 million (2017: R26.4 million).

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

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

The loan has the following financial covenant:

- Group must maintain a debt to tangible net worth ratio of no greater than 40.0%. The ratio was 26% at 30 June 2018 (2017: 18%)
- The GPI Group must maintain an interest cover ratio of greater than 4 times. The interest cover ratio is calculated as EBITDA divided by net interest and was 1.95 times at 30 June 2018 (2017: 8 times), this is in breach of the covenant, the company is busy renegotiating the terms with Sanlam.
- The fair value of the term loan approximates its carrying value as the terms are market related.

	2018 R'000s	2017 R'000s
27. FINANCE LEASE LIABILITY		
Non-current liabilities		
Finance leases – gross payables	11 090	27 127
Unrecognised future finance expenses	(512)	(2 104)
	10 578	25 023
Current liabilities		
Finance leases – gross payables	16 065	17 335
Unrecognised future finance expenses	(1 623)	(3 026)
	14 442	14 309
	25 020	39 332
Gross liabilities from finance leases:		
Not later than 1 year	16 065	17 335
Later than 1 year and not later than 5 years	11 090	27 127
	27 155	44 462
Unrecognised future finance expense on finance leases	(2 135)	(5 130)
	25 020	39 332
The net liability from finance leases made up as follows:		
Not later than 1 year	14 442	14 309
Later than 1 year and not later than 5 years	10 578	25 023
	25 020	39 332

27. FINANCE LEASE LIABILITY (CONTINUED)

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

- leases with Nedbank for the acquisition of motor vehicles by Burger King. The lease liability is secured by the underlying leased motor vehicles with a carrying value of R1.1 million (2017: R1.6 million).
- leases with Nedbank for the acquisition of motor vehicles by Dunkin' Donuts. The lease liability is secured by the underlying leased motor vehicles with a carrying value of R0.3 million (2017: R0.4 million)
- a lease with Nedbank for the acquisition of a motor vehicle by Baskin-Robbins. The lease liability is secured by the underlying leased motor vehicle with a carrying value of R0.6 million (2017: 0.2 million)
- a lease with Standard Bank for the acquisition of a motor vehicle by Grand Parade Investments Management Services. The lease liability is secured by the underlying motor vehicle with a carrying value of R0.1 million (2017: R0.1 million)
- a lease with Absa Bank for the acquisition machinery and of a motor vehicle by Mac Brothers. The lease liability is secured by the underlying machinery and leased motor vehicle with a carrying value of R7.9 million (2017: R9.5 million).
- a lease with Mercantile Bank for the acquisition of machinery by Mac Brothers. The lease liability is secured by the underlying lease machinery and motor vehicles with a carrying value of R8.9 million (2017: R10.0 million) and a performance guarantee provided by GPI in favour of Mercantile Bank .
- a lease with Standard Bank for the acquisition of plant and machinery of Grand Foods Meat Plant (Pty) Ltd. The lease liability is secured by the surety and cession of claims limited to R41.7 million by Burger King South Africa (RF) (Pty) Ltd.

28. PROVISIONS

	Long service leave 2018 R'000s	Employee bonuses 2018 R'000s	Total 2018 R'000s
At beginning of the year	2 792	17 833	20 625
Provision raised/(released) during the year	(1 934)	15 355	13 421
Amount utilised	(227)	(19 995)	(20 222)
At end of year	631	13 193	13 824

	2017 R'000s	2017 R'000s	2017 R'000s
At beginning of the year	2 444	16 636	19 080
Provision raised during the year	479	24 195	24 674
Sale of subsidiary	(131)	(607)	(738)
Amount utilised	–	(22 391)	(22 391)
At end of year	2 792	17 833	20 625

	2018 R'000s	2017 R'000s
Balance made up as follows:		
Non-current provisions	631	2 792
Current provisions	13 193	17 833
	13 824	20 625

	2018 R'000s	2017 R'000s
29. TRADE AND OTHER PAYABLES		
Trade payables and expense accruals	65 140	33 365
Other payables and accruals	83 796	70 512
Annual leave accrual	8 488	4 763
Audit fee accrual	5 285	3 955
Deferred income	3 404	5 199
Payroll accruals	13 444	8 168
Sundry accruals	10 420	20 358
Operating lease straight lining liability	21 523	16 791
Other payables	20 548	11 278
VAT	684	–
	148 936	103 877

Trade payables are repaid on average of 30 days from the invoice date. The trade and other payables carrying amount approximates fair value. Included in other payables is tenant installation allowances.

30. COMMITMENTS AND CONTINGENCIES

30.1 Operating lease commitments – Group as lessee

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

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

	2018 R'000s	2017 R'000s
Rentals due within one year	61 487	54 385
Due within one to five years	215 905	150 005
Due after 5 years	183 776	184 222
	461 168	388 612

30.2 Operating lease commitments – Group as lessor

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

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

	2018 R'000s	2017 R'000s
Rentals due within one year	3 108	2 904
Due within one to five years	1 606	4 714
	4 714	7 618

31. SEGMENT ANALYSIS

The chief decision makers are considered to be the members of the GPI Executive Committee, who review the Group's internal reporting firstly by industry and secondly by significant business unit. The chief decision makers do not review the Group's performance by geographical sector and therefore no such disclosure has been made. The chief decision makers also reassessed the segments and as a results identified the following segments: Food, Gaming, Group costs and Non-core which have been shown in terms of the individual assets. Listed below is a detailed segment analysis:

	External Revenue		Inter-segment revenue[1]		Operating costs[2]	
	2018 R000's	2017 R000's	2018 R000's	2017 R000's	2018 R000's	2017 R000's
Food	1 137 969	948 853	52 275	27 919	(552 326)	(463 284)
Burger King	774 999	628 897	–	–	(407 421)	(342 633)
Mac Brothers	171 895	181 434	52 275	27 919	(63 229)	(59 627)
Bakery	–		–	–	(7 624)	
Spur	23 726	16 859	–	–	(140)	(74)
Grand Food Meat Plant	124 411	92 087	–	–	(14 049)	(12 834)
GFMS	7				–	
Dunkin' Donuts	30 523	24 035			(36 427)	(31 631)
Baskin-Robbins	12 408	5 541			(23 436)	(16 485)
Gaming and leisure	–	–	–	–	–	836
SunWest	–	–	–	–	–	836
Sun Slots	–	–	–	–	–	–
Worcester Casino	–	–	–	–	–	–
Group costs	6 669	13 506	96 130	247 042	(26 504)	(51 463)
GPI Properties	6 297	10 887	21 359	17 106	13 224	12 684
Central costs	372	2 619	74 771	229 936	(39 728)	(64 147)
Non-core	–	639	–	–	–	(1 431)
GTM	–	–	–	–	–	–
Grand Technology	–	–	–	–	–	–
Grand Sport	–	639	–	–	–	(1 431)
	1 144 638	962 998	148 405	274 961	(578 830)	(515 342)
1 Heerengracht	–	–	–	–	–	–
Held-for-sale	–	–	–	–	–	–

[1] Transactions between segments are concluded at arms length.
[2] Certain costs are presented pre elimination of intergroup charges and therefore net profit are after these eliminations.

Equity accounted earnings		EBITDA		Net profit/(loss) after tax		Total Assets		Total Liabilities	
2018 R000's	**2017 R000's**	**2018 R000's**	**2017 R000's**	**2018 R000's**	**2017 R000's**	**2018 R000's**	**2017 R000's**	**2018 R000's**	**2017 R000's**
–	–	(10 718)	(32 119)	(106 203)	(86 123)	1 339 427	1 297 578	(556 629)	(479 264)
–	–	22 876	249	(26 577)	(29 149)	608 019	544 657	(210 585)	(101 918)
–	–	(5 063)	(3 780)	(7 849)	(8 051)	90 612	90 609	(42 807)	(32 577)
		(7 622)		(8 172)		10 420		(3 514)	
–	–	23 586	16 786	608	(4 939)	499 510	527 672	(255 559)	(288 586)
–	–	(1 063)	(4 598)	(3 490)	(7 979)	57 953	54 747	(32 318)	(51 354)
		7		4				–	
–	–	(24 857)	(25 460)	(36 244)	(22 389)	53 109	54 978	(7 957)	(3 587)
–	–	(18 582)	(15 316)	(24 483)	(13 616)	19 804	24 915	(3 889)	(1 242)
109 360	100 743	109 360	101 580	109 360	101 580	1 002 644	974 256	–	–
70 188	70 354	70 188	71 190	70 188	71 190	625 882	616 099	–	–
36 621	27 861	36 621	27 861	36 621	27 861	348 205	329 583	–	–
2 551	2 528	2 551	2 529	2 551	2 529	28 557	28 574	–	–
–	–	(19 836)	46 037	(43 524)	15 805	441 680	304 205	(260 824)	(40 557)
–	–	19 521	16 826	10 774	(1 978)	187 628	234 208	(73 208)	(83 464)
–	–	(39 357)	29 211	(54 298)	17 783	254 052	69 997	(187 616)	42 907
–	(4 649)	(9 500)	(20 064)	(9 500)	(20 309)	–	15 000	–	–
–	(4 649)	(9 500)	(17 621)	(9 500)	(17 621)	–	15 000	–	–
–	–	–	(8 875)	–	(8 875)	–	–	–	–
–	–	–	6 432	–	6 187	–	–	–	–
109 360	96 094	69 306	95 434	(49 867)	10 953	2 783 751	2 591 039	(817 453)	(519 821)
–	–	–	–	–	–	–	40 175	–	–
–	–	–	–	–	–	–	40 175	–	–

32. FINANCIAL INSTRUMENTS

32.1 Classification of financial instruments

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

	Notes	Loans and receivables R'000s	Available-for- sale R'000s	Non-financial assets R'000s	Total R'000s
Financial assets					
2018					
Cash and cash equivalents	22.1	136 287	–	–	136 287
Related party loans	21.1	21 467	–	–	21 467
Trade and other receivables	20.1	48 715	–	52 991	101 706
Available-for-sale investment	12	–	494 273	–	494 273
Total		206 469	494 273	52 991	753 733
2017					
Cash and cash equivalents	22.1	22 911	–	–	22 911
Related party loans	21.1	44 774	–	–	44 774
Trade and other receivables	20.1	33 747	–	30 388	64 135
Available-for-sale investment	12	–	520 435	–	520 435
Total		101 432	520 435	30 388	652 255

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

	Notes	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities				
2018				
Trade and other payables	29	102 077	46 859	148 936
Overdraft	22.2	25 603	–	25 603
Dividends payable	34.3	10 416	–	10 416
Preference shares	25	507 118	–	507 118
Interest-bearing borrowings	26	67 229	–	67 229
Finance lease liabilities	27	25 020	–	25 020
Total		737 463	46 859	784 322
2017				
Trade and other payables	29	68 956	34 921	103 877
Overdraft	22.2	25 474	–	25 474
Dividends payable	34.3	9 744	–	9 744
Preference shares	25	240 401	–	240 401
Interest-bearing borrowings	26	74 641	–	74 641
Finance lease liabilities	27	39 332	–	39 332
Total		458 548	34 921	493 469

The non-financial liabilities are made up of the year-end payroll accruals, operating lease straight lining, VAT and deferred income.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Fair value of financial instruments

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

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

Level 2: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Level 3: Other techniques for which all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.

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

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
2018				
Available-for-sale investment – Spur[1]	217 529	–	270 957	488 486
Available-for-sale investment – Atlas Gaming	–	–	5 787	5 787
Total	217 529	–	276 744	494 273
2017				
Available-for-sale investment – Spur[1]	228 108	–	286 540	514 648
Available-for-sale investment – Atlas Gaming	–	–	5 787	5 787
Total	228 108	–	292 327	520 435

[1] Available-for-sale investment – Spur

The carrying value of the investment in Spur at 30 June 2018 of R488.5 million is made up of the prior year's acquisition price of R559.9 million, the acquisition during current year of R9.1 million and fair value adjustments of R35.3 million (2017: R56.9 million) (Note 12). 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 R2.8 million (2017: R2.4 million). There were no additions to level 3 instruments in the current year.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Financial risk management

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

- Market risk;
- Credit risk; and
- Liquidity risk

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

32.3.1 Market risk

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

Market risk: Interest rate risk

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

	Increase in basis points	Effect on pre-tax profit R'000s	Decrease in basis points	Effect on pre-tax profit R'000s
2018	100	(4 887)	(100)	4 887
2017	100	(3 569)	(100)	3 569

Market risk: Other price risk

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

At the reporting date, the exposure to listed equity securities at fair value was R488,5 million (2017: R514.7 million). An increase or decrease of 10% on the JSE market index would have an impact of approximately R27.1 million (2017: R23.3 million) on other comprehensive income to the Group.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Financial risk management (continued)

32.3.2 Credit risk

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

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

Cash and cash equivalents

The Group and Company only deposits cash surpluses with major banks of high quality and credit standing. The cash and cash equivalents are deposited with three financial institutions.

Trade receivables, other receivables and related party loans

At year end, the Group did not consider there to be any significant concentration of credit risk and all assets that have been identified as impaired, after taking the Groups credit policy into account, have been appropriately provided for. Related party credit risk is managed by each business unit in terms of the Group's policy. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date based on payment history and the financial position of the counterparty.

Employee loans

Loans are issued to key employees to fund the acquisition of GPI Shares allocated to employees under the GPI Employee Share Scheme. The employee loan credit risk is managed by employees ceding GPI Shares to the Group as security for the loan.

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

	Current R'000s	30 to 60 days R'000s	60 to 120 days R'000s	Over 120 days R'000s	Total R'000s
2018					
Related party loans	21 467	–	–	–	21 467
Trade and other receivables	34 018	4 156	4 921	5 620	48 715
Total	55 485	4 156	4 921	5 620	70 182
2017					
Related party loans	44 774	–	–	–	44 774
Trade and other receivables	19 050	4 156	4 921	5 620	33 747
Total	63 824	4 156	4 921	5 620	78 521

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Financial risk management (continued)

32.3.3 Liquidity risk

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

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

	On Demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	> 2 years R'000s	Total R'000s
2018						
Trade and other payables	–	102 077	–	–	–	102 077
Preference shares	–	–	3 000	242 382	254 000	499 382
Interest-bearing borrowings	30 000	1 875	5 625	7 500	20 625	65 625
Finance Leases	–	2 235	11 773	8 984	2 028	25 020
Interest on preference shares	7 736	6 102	28 938	87 224	19 521	149 521
Interest on interest-bearing borrowings	1 604	290	3 848	2 410	1 096	9 248
Interest on finance leases	–	303	1 219	527	86	2 135
Dividends payable	10 416	–	–	–	–	10 416
Total	49 756	112 882	54 403	349 027	297 356	863 424
2017						
Trade and other payables	–	68 956	–	–	–	68 956
Preference shares	–	–	–	–	240 401	240 401
Interest-bearing borrowings	–	1 875	5 625	7 500	59 641	74 641
Finance Leases	752	1 985	11 511	14 334	10 750	39 332
Interest on preference shares	–	–	12 703	12 206	26 987	51 896
Interest on interest-bearing borrowings	–	1 806	3 287	4 176	6 616	15 885
Interest on finance leases	197	517	2 312	1 705	399	5 130
Dividends payable	9 744	–	–	–	–	9 744
Total	10 693	75 139	35 438	39 921	344 794	505 985

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Gains and losses on financial instruments

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

	Fair value movement R'000s	Interest income R'000s	Interest expense R'000s	Total R'000s
2018				
Loans and receivables	–	8 387	–	8 387
Available-for-sale investments	(35 303)	–	–	(35 303)
Financial liabilities at amortised cost	–	–	(48 714)	(48 714)
Total	(35 303)	8 387	(48 714)	(75 630)
2017				
Loans and receivables	–	31 583	–	31 583
Available-for-sale investments	(56 943)	–	–	(56 943)
Financial liabilities at amortised cost	–	–	(50 093)	(50 093)
Total	(56 943)	31 583	(50 093)	(75 453)

32.5 Capital management

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

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

	2018 R'000s	2017 R'000s
33. DIVIDENDS DECLARED AND PAID		
Final dividend declared and paid in respect of 2017 financial year of 11.5 cents (2017: 25 cents per share in respect of the 2016 financial year)	50 405	113 070

No final ordinary dividend was declared in respect of the 2018 financial year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 R'000s	2017 R'000s
34. NOTES TO THE CASH FLOW STATEMENT		
34.1 Cash generated from operations		
Profit before taxation	(36 476)	5 935
Adjustments for:		
– Depreciation	59 750	66 083
– Amortisation	5 705	4 906
– Finance income	(8 387)	(31 583)
– Finance costs	48 714	50 093
– Dividends received	(23 726)	(16 859)
– Profit on disposal of property, plant and equipment	(11 754)	(15 998)
– Share based payments expense	(1 384)	3 452
– Profit on sale of investments	–	(91 929)
– Impairment of investments	–	8 271
– Foreign currency losses	–	526
– Impairment of loans	–	4 701
– Impairment of other receivables	9 500	–
– Impairment of plant and equipment	–	18 549
– Profit from equity accounted investments	(109 360)	(96 094)
Operating cash flows before working capital changes	(67 418)	(89 947)
Decrease/(Increase) in inventory	2 959	2 468
(Increase)/decrease in trade and other receivables	(38 030)	38 811
Decrease/(Increase in trade and other payables	38 258	(47 119)
Net cash utilised by operations	(64 231)	(95 787)
34.2 Taxation paid		
Taxation – beginning of the year	(8 182)	(10 710)
Amount per statement of comprehensive income (Note 8)		
– current year	3 198	67 705
– prior year over provision	71	(4 676)
Taxation – closing balance	8 003	8 182
Taxation paid during the year	3 090	60 501
The closing tax balances comprises of the following:		
– Income tax receivable	9 959	9 440
– Income tax liabilities	(1 956)	(1 258)
	8 003	8 182
34.3 Dividends paid		
Opening balance	9 744	8 826
Dividends declared	50 405	113 070
Closing balance	(10 416)	(9 744)
	49 733	112 152

34. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

	2018 R'000s	2017 R'000s
34.4 Loans received		
Standard Bank Preference Shares – SunWest	251 673	–
	251 673	–
34.5 Repayment of loans		
Preference shares	–	(8 000)
SBSA – Revolving loan facility	–	(225 000)
Sanlam Capital Markets – Term loan 1	(7 500)	(7 500)
Sanlam Capital Markets – Term loan 2	–	(50 000)
Finance lease liabilities	(14 230)	(11 254)
	(21 730)	(301 754)
34.6 Loans advanced		
Related party loans – GTM	–	(6 849)
	–	(6 849)
34.7 Loan repayments received		
Related party loans – GTM	5 500	–
Employee loans	8 316	1 128
	13 816	1 128
34.8 Investment made		
Available-for-sale		
– Acquisition of 0.3% (2017: 7.4%) of Spur (Note 12)	(9 141)	(266 555)
	(9 141)	(266 555)
34.9 Consideration from disposal of subsidiaries		
Net cash received on derecognition as a subsidiary of Grand Linkstate (Note 4)	–	332
Net cash received on derecognition as a subsidiary of Grand Sport (Note 4)	–	9 883
	–	10 215
34.10 Consideration from disposal of equity-accounted investments		
Proceeds from the disposal of Sun Slots (2017: 19.9% Tranche 3)	–	262 492
Accelerated proceeds from sale of SunWest and Worcester (2017: 10%)	–	528 445
	–	790 937
34.11 Dividends received		
SunWest	60 405	70 970
GPI Slots	18 000	–
Spur	23 990	16 859
Worcester	2 567	–
	104 962	87 829

	Opening balance R'000s	Cash movement R'000s	Interest incurred R'000s	Interest paid R'000s	Interest capitalised R'000s	Closing balance R'000s
34.12 Disclosure of changes in liabilities arising from financing activities						
Preference shares	240 401	251 652	19 468	(19 468)	15 065	507 118
Interest-bearing borrowings	74 641	(7 412)	7 271	(7 271)	–	67 229
Finance lease liabilities	39 332	(14 312)	2 690	(2 690)	–	25 020
	354 374	229 928	29 429	(29 429)	15 065	599 367

	Salary R'000s	Short-term benefits[1] R'000s	Long-term benefits R'000s	Bonuses R'000s
35. DIRECTORS EMOLUMENTS				
2018				
Executive directors				
H Adams	3 825	1 473	124	4 862
T Karriem[2]	1 620	84	243	2 015
D Pienaar[3]	1 489	69	72	2 109
S Barends[4]	1 333	70	143	274
Subtotal	8 267	1 696	582	9 260
Non-executive directors				
A Abercrombie	–	–	–	–
W Geach	–	–	–	–
R Hargey	–	–	–	–
C Priem	–	–	–	–
N Maharaj	–	–	–	–
N Mlambo	–	–	–	–
Subtotal	–	–	–	–
Total	8 267	1 696	582	9 260

[1] Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.
[2] T Karriem resigned as executive director on 2 April 2018. Amounts disclosed above include remuneration for 11 months.
[3] D Pienaar resigned as executive director on 7 November 2017. Amounts disclosed above include remuneration for 5 months.
[4] S Barends resigned as executive director on 30 June 2018. Amounts disclosed above include remuneration for 12 months.

	Salary R'000s	Short-term benefits[1] R'000s	Long-term benefits R'000s	Bonuses R'000s
2017				
Executive directors				
H Adams	4 327	1 195	649	10 701
A Keet[2]	1 947	2 818	292	3 000
T Karriem[3]	1 143	156	171	–
D Pienaar	1 808	56	271	1 250
Subtotal	9 225	4 225	1 383	14 951
Non-executive directors				
N Maharaj	–	–	–	–
N Mlambo	–	–	–	–
C Priem	–	–	–	–
A Abercrombie	–	–	–	–
R Hargey	–	–	–	–
W Geach	–	–	–	–
Subtotal	–	–	–	–
Total	9 225	4 225	1 383	14 951

[1] Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.
[2] A Keet resigned as CEO and executive director of GPI on 3 April 2017.
[3] T Karriem was appointed on 9 September 2016 as a executive director. Amounts disclosed above include remuneration for 10 months

Directors fees R'000s	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Social and ethics committee R'000s	Total Remuneration R'000s	Loans advanced R'000s	Share-based payment expense R'000s
–	–	–	–	–	10 284	–	486
–	–	–	–	–	3 962	–	–
–	–	–	–	–	3 739	–	–
					1 820		–
–	–	–	–	–	19 805	–	486
195	–	67	10	37	309	–	–
212	93	–	–	–	305	–	–
219	–	–	–	–	219	–	–
248	143	53	10	–	454	–	–
246	80	98	–	20	444	–	–
212	–	67	–	–	279	–	–
1 332	316	285	20	57	2 010	–	–
1 332	316	285	20	57	21 815	–	486

Directors fees R'000s	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Total Remuneration R'000s	Loans advanced R'000s	Share-based payment expense R'000s
–	–	–	–	16 872	5 251	765
–	–	–	–	8 057	1 847	(729)
–	–	–	–	1 470	–	201
–	–	–	–	3 385	411	289
–	–	–	–	29 784	7 509	526
232	75	36	–	343	–	–
202	–	6	–	208	–	–
225	136	24	9	394	–	–
202	–	24	–	226	–	–
202	–	–	–	202	–	–
202	75	–	–	277	–	–
1 265	286	90	9	1 650	–	–
1 265	286	90	9	31 434	7 509	526

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

35. DIRECTORS EMOLUMENTS (CONTINUED)

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

Reconciliation of GPI share options granted in terms of the Grand Parade Share Incentive Trust

	Number of unvested share options 30 June 2017 000s	Granted during the year 000s	Exercised during the year 000s
2018			
Executive directors			
H Adams	2 251	2 378	–
T Karriem[1]	1 188	921	–
D Pienaar[2]	1 286	1 027	–
S Barends[3]	174	–	–
Subtotal	4 899	4 326	–
2017			
Executive directors			
H Adams	3 376	–	(1 125)
A Keet[4]	2 005	1 161	(669)
T Karriem[5]	620	568	–
D Pienaar	617	875	(206)
Subtotal	6 618	2 604	(2 000)

GPI share options held at 30 June per strike price

	Strike price
2018	
Executive directors	
30 August 2013	3.61
19 October 2015	5.32
9 September 2016	3.52
27 September 2017	2.61
Subtotal	

	Strike price
2017	
Executive directors	
30 August 2013	3.61
19 October 2015	5.32
9 September 2016	3.52
Subtotal	

(1) T Karriem resigned as executive director on 2 April 2018. All unvested share options are forfeited on an employee's resignation date.
(2) D Pienaar resigned as executive director on 7 November 2017. All unvested share options are forfeited on an employee's resignation date.
(3) S Barends resigned as executive director on 30 June 2018. All unvested share options are forfeited on an employee's resignation date.
(4) A Keet resigned as an executive director on 3 April 2017. All unvested share options are forfeited on an employee's resignation date.
(5) T Karriem was appointed on 9 September 2016 as an executive director.

Forfeited during the year 000s	Average market price per share on vesting date R	Vesting price per share R	Date granted	Number of unvested share options 30 June 2018 000s
(1 125)	2.70	3.61	26 September 2017	3 504
(2 109)	–	2.61	26 September 2017	–
(2 313)	–	2.61	26 September 2017	–
(174)	–			–
(5 721)	–		–	3 504

–	5.50	3.61	1 September 2013	2 251
(2 497)	5.54	3.61	1 September 2013	–
–	5.54	3.61	1 September 2013	1 188
–	5.42	3.61	1 September 2013	1 286
(2 497)				4 725

H Adams 000s	T Karriem 000s	D Pienaar 000s	S Barends 000s	Total 000s
1 126	–	–	–	1 126
–	–	–	–	–
–	–	–	–	–
2 378	–	–	–	2 378
3 504	–	–	–	3 504

H Adams 000s	A Keet 000s	T Karriem 000s	D Pienaar 000s	Total 000s
2 251	–	–	411	2 662
–	–	620	–	620
–	–	568	875	1 443
2 251	–	1 188	1 286	4 725

36. RELATED PARTY TRANSACTIONS

36.1 Transactions between group companies

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

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

	2018 R'000s	2017 R'000s
Sun Slots		
Rental income received	1 176	1 188
	1 176	1 188

36.2 Identity of related parties

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

Director	Entity	Relationship with entity
H Adams	Afriserv (Pty) Ltd	74.64% Shareholder (indirect)
	Nadeson Consulting Services (Pty) Ltd	37.50% Shareholder (Indirect)
	Nadesons Investments (Pty) Ltd	93.30% Shareholder
	Proman Project Management Services (Pty) Ltd	37.50% Shareholder (Indirect)
	Risk Benefit Solutions (Pty) Ltd	23.42% Shareholder (indirect)
C Priem	Afriserv (Pty) Ltd	20.00% Shareholder (Indirect)

Afriserv (Pty) Ltd

Afriserv provided office cleaning and security services to the Group to the value of R4 435 632 during the year (2017: R5 045 405).

Nadeson Consulting Services (Pty) Ltd

Nadeson Consulting provided no services to the Group during the year (2017: R Nil). The services provided to the Group in the prior year were for the development of properties including Burger King stores.

During the year Nadeson Consulting paid rental fees to the Group amounting to R23 940 (2017: R568 701).

Nadeson Projects (Pty) Ltd

During the current year the Group paid R 296 486 (2017: R Nil) to Nadeson Projects for project management services. The services provided to the Group during the prior year are for the development of properties including Burger King stores.

36. RELATED PARTY TRANSACTIONS (CONTINUED)

36.2 Identity of related parties (continued)

Proman Project Management Services (Pty) Ltd

Proman Project Management Services provided services of R 125 400 to the Group during the current year (2017: RNil). The services provided to the Group during the prior year are for the development of properties including Burger King stores.

Risk Benefit Solutions (Pty) Ltd

Risk Benefit Solutions provided insurance underwriting services to the Group during the current year to the value of R6 416 276 (2017: 4 936 916).

	2018 R'000s	2017 R'000s
36.3 Key management		
The key management personnel compensation is as follows:		
– Short-term employee benefits	21 233	29 656
– Long-term employee benefits	582	1 523
– Share based payment expense	486	526
	22 301	31 705
Interest free loans		
– H Adams[1]	18 185	18 185
– A Keet[2]	–	6 662
– D Pienaar[3]	–	1 645
	18 185	26 492

[1] H Adams has ceded 5 250 692 GPI shares as security for the loan at 30 June 2018 (2017: 5 250 692 GPI shares).
[2] A Keet has ceded nil GPI shares as security (2017: 1 847 008 GPI shares), the loan was repaid and during the current year.
[3] D Pienaar has ceded nil GPI shares as security (2017: 411 356 GPI shares). the loan was repaid and during the current year.

The terms of the loans are disclosed under Note 21.1 of the Consolidated Annual Financial Statement.

36.4 Directors Fees from Group investments

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

	2018 R'000s	2017 R'000s
SunWest		
H Adams	102	88
A Abercrombie	76	72
N Mlambo	73	72
	251	232
Worcester Casino		
H Adams	29	33
A Abercrombie	41	40
	70	73

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

		2018 R'000s	2017 R'000s
37.	**CAPITAL COMMITMENTS**		
	Authorised but not contracted		
	Property, plant and equipment	35 000	–

38. SUBSEQUENT EVENTS

Disposal of Atlas Gaming Africa

On 29 August 2017, the Group entered into a share swap agreement with DRGT International SARL, for its 4.95% holding in Atlas Gaming Holdings and its 100% holding in Atlas Gaming Africa in exchange for a 26% stake in DRGT's local wholly-owned subsidiary Infinit-e Gaming Africa. This swap is subject to certain conditions precedent, including SARB approval, which was fulfilled in August 2018. Infinit-e Gaming Africa is an industry-leading gaming systems supplier servicing licensed customers in Africa and the Indian Ocean islands.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 R'000s	2017 R'000s
Revenue	2	71 136	219 729
Operating costs		(23 830)	(5 465)
Profit from operations		47 306	214 264
Impairment of loans	13	(99 379)	(3 296)
Impairment of other receivables	11	(9 500)	–
Profit on disposal of investment	3	–	261 238
(Loss)/profit before finance costs and taxation	3	(61 573)	472 206
Finance income	2	16 100	22 299
Finance costs	4	(349)	(8 851)
(Loss)/profit before taxation		(45 822)	485 654
Taxation	5	(547)	(56 079)
(Loss)/profit for the year		(46 369)	429 575
Other comprehensive (loss)/income			
Items that will be reclassified subsequently to profit or loss			
Unrealised fair value adjustments on available-for-sale investments, net of tax	16	–	2 690
Total comprehensive (loss)/income for the year		(46 369)	432 265

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 R'000s	2017 R'000s
ASSETS			
Non-current assets		1 608 955	495 272
Investments in subsidiaries	6	456 213	428 033
Investments in jointly-controlled entities	7	–	28 578
Investments in associates	8	32 688	32 688
Available-for-sale investment	9	5 786	5 786
Related party loans	13	1 112 662	–
Intangible assets	17	6	–
Deferred tax asset	5	1 600	187
Current assets		105 330	1 327 748
Trade and other receivables	11	20 957	4 579
Deferred proceeds	12	–	–
Related party loans	13	–	1 319 617
Cash and cash equivalents	14	84 373	3 471
Income tax receivable	22.2	–	81
Total assets		1 714 285	1 823 020
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity			
Stated capital	15	794 135	802 256
Accumulated profit		880 723	981 578
Available for sale reserve	16	2 690	2 690
IFRS 2 share based payment reserve		13 267	11 409
Total shareholder's equity		1 690 815	1 797 933
Non-current liabilities		167	–
Provisions	18	167	–
Current liabilities		23 303	25 087
Related party loans	13	–	13 211
Provisions	18	4 816	–
Trade and other payables	19	6 115	2 132
Dividends payable	22.3	10 416	9 744
Income tax payable	22.2	1 956	–
Total equity and liabilities		1 714 285	1 823 020

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Stated Capital R'000s	Accumulated profits R'000s	IFRS 2 Share-based payment reserve R'000s	Available-for-sale reserve	Total equity R'000s
Balance at 30 June 2016	855 066	672 759	9 636	–	1 537 461
Total comprehensive income for the year	–	429 575	–	2 690	432 265
– Profit for the year	–	429 575	–	2 690	432 265
Dividends declared	–	(122 436)	–	–	(122 436)
Share based payment charge relating to investments	–	–	3 453	–	3 453
Shares acquired and cancelled	(52 810)	–	–	–	(52 810)
Share options exercised by employees	–	1 680	(1 680)	–	–
Balance at 30 June 2017	802 256	981 578	11 409	2 690	1 797 933
Total comprehensive income for the year	–	(46 369)	–	–	(46 369)
– Profit for the year	–	(46 369)	–	–	(46 369)
Dividends declared	–	(54 486)	–	–	(54 486)
Share based payment charge relating to investments	–	–	1 516	–	1 516
Share based payment expense	–	–	342	–	342
Shares acquired and cancelled	(8 121)	–	–	–	(8 121)
Balance at 30 June 2018	794 135	880 723	13 267	2 690	1 690 815

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 R'000s	2017 R'000s
Cash flows from operating activities			
Net cash utilised from operations	22.1	(46 643)	(4 297)
Income tax refunded/(paid)	22.2	77	(47 167)
Finance income	2	16 100	11 554
Net cash outflow from operating activities		(30 466)	(39 910)
Cash flows from investing activities			
Inter-group loans advanced	22.4	(946 033)	(506 220)
Inter-group loans repaid	22.5	1 053 617	109 018
Dividends received	22.6	66 074	219 729
Proceeds on disposal of subsidiaries	22.7	–	10 996
Proceeds on disposal of investments	22.8	–	571 821
Acquisition of intangibles	17	(6)	–
Net cash inflow from investing activities		173 652	405 344
Cash flows from financing activities			
Dividends paid	22.3	(53 814)	(121 518)
Loans repaid	22.9	–	(225 000)
Shares bought back	15	(8 121)	(52 810)
Finance costs	4	(349)	(8 851)
Net cash outflow from financing activities		(62 284)	(408 179)
Net increase/(decrease) in cash and cash equivalents		80 902	(42 745)
Cash and cash equivalents at the beginning of the year		3 471	46 216
Total cash and cash equivalents at the end of the year		84 373	3 471

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING POLICIES

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

	Notes	2018 R'000s	2017 R'000s
2. REVENUE			
Dividends received		63 958	219 729
– Grand Casino Investments		29 800	207 695
– Grand Foods		3 400	–
– Grand Foods Investment 3		4 800	12 034
– SunWest		7 688	–
– Sun Slots		18 000	–
– Worcester		270	–
Rental income		25	–
Management fee income		7 153	–
Total revenue		71 136	219 729
Finance income		16 100	22 299
Total revenue including finance income		87 236	242 028
3. PROFIT BEFORE FINANCE COSTS AND TAXATION			
Profit before finance and taxation cost is stated after:			
Profits:			
Profit on disposal of investment		–	261 238
Other		–	207
Sun Slots	10	–	261 031
Expenses:			
Auditors remuneration			
Audit fees		1 428	1 176
– current year		1 254	935
– prior year under provision		174	241
Staff costs		11 353	1 650
– Salaries and wages		4 621	–
– Directors' remuneration	23	6 390	1 650
– Share based payments expense	23	342	–

Employees were transferred from GPI Management Services to GPI in December 2017. The Company had no employees during the prior year.

	Notes	2018 R'000s	2017 R'000s
4. FINANCE COSTS			
Interest on facilities		349	8 851
		349	8 851

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

		Notes	2018 R'000s	2017 R'000s
5.	**TAXATION**			
	South African normal tax			
	– current year		1 960	56 740
	– prior year over provision		–	(474)
	Deferred tax		(1 413)	(187)
			547	56 079
			%	%
	Standard rate		28.00	28.00
	Exempt income		39.08	(13.18)
	Non-deductible expenses		(1.74)	0.87
	Prior year over provision		–	(0.10)
	CGT tax differential		–	(4.04)
	Impairment of loans		(66.53)	–
	Effective tax rate		(1.19)	11.55
	The deferred tax balance is made up as follows:			
	Provisions and accruals		1 707	187
	Prepayments		(107)	–
			1 600	187
	Reconciliation of net deferred tax asset			
	Opening balance		187	777
	Tax expense for the period recognised in profit or loss		1 413	187
	Provisions and accruals		1 520	187
	Prepayments		(107)	–
	Tax expense for the period recognised in other comprehensive income		–	(777)
	Closing balance		1 600	187
6.	**INVESTMENTS IN SUBSIDIARIES**			
	Grand Foods[1]		344 622	343 195
	Grand Property Management[2]		–	140
	Grand Capital		657	657
	Grand Sport		254	254
	GPI Management Services[1]		8 774	8 343
	Grand Casino Investments[3]		29 578	1 000
	GPI Investments 1		72 328	72 328
	Grand Casino Investments KZN[4]		–	2 116
			456 213	428 033

[1] The movement in these investments represents the share options issued to employees of these subsidiaries refer Note 24.2 of the Consolidated Annual Financial Statements.

[2] The investment in Grand Property Management was impaired during the current year.

[3] GPI sold it's shares in SunWest to Grand Casino Investments in exchange for additional shares in Grand Casino Investments.

[4] Grand Casino Investments KZN was closed down and dividend distribution paid out.

	SunWest		Total	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
7. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES				
Carrying amount of investment – beginning of the year	28 578	28 578	28 578	28 578
Disposal of investment	(28 578)	–	(28 578)	–
Carrying amount of the investment – end of the year	–	28 578	–	28 578

GPI sold it's shares in SunWest to Grand Casino Investments in exchange for additional shares in Grand Casino Investments. Additional shares in Grand Casino investments were issued at the same value as the carrying value of the investment held in SunWest, consequently no profit or loss was realised on the transaction.

	Worcester Casino		Sun Slots		Total	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
8. INVESTMENT IN ASSOCIATES						
Carrying amount – beginning of the year	30 972	30 972	1 716	1 716	32 688	32 688
Carrying amount – end of the year	30 972	30 972	1 716	1 716	32 688	32 688

	Atlas Gaming		Total	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
9. AVAILABLE-FOR-SALE INVESTMENT				
Opening balance	5 786	2 319	5 786	2 319
Fair value adjustment	–	3 467	–	3 467
	5 786	5 786	5 786	5 786

10. ASSET HELD-FOR-SALE

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

The profit on sale of the asset is as follows:

		Sun Slots	
	Note	2018 R'000s	2017 R'000s
Proceeds on disposal		–	262 492
Cost of share disposed		–	(1 461)
Profit on sale of investment	3	–	261 031

	2018 R'000s	2017 R'000s
11. TRADE AND OTHER RECEIVABLES		
Trade receivables[1]	16 608	3 677
Other receivables	2 851	351
Prepayments	1 498	551
	20 957	4 579

[1] The GTM receivable of R9.5 million was impaired in the current year.

12. DEFERRED PROCEEDS

2018

The full outstanding balance was received during the prior year.

	SunWest R'000s	Worcester R'000s	Total R'000s
2017			
Opening balance	273 444	25 473	298 917
Interest released	8 818	822	9 640
Instalments received	(283 303)	(26 392)	(309 695)
Gain on acceleration of proceeds	1 041	97	1 138
Closing balance	–	–	–

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

	2018 R'000s	2017 R'000s
13. RELATED PARTY LOANS		
GPI, in the ordinary course of business, entered into various service and investment transactions.		
Interest free loans[(1)]		
– Atlas Gaming Africa	13 854	13 850
– Atlas Gaming Holdings	3 282	3 282
– Burger King South Africa[(3)]	572 839	–
– GPI Foods Investments 3[(2)]	20 411	265 270
– GPI Management Services[(2)]	137 763	945 521
– GPI Properties	124 479	(13 211)
– GPI Women's BBBEE Empowerment Trust[(2)]	57 311	57 311
– Grand Capital[(2)]	32	22
– Grand Coffee House[(2)]	110 383	–
– Grand Food Meat Plant[(2)]	29 686	5 102
– Grand Foods[(2)]	32 859	798
– Grand Foods Bakery[(2)]	15 078	–
– Grand Foods Management Services[(2)]	11 017	–
– Grand Ice-cream[(2)]	55 578	–
– Grand Parade Share Incentive Trust[(2)]	23 695	24 695
– Grand Sports	–	3 296
– Utish Investments[(2)]	3 774	3 766
	1 212 041	1 309 702
Impairment of loans	(99 379)	(3 296)
– GPI Management Services[(2)]	(35 699)	–
– Grand Coffee House[(2)]	(47 766)	–
– Grand Ice-cream[(2)]	(15 914)	–
– Grand Sport	–	(3 296)
	1 112 662	1 306 406
Total non-current assets	1 112 662	–
Total current liabilities	–	(13 211)
Total current assets		1 319 617

(1) Details regarding the related party loans have been disclosed in Note 21.1 of the Consolidated Annual Financial Statements.

(2) These related party loans are interest free and are repayable on demand. The loans are subordinated however, post year end these loans have been capitalised.

(3) This related party loans is interest free and is repayable on demand. The loan is subordinated however, the shareholders are in discussions regarding reserve matters, once that has been finalised the loan will be capitalised post year end.

	2018 R'000s	2017 R'000s
14. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents include Money Market call accounts with floating interest rates that fluctuated between 6.00% and 6.50% during the year (2017: between 6.50% and 8.00%).		
Cash and cash equivalents	84 373	3 471
	84 373	3 471
At year end the Company had unused overdraft facilities of R13 million (2017: R15 million).		
15. STATED CAPITAL		
Details regarding the Company's stated capital have been disclosed in Note 23.1 of the Consolidated Annual Financial Statements.		
Authorised share capital		
2 000 000 000 ordinary shares of no par value	–	–
Opening balance – 1 July	802 256	855 066
Shares bought back for cancellation	(8 121)	(52 810)
Closing balance (issued and fully paid) – 30 June	794 135	802 256

	000s	000s
Reconciliation of number of shares in issue		
Opening balance – 1 July	473 789	488 806
Shares bought back for cancellation	(3 766)	(15 017)
Closing balance – 30 June	470 023	473 789

During the year GPI bought back and cancelled 3,7 million shares at a average price of R2.16.

	2018 R'000s	2017 R'000s
16 AVAILABLE-FOR-SALE RESERVE AT FAIR VALUE		
The movements in the unrealised gains relating to the Company's available-for-sale investments are as follows:		
Opening Balance	2 690	–
Movement during the year:	–	2 690
Unrealised fair value gains on available-for-sale investments	–	3 467
Deferred tax	–	(777)
Closing balance	2 690	2 690

		Computer software R000's	Total R000's
17.	**INTANGIBLE ASSETS**		
	2018		
	Cost	–	–
	Accumulated amortisation	–	–
	Carrying value at 1 July 2017	–	–
	Additions	6	6
	Amortisation	–	–
	Carrying value at 30 June 2018	6	6
	Made up of:		
	Cost	6	6
	Accumulated amortisation	–	–

		Long service leave 2018 R'000s	Employee bonuses 2018 R'000s	Total 2018 R'000s
18.	**PROVISIONS**			
	At beginning of the year	–	–	–
	Provision raised during the year	302	4 948	5 250
	Amount utilised	(135)	(132)	(267)
	At end of year	167	4 816	4 983

		2018 R'000s	2017 R'000s
	Balance made up as follows:		
	Non-current provisions	167	–
	Current provisions	4 816	–
		4 983	–

The company did not have any employees in the prior year.

		2018 R'000s	2017 R'000s
19.	**TRADE AND OTHER PAYABLES**		
	Trade payables	1 541	775
	Other payables and accruals	3 890	1 357
	Audit fee accrual	1 270	935
	Sundry accruals	1 767	261
	Annual Leave	529	–
	Payroll accruals	324	–
	Other payables	–	161
	VAT	684	–
		6 115	2 132

	Loans and receivables R'000s	Available for sale R'000s	Non-Financial assets R'000s	Total R'000s
20. FINANCIAL INSTRUMENTS				
Financial assets				
2018				
Cash and cash equivalents	84 373	–	–	84 373
Available for sale investment	–	5 786	–	5 786
Related party loans	1 112 662	–	–	1 112 662
Trade and other receivables	19 459	–	1 498	20 957
Total	1 216 494	5 786	1 498	1 223 778
2017				
Cash and cash equivalents	3 471	–	–	3 471
Available for sale investment	–	5 786	–	5 786
Related party loans	1 319 617	–	–	1 319 617
Trade and other receivables	4 028	–	551	4 579
Total	1 327 116	5 786	551	1 333 453

	Financial liabilities measured at amortised cost R'000s	Non-financial liabilities R'000s	Total R'000s
Financial liabilities			
2018			
Trade and other payables	4 578	1 537	6 115
Dividends payable	10 416	–	10 416
Total	14 994	1 537	16 531
2017			
Trade and other payables	2 132	–	2 132
Interest bearing borrowings	13 211	–	13 211
Dividends payable	9 744	–	9 744
Total	25 087	–	25 087

Market risk

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

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

Market risk: Interest rate risk

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

	Increase in Basis Points	Effect on pre-tax profit	Decrease in basis points	Effect on pre-tax profit
2018	100	844	(100)	(844)
2017	100	35	(100)	(35)

20. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

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

Cash and cash equivalents

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

Related party loans receivables

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

Liquidity risk

Refer to Note 32 of the Consolidated Annual Financial Statements for an explanation on liquidity risk and how it is managed

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

	On Demand R'000s	Less than 3 months R'000s	3 – 12 months R'000s	1 – 2 years R'000s	> 2 years R'000s	Total R'000s
2018						
Trade and other payables	–	4 578	–	–	–	4 578
Dividends payable	10 416	–	–	–	–	10 416
Total	10 416	4 578	–	–	–	14 994
2017						
Trade and other payables	–	2 132	–	–	–	2 132
Dividends payable	9 744	–	–	–	–	9 744
Total	9 744	2 132	–	–	–	11 876

Gains and losses on financial instruments

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

	Fair value movement R'000s	Finance income R'000s	Finance costs R'000s	Total R'000s
2018				
Financial liabilities at amortised cost	–	–	(349)	(349)
Available for sale investments (through other comprehensive income)	–	–	–	–
Loans and receivables	–	16 100	–	16 100
Total	–	16 100	(349)	15 751
2017				
Financial liabilities at amortised cost	–	–	(8 851)	(8 851)
Available for sale investments (through profit or loss)	3 467	–	–	3 467
Loans and receivables	–	22 299	–	22 299
Total	3 467	22 299	(8 851)	16 915

	2018 R'000s	2017 R'000s
21. DIVIDENDS DECLARED AND PAID		
Final dividend declared and paid in respect of 2017 financial year of 11.5 cents (2017: 25 cents per share in respect of the 2016 financial year)	54 486	122 436
No dividend in respect of the 2018 financial year has been declared as yet.		
22. NOTES TO THE CASH FLOW STATEMENT		
22.1 Cash generated from operations		
Profit before taxation	(45 822)	485 654
Adjustments for:		
– Finance income	(16 100)	(22 299)
– Finance costs	349	8 851
– Dividends received	(63 958)	(219 729)
– Impairment of loans	99 379	3 296
– Profit on acceleration of deferred proceeds	–	(1 138)
– Profit on disposal of investments	–	(261 238)
Operating cash flows before working capital changes	(26 152)	(6 603)
(Increase)/decrease in trade and other receivables	(16 508)	1 210
(Decrease)/increase in trade and other payables	(3 983)	1 096
Net cash utilised from operations	(46 643)	(4 297)
22.2 Taxation paid		
Taxation – beginning of the year	(81)	(9 180)
Amount per statement of comprehensive income		
– current year	1 960	56 740
– prior year under provision	–	(474)
Taxation – closing balance	(1 956)	81
	(77)	47 167
The closing tax balances comprises of the following:		
– Income tax refunds	–	81
– Income tax Payable	(1 956)	–
	(1 956)	81
22.3 Dividends paid		
Opening balance	(9 744)	(8 826)
Dividends declared	(54 486)	(122 436)
Closing balance	10 416	9 744
	(53 814)	(121 518)

	2018 R'000s	2017 R'000s

22. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

22.4 Inter-group loans advanced

	2018 R'000s	2017 R'000s
– Atlas Gaming Africa	(4)	–
– Burger King South Africa	(572 839)	–
– GPI Foods Investments 3	–	(265 270)
– GPI Management Services	–	(233 424)
– GPI Properties	(124 479)	–
– Grand Capital	(10)	(22)
– Grand Coffee House	(110 383)	–
– Grand Foods	(32 061)	–
– Grand Foods Bakery	(15 078)	–
– Grand Foods Meat Plant	(24 584)	(4 900)
– Grand Foods Management Services	(11 017)	–
– Grand Ice-cream	(55 578)	–
– Grand Sport	–	(2 574)
– Utish Investments	–	(30)
	(946 033)	(506 220)

22.5 Inter-group loans repaid

	2018 R'000s	2017 R'000s
– GPI Foods Investments 3	244 859	–
– GPI Management Services	807 758	–
– GPI Properties	–	13 212
– Grand Casino Investments	–	88 609
– Grand Parade Share Incentive Trust	1 000	7 197
	1 053 617	109 018

22.6 Dividends received

	2018 R'000s	2017 R'000s
– Grand Casino Investments	29 800	207 695
– Grand Casino Investments KZN[1]	2 116	–
– Grand Foods	3 400	–
– Grand Foods Investment 3	4 800	–
– Sun Slots	18 000	–
– SunWest	7 688	12 034
– Worcester	270	–
	66 074	219 729

[1] This relates to a final distribution prior to deregistration.

22.7 Proceeds on disposal of subsidiaries

	2018 R'000s	2017 R'000s
Proceeds from the disposal of Grand Sport	–	10 000
Proceeds from the disposal of Grand Linkstate	–	996
	–	10 996

22.8 Proceeds on disposal of investment

	2018 R'000s	2017 R'000s
Proceeds from the disposal of 19.9% of Sun Slots (Tranche 3)	–	262 126
Proceeds from the disposal of 10% of SunWest and Worcester	–	309 695
	–	571 821

22.9 Loans repaid

	2018 R'000s	2017 R'000s
SBSA – GPI revolving loan facility		(225 000)
	–	(225 000)

23. DIRECTORS EMOLUMENTS

	Salary R'000s	Short-term benefits[1] R'000s	Long-term benefits R'000s	Bonuses R'000s
2018				
Executive directors[2]				
H Adams	2 318	853	–	–
T Karriem[3]	1 076	24	109	–
Subtotal	3 394	877	109	–
Non-executive directors				
A Abercrombie	–	–	–	–
W Geach	–	–	–	–
R Hargey	–	–	–	–
C Priem	–	–	–	–
N Maharaj	–	–	–	–
N Mlambo	–	–	–	–
Subtotal	–	–	–	–
Total	3 394	877	109	–

[1] Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.
[2] The Executive directors moved over from GPI Management Services to Grand Parade Investments in December 2017, the amounts disclosed above include remuneration for 7 months.
[3] T Karriem resigned as director on 2 April 2018. Amounts disclosed above include remuneration for 6 months.

	Salary R'000s	Short-term benefits R'000s	Long-term benefits R'000s	Bonuses R'000s
2017				
Executive directors[1]				
H Adams	–	–	–	–
T Karriem	–	–	–	–
Subtotal	–	–	–	–
Non-executive directors				
A Abercrombie	–	–	–	–
W Geach	–	–	–	–
R Hargey	–	–	–	–
C Priem	–	–	–	–
N Maharaj	–	–	–	–
N Mlambo	–	–	–	–
Subtotal	–	–	–	–
Total	–	–	–	–

[1] Executive directors were employed in GPI Management Services during the prior year.

	Directors fees R'000s	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Social and ethics committee R'000s	Total Remuneration R'000s	Loans advanced R'000s	Share-based payment expense R'000s
	–	–	–	–	–	3 171	–	342
	–	–	–	–	–	1 209	–	–
	–	–	–	–	–	4 380	–	342
	195	–	67	10	37	309	–	–
	212	93	–	–	–	305	–	–
	219	–	–	–	–	219	–	–
	248	143	53	10	–	454	–	–
	246	80	98	–	20	444	–	–
	212	–	67	–	–	279	–	–
	1 332	316	285	20	57	2 010	–	–
	1 332	316	285	20	57	6 390	–	342

	Directors fees R'000s	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Total Remuneration R'000s	Loans advanced R'000s	Share-based payment expense R'000s
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	202	–	24	–	226	–	–
	202	75	–	–	277	–	–
	202	–	–	–	202	–	–
	225	136	24	9	394	–	–
	232	75	36	–	343	–	–
	202	–	6	–	208	–	–
	1 265	286	90	9	1 650	–	–
	1 265	286	90	9	1 650	–	–

24. RELATED PARTY TRANSACTIONS

Other than those disclosed in Note 13 of the Company financial statements and Note 36 of the Group financial statements there are no other related parties identified.

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

	2018 R'000s	2017 R'000s
SunWest		
H Adams	102	88
A Abercrombie	76	72
N Mlambo	73	72
	251	232
Worcester Casino		
H Adams	29	33
A Abercrombie	41	40
	70	73

APPENDIX 1
PRINCIPAL SUBSIDIARY COMPANIES
AT 30 JUNE 2018

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

	Ordinary share capital and premium		Effective Percentage holding	
	2018 R	2017 R	2018 %	2017 %
Grand Foods (Pty) Ltd	337 021 711	337 021 711	100.00	100.00
Utish Investments (Pty) Ltd	212 109 589	212 109 589	100.00	100.00
Burger King South Africa (Pty) Ltd	180 000 000	180 000 000	91.10	91.10
GPI Investments 1 (Pty) Ltd	72 327 960	72 327 960	100.00	100.00
Grand Casino Investments (Pty) Ltd	29 577 967	1 000 000	100.00	100.00
Grand Casino Investments KZN (Pty) Ltd	28 582 092	28 582 092	100.00	100.00
Grand Capital Investment Holdings (Pty) Ltd	118 622	118 622	100.00	100.00
Mac Brothers Catering Equipment (Pty) Ltd	102 061	102 061	100.00	100.00
Grand Parade Share Incentive Trust	1 000	1 000	100.00	100.00
GPI Properties (Pty) Ltd	100	100	100.00	100.00
Grand Foods Bakery (Pty) Ltd	100	–	100.00	–
Grand Foods Meat Plant (Pty) Ltd	100	100	100.00	96.60
Grand Property Management (Pty) Ltd	100	100	100.00	100.00
Mac Oven (Pty) Ltd	100	100	100.00	100.00
Cape Filtered Water Solutions (Pty) Ltd	10	10	100.00	100.00
Impala Lily Property Investments (Pty) Ltd	10	10	100.00	100.00
Sabenza (Pty) Ltd	10	10	100.00	100.00
GPI Management Services (Pty) Ltd	–	–	100.00	100.00
GPI Women's BBBEE Empowerment Trust	–	–	100.00	100.00

APPENDIX 2
INVESTMENTS, ASSOCIATES AND JOINT VENTURES

	30 June 2018			30 June 2017		
	Shares held	Effective Interest	Voting Interest	Shares held	Effective Interest	Voting Interest
FOOD						
Spur	19 295 824	17.79%	17.79%	18 965 824	17.48%	17.48%
GAMING						
Atlas Gaming	6 763 000	4.95%	4.95%	6 763 000	4.95%	4.95%
SunWest	2 220 278	15.10%	Joint control[1]	2 220 278	15.10%	Joint control[1]
Worcester Casino	2 113 087	15.10%	15.10%	2 113 087	15.10%	15.10%
Sun Slots	300	30.00%	30.00%	300	30.00%	30.00%
NON-CORE						
GTM	–	0.00%		51	51.00%	Joint control[1]

[1] Refer to Note 1.4.5 for assessment of joint control.

APPENDIX 3
DIRECTORS INTERESTS IN SHARES

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

	As at 30 June 2018			
			Total shares	
	Direct Beneficial 000's	Indirect Beneficial 000's	Beneficial 000's	Beneficial %
Director				
Ordinary Shares				
H Adams	7 590	56 378	63 968	13.61
A Abercrombie	–	7 000	7 000	1.49
NV Maharaj	–	–	–	–
N Mlambo	–	–	–	–
	7 590	63 378	70 968	15.10

	As at 30 June 2017			
			Total shares	
	Direct Beneficial 000's	Indirect Beneficial 000's	Beneficial 000's	Beneficial %
Director				
Ordinary Shares				
H Adams	5 873	55 492	61 365	12.95
A Abercrombie	–	6 800	6 800	1.44
D Pienaar	412	–	412	0.09
NV Maharaj	–	10	10	–
N Mlambo	20	43	63	0.01
	6 305	62 345	68 650	14.49

There were no changes in directors interest in shares between year end and date of approval of the financial statements.

APPENDIX 4
ANALYSIS OF ORDINARY SHAREHOLDERS

AS AT 30 JUNE 2018

	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
Shareholder Spread				
1 – 1 000	1 492	17.90	639 726	0.14
1 001 – 10 000	4 776	57.30	22 533 045	4.79
10 001 – 100 000	1 826	21.91	50 406 097	10.72
100 001 – 1 000 000	183	2.20	53 935 608	11.48
Over 1 000 000	58	0.70	342 508 265	72.87
Total	8 335	100.00	470 022 741	100.00
Distribution of Shareholders				
Assurance Companies	16	0.19	6 543 394	1.39
Close Corporations	40	0.48	2 399 127	0.51
Collective Investment Schemes	42	0.50	97 375 021	20.72
Custodians	10	0.12	1 237 690	0.26
Foundations & Charitable Funds	5	0.06	99 074	0.02
Hedge Funds	3	0.04	6 509 525	1.38
Insurance Companies	4	0.05	1 247 878	0.27
Investment Partnerships	23	0.28	1 912 710	0.41
Managed Funds	7	0.08	18 915 464	4.02
Medical Aid Funds	3	0.04	837 776	0.18
Private Companies	93	1.12	95 922 671	20.41
Retail Shareholders	7 877	94.51	110 695 834	23.55
Retirement Benefit Funds	46	0.55	38 203 077	8.13
Share Schemes	2	0.02	4 985 240	1.06
Stockbrokers & Nominees	13	0.16	899 467	0.19
Trust	151	1.81	82 238 793	17.50
Total	8 335	100.00	470 022 741	100.00
Non-Public Shareholders	**10**	**0.12**	**90 601 055**	**19.28**
Directors and Associates (Direct Holding)	3	0.04	7 464 000	1.59
Directors and Associates (Indirect Holding)	4	0.05	63 337 000	13.48
GPI Women's BBBEE Empowerment Trust	1	0.01	14 814 815	3.15
Collective Investment Schemes	2	0.02	4 985 240	1.06
Public Shareholders	8 325	99.88	379 421 686	80.72
Total	8 335	100.00	470 022 741	100.00

Fund Managers With A Holding Greater Than 3% of The Issued Shares		
Foord Asset Management	50 786 676	10.72
Investec Asset Management	34 496 963	7.28
Kagiso Asset Management	23 959 064	5.06
Sanlam Investment Management	18 628 619	3.93
Total	127 871 322	26.99
Beneficial Shareholders With A Holding Greater Than 3% Of The Issued Shares		
Mr Hassen Adams	63 800 938	13.47
The Chandos Trust	47 268 792	9.98
GPI Management Services	24 000 000	5.07
Foord Equity Fund	23 278 514	4.95
Investec Value Fund	21 910 864	4.66
GPI Women's BBBEE Empowerment Trust	14 814 815	3.13
Total	195 073 923	41.25

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