GRAND PARADE

INVESTMENTS LIMITED

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2022


2022
HUNDRED

CONTENTS

COMMENTARY
FOR THE YEAR ENDED 30 JUNE 2022

NATURE OF THE BUSINESS

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

The condensed consolidated financial statements of the Group incorporates the equity accounted profit or loss of associated companies and joint ventures.

Group earnings Year ended		Note	**30 June 2022**	30 June 2021 Restated*
Headline earnings/(loss)	(R'000)	4	**(13 749)**	(27 028)
– Continuing	(R'000)		**1 647**	12 777
– Discontinued	(R'000)		**(15 396)**	(39 805)
Adjusted Headline earnings/(loss)**	(R'000)		**47 928**	(27 028)
Adjusted Headline earnings/(loss) per share**	(cents)		**11.14**	(6.29)
Headline and diluted headline earnings/(loss) per share	(cents)	4	**(3.20)**	(6.29)
– Continuing	(cents)		**0.38**	2.97
– Discontinued	(cents)		**(3.58)**	(9.26)
Basic loss – net profit/(loss) for the year (R'000s)		4	**(11 736)**	(28 993)
– Continuing	(R'000)		**(25 350)**	13 762
– Discontinued	(R'000)		**13 614**	(42 755)
Basic and diluted earnings/(loss) per share (cents)		4	**(2.73)**	(6.75)
– Continuing	(cents)		**(5.89)**	3.20
– Discontinued	(cents)		**3.16**	(9.95)
Dividends net of treasury shares	(R'000)		**531 946**	–
Special dividend per share	(cents)		**125**	–

* *Restated for discontinued operations.*
** *Adjusted to exclude Expected Credit Loss and the write-off of receivables related to Mac Brothers.*

Grand Parade Investments (GPI) performed well over the financial year with headline loss for the year improving by R13.3 million (49%) from a loss of R27.0 million to a loss of R13.7 million. The loss in the current year includes an impairment against the inter company loan with Mac Brothers (expected credit loss) and a write-off of receivables, which was realised when control of the subsidiary was lost, as a result of the liquidation of the company. The total adjustments amount to R61.7 million and if this amount is excluded from the headline loss, it would result in an adjusted headline earnings of R47.9 million, a R74.9 million improvement from a R27.0 million loss posted in the prior year.

The positive performance of the Group was underpinned by the turnaround of the gaming assets which had been impacted by COVID-19 and the related lock down restrictions in the prior year. On the 1st of October 2021, South Africa moved to alert level 1 which allowed businesses to trade with no curfew. Capacity restrictions remained in place for the most part of the year which together with rising inflation and sustained power outages prevented a full recovery of the gaming businesses. Despite this the gaming assets contributed R107.9 million to headline earnings over the year, an increase of R34.9 million (48%), compared to the prior year.

During the year, GPI made good progress on the implementation of its strategy to unlock value, which was showcased by the completion of the Burger King South Africa (BKSA) sale and the unbundling of the Group's interest in Spur Corporation (Spur). Together these initiatives allowed the Group to return R1.25 per share to shareholders and reduce debt by 41% or R95.9 million. Mac Brothers continued to perform poorly, resulting in the decision to place the business under voluntary liquidation on the 4th of April 2022.

Management's continued efforts to reduce costs also contributed to the improvement in the Group's performance. Central costs decreased by a further 12% over the year. Corporate costs excluding transaction and finance related costs decreased by 18% over the year, while finance costs decreased by 56% due to the decrease in overall debt.

The improvement in adjusted headline earnings from continuing operations was offset by losses from discontinued operations which relate to the Mac Brothers business. Mac Brothers posted a loss of R31.4 million for the period up to liquidation which includes a loss of R21.6 million related to the impairment on inventory (sold during the liquidation proceedings) and other liquidation costs. These losses are not expected in the next financial year as the business is being liquidated.

GROUP FINANCIAL REVIEW

The Group uses headline earnings to assess the underlying investment contributions to the Group's earnings. The reason for using headline earnings is that it eliminates the once-off effects of the Group's investment activities and therefore provides a comparable view of the Group's continuing earnings. In the current financial year, included in headline earnings is the impairment of the intercompany loan with Mac Brothers (expected credit loss) and write-off of receivables which are once off non-reoccurring events and thus the Group reported an Adjusted Headline Earnings which excluded these losses and write-offs. In the current financial year the Group disposed of BKSA and in the process of liquidating Mac Brothers. Both these businesses have been classified as discontinued operations.

GPI reported an improvement in its adjusted headline earnings (excludes impairment of loan and write-off of receivables) from a loss of R27.0 million to a profit of R47.9 million.

The major contributors to adjusted headline earnings are:

- BKSA's headline earnings contribution improved by R25.8 million during the year from a loss of R13.7 million in the prior year to a profit of R12.1 million during the four months of trading before ownership transferred to Emerging Capital Partners (ECP).
- The gaming assets' headline earnings contribution increased by R34.9 million from R73.0 million in the prior year to R107.9 million in the current year. The increase in earnings is largely due to the recovery of Sun Slots and SunWest in the current year due to the easing of the COVID-19 related restrictions and the improvement in trading conditions during the year.
- Spur resumed dividends during the year which accounted for a positive contribution to headline earnings of R9.3 million from a loss in the prior year.
- Grand Foods Meat Plant (GFMP) reduced its headline loss contribution by R6.8 million and contributed positively for the four months of trading.
- Central costs decreased by R6.6 million in the current year largely as a result of reduced finance costs, which reduced by R5.9 million and a reduction in Corporate costs which decreased by R5.8 million due to aggressive cost saving initiatives implemented during the year.
- The improvements in earnings listed above were offset by Mac Brothers' loss contribution for the year which deteriorated by R8.4 million from R23.0 million in the prior year to a loss of R31.4 million in the current period. This loss includes an impairment of inventory amounting to R21.6 million realised after the assets were auctioned off by the liquidator.

The table below sets out the contribution each investment made to Group headline earnings:

	30 June 2022 R'000	30 June 2021 Restated R'000	Movement R'000	Movement %
Food	**9 279**	(73)	9 352	–
Spur	**9 279**	(73)	9 352	–
Gaming	**107 904**	72 978	34 926	48%
SunWest	**39 174**	25 249	13 925	55%
Sun Slots	**65 831**	44 770	21 061	47%
Worcester Casino	**2 248**	1 389	859	62%
Infinity Gaming Africa	**651**	1 570	(919)	(59%)
Central costs	**(50 199)**	(56 765)	6 566	12%
Corporate Costs (excl Transaction costs, legal fees, tax and finance cost)	**(26 881)**	(32 695)	5 814	18%
Transaction costs, legal fees and taxation	**(15 082)**	(16 467)	1 385	8%
Net finance costs	**(4 608)**	(10 564)	5 956	56%
GPI Properties	**(3 628)**	2 961	(6 589)	(223%)
Expected credit loss and write-off of receivables relating to Mac Brothers (A)	**(61 677)**	–	(61 677)	–
Loan impairment	**(48 081)**	–	(48 081)	–
Receivable write-off	**(13 596)**	–	(13 596)	–
Headline earnings – Continuing operations (B)	**5 307**	16 140	(10 833)	(67%)
Adjusted Headline earnings – Continuing operations (B–A)*	**66 984**	16 140	50 844	292%
Discontinued operations (C)	**(19 056)**	(43 168)	24 112	56%
Burger King	**12 091**	(13 709)	25 800	188%
Mac Brothers	**(31 412)**	(22 968)	(8 444)	(37%)
Grand Foods Meat Plant	**265**	(6 491)	6 756	104%
Headline earnings (B+C)	**(13 749)**	(27 028)	13 279	49%
Adjusted Headline earnings – (B+C-A)*	**47 928**	(27 028)	74 956	277%

* *Adjusted to exclude Expected Credit Loss (loan impairment) and the write-off of receivables related to the liquidation of Mac Brothers. These have been excluded as they are non-reoccurring and non-cash.*

DIVIDENDS

A special dividend of 88 cents per share was declared on 11 November 2021 and paid on 6 December 2021. In addition, the Group's investment in Spur was unbundled and distributed as a dividend *in specie* on 17 June 2022 which amounted to a dividend of 37 cents per share.

An ordinary dividend of 12 cents per share has been declared relating to the 2022 financial year and will be payable during December 2022.

CAPITAL STRUCTURE

The Group reduced its debt by R95.9 million during the year mainly as a result of a repayment of R87.0 million on the preference debt and interest and R7.5 million on the term loan.

		30 June 2022	30 June 2021	Movement	
		R'000	R'000	R'000	%
Holding company facilities		**100 000**	186 971	(86 971)	(47%)
SunWest and Sun Slots	Preference shares	**100 000**	186 971	(86 971)	(47%)
Subsidiary facilities		**35 868**	44 846	(8 978)	(20%)
GPI Properties	Term loans (Mortgage)	**35 868**	43 365	(7 497)	(17%)
Mac Brothers	Finance leases	**–**	1 125	(1 125)	(100%)
Burger King	Finance leases	**–**	356	(356)	(100%)
Total Debt		**135 868**	231 817	(95 949)	(41%)
Debt/EBITDA		**2.21**	7.12*	(4.91)	(69%)
Net debt/EBITDA		**(0.83)**	1.61	(2.44)	(152%)
Debt/Equity		**12.0%**	13.8%	(1.80%)	(13%)

** Restated to exclude discontinued operations*

REVIEW OF INVESTMENT OPERATIONS

FOOD

Burger King

Four months of BKSA trade have been included against a full year in the prior year as the sale of the business was completed in November 2021. BKSA's total restaurant revenue for the four-month period grew by R70.6 million from R428.5 million to R499.1 million in the current year (2021: Full year R1.350 billion).

BKSA realised a Company EBITDA of R31.6 million compared to R17.7 million in the prior period (2021: Full year R51.7 million).

Spur

During the period a total dividend of 111 cents was declared and paid by Spur (2021: nil) which resulted in a profit contribution by Spur of R9.3 million against a loss of R0.1 million in the prior year.

Grand Foods Meat Plant

GFMP is directly influenced by BKSA's performance through their agreement with BKSA's main logistics partner, Digistics (Pty) Ltd. The results of the meat plant have been included for four months in the current year. GFMP's revenue for the four months increased by 24% from R59 million to R73.5 million compared to the same period in the prior year.

GFMP's earnings for the year resulted in a R0.3 million profit after tax, compared to the R1.4 million profit after tax in the prior year.

Mac Brothers Catering Equipment

During the financial year, after a protracted period of trying to sell the business, the board resolved to place Mac Brothers under voluntary liquidation in order to limit the losses and reduce the cash drain on the Group. The business has been deconsolidated from the date that the liquidator was appointed and has been treated as discontinued operations in the results. These results include ten months of trading for the financial year. During the ten-month period revenue decreased by R36.8 million from R101.1 million to R58.9million and gross profit by R5.6 million from R26.5 million to R20.9 million.

Profit and loss after tax excluding impairments and loss on sale of property, plant and equipment (PPE) amounted to a loss of R30.1 million. During the liquidation assets to the value of R25.9 million were impaired taking the full loss for the period to R35.8 million.

GAMING

SunWest

SunWest's revenue for the year increased by R391.7 million from R1 328 million in the prior year to R1 719 million in the current year. Revenue was 32% below 2019 (pre-COVID-19) revenue of R2 534.0 million. EBITDA for the year increased by 19% from R404.6 million in the prior year to R533.2 million in the current year which is 48% lower than the 2019 EBITDA of R938.0 million. Net Profit after tax increased by 31% to R218.8 million for the year (2021: R167.2 million). SunWest received R50 million in business interruption claims during the prior year which are included in the results stated above.

Total dividends of R350.0 million were paid for the year of which the Group's portion amounted to R52.9 million.

Sun Slots

The Sun Slots business has been resilient throughout the pandemic period with a strong recovery in trading over the prior year. Sun Slots increased revenue by 19% from R1 191 million in the prior year to R1 414 million in the current year. The revenue for the current year is R178 million ahead of that of the pre COVID-19 levels (2019: R1 236 million). EBITDA for the year increased by 34% from R298.8 million in the prior year to R401.7 million in the current year and is R85.29 million ahead of pre-COVID-19 levels. Net Profit after Tax increased by R68.3 million from R151.1 million in the prior year to R219.4 million in the current year, which is R35.6 million ahead of the corresponding period in 2019. Sun Slots received R62.9 million in business interruption claims during the year which are included in the results stated above.

Dividends of R250.0 million were paid for the year of which the Group's portion amounted to R75.0 million.

Worcester

Worcester revenue for the year increased by R3.5 million from R116.6 million in the prior year to R120.2 million in the current year. EBITDA for the current year decreased by R12.6 million to R10.9 million from R 23.5 million. Dividends of R25.2 million were paid for the year of which the Group's portion amounted to R3.8 million. Included in the results of worcester are extra ordinary expenses amounting to R4.7 million. The Group's portion amounts to R0.7 million.

OTHER

Central costs

The Group's net central costs (excluding finance cost, and transaction costs) for the year amounted to R26.9 million, which is 18% lower than central costs of R32.7 million in the prior year. Included in central costs are costs related to the final round retrenchments which were completed in March 2022 following the sale of BKSA which amounted to R0.8 million in the current year.

Going concern

The Condensed Consolidated Financial Statements have been prepared on the going concern basis.

Management performed various scenario analyses considering the likelihood of a further impact of COVID-19, the liquidation of its catering business and various contractual obligations. Based on this assessment and the available financial resources of the Group together with anticipated cash flows from continuing operations, which were stress tested, management is satisfied and comfortable to confirm the going concern status of the Group. The Board has performed a review of the Group's ability to continue trading as a going concern in the foreseeable future and based on this review, consider the presentation of the financial statements on a going concern basis to be appropriate.

There are no pending legal or arbitration proceedings which have had or may have a material effect on the financial position of the Group.

Subsequent events

During August 2022 the transfer of the Meat Plant property was finalised and the funds received. These funds were utilised to repay R20.0 million of the corresponding mortgage facility in August 2022.

Refer to note 12 for disclosure around contingent liabilities arising from the cancellation of the lease.

Total dividend over the last quarter from equity accounted investments amounted to R33.5 million.

PROSPECTS

Over the last year GPI has made good progress on the implementation of its value unlock strategy and has completed several key initiatives such as; the sale of BKSA, the unbundling of the Group's interest in Spur and the recent liquidation of Mac Brothers. In addition, the Group has reduced debt and head office costs which has strengthened the financial position of the Group.

GPI is now left with its 15.1% interest in SunWest, 15.1% interest in Golden Valley Casino, 30% interest in Sun Slots and two non-core properties. The gaming businesses have performed extremely well following the lifting of all COVID-19-related restrictions. Sun Slots, in particular, has been resilient to the tough trading restrictions and has surpassed pre-COVID-19 levels. We expect trading conditions to continue to improve over the second half calendar year as international travel improves which will assist the recovery of Grand West and the Table Bay Hotel. All GPI's gaming businesses have resumed dividend payments and are well positioned to capitalise on the expected improvement in trading conditions over the next year. With a further reduction in head office costs dividend income from the gaming businesses will flow through to shareholders.

Furthermore, GPI has commenced a process to unlock value for shareholders through the sale of assets and distribution of capital to shareholders. Any reference to future financial performance and prospects has not been reviewed by or reported on by the Group's auditors.

INDEPENDENT AUDITOR'S REVIEW REPORT

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Grand Parade Investments Limited

We have reviewed the condensed consolidated financial statements of Grand Parade Investments Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 30 June 2022 and the condensed consolidated statements of profit or loss and other Comprehensive Income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1.1 to the financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a provisional report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on these financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 30 September 2021.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Grand Parade Investments Limited for the year ended 30 June 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1.1 to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor
Per: Carmeni Naidoo Bester
Partner
30 September 2022

5 Magwa Crescent
Waterfall City
Waterfall

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R'000	*Restated 2021 R'000
CONTINUING OPERATIONS			
Revenue	6.1	**17 527**	1 012
Cost of Sales		**–**	–
Gross profit		**17 527**	1 012
Operating costs		**(92 020)**	(46 621)
Profit from equity-accounted investments		**107 905**	73 253
Expected credit loss**		**(50 820)**	–
Finance income		**4 297**	2 927
Finance costs		**(11 663)**	(18 252)
(Loss)/profit before taxation		**(24 774)**	12 319
Taxation		**(576)**	1 443
(Loss)/profit or loss for the year from continuing operations		**(25 350)**	13 762
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations	7.2	**13 773**	(44 387)
Loss for the period for the year		**(11 577)**	(30 625)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss		**3 172**	19 092
Realised fair value adjustments on investments held at fair value through OCI		**2 242**	–
Unrealised fair value adjustments on investments held at fair value through OCI		**930**	19 092
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(8 405)**	(11 533)
(Loss) / profit for the period from continuing operations attributable to:			
– Ordinary shareholders		**(25 350)**	13 762
Profit/(loss) for the period from discontinued operations attributable to:			
– Ordinary shareholders		**13 614**	(42 755)
– Non-controlling interest		**159**	(1 632)
		(11 577)	(30 625)
Total comprehensive loss/(profit) from continuing operations attributable to:			
– Ordinary shareholders		**(22 178)**	32 854
Total comprehensive profit/(loss) from discontinued operations attributable to:			
– Ordinary shareholders		**13 614**	(42 755)
– Non-controlling interest		**159**	(1 632)
		(8 405)	(11 533)

		Cents	Cents
Basic earnings/(loss) per share	4.5	**(2.73)**	(6.75)
– Continuing operations	4.5	**(5.89)**	3.20
– Discontinued operations	4.5	**3.16**	(9.95)
Diluted earnings/(loss) per share	4.5	**(2.73)**	(6.75)
– Continuing operations	4.5	**(5.89)**	3.20
– Discontinued operations	4.5	**3.16**	(9.95)

* *The prior year comparatives have been restated to separately reflect the results of discontinued operations (refer note 7) and to reflect the Statement of Profit or Loss and Other Comprehensive Income by function. Refer note 2.*

** *Expected credit loss includes to the impairment of the intercompany loan with Mac Brothers. Write-off of receivables have been included under operating expenses.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non-current assets		**1 075 652**	2 268 137
Investments in jointly controlled entities		**624 485**	638 160
Investments in associates		**341 536**	351 611
Investments held at fair value through OCI		**14 695**	162 619
Goodwill	8,1	**–**	55 104
Investment properties		**76 500**	–
Property, plant and equipment		**1 415**	554 815
Intangible assets		**12**	20 703
Right-of-use assets		**–**	295 964
Deferred tax assets		**3 052**	189 161
Deferred proceeds	7.5	**13 957**	–
Assets classified as held for sale	9	**44 650**	25 050
Current assets		**198 537**	324 507
Inventory		**305**	53 934
Related party receivable*		**6 032**	22 473
Trade and other receivables		**3 959**	116 866
Income tax receivable		**1 329**	4 002
Cash and cash equivalents		**186 912**	127 232
Total assets		**1 318 839**	2 617 694
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity		**1 140 901**	1 710 243
Ordinary share capital		**798 586**	798 586
Treasury shares		**(152 790)**	(153 079)
Accumulated profit		**502 921**	1 176 897
Investments held at fair value reserve		**(8 638)**	(113 028)
Share based payment reserve		**822**	867
Non controlling-interest		**–**	(34 612)
Total shareholders' equity		**1 140 901**	1 675 631
Non-current liabilities		**102 303**	521 919
Preference shares		**100 000**	131 711
Interest-bearing borrowings		**–**	10 304
Lease liabilities		**–**	365 886
Provisions		**120**	10 580
Deferred tax liabilities		**2 183**	3 438
Current liabilities		**75 635**	420 144
Preference shares		**–**	55 260
Interest-bearing borrowings		**35 868**	33 061
Lease liabilities		**–**	33 444
Provisions		**316**	12 996
Trade and other payables		**5 708**	172 725
Dividends payable		**21 267**	10 129
Dividend tax payable		**12 362**	–
Income tax payable		**114**	190
Bank overdraft		**–**	102 339
Total equity and liabilities		**1 318 839**	2 617 694

* *This relates to a receivable from Mac Brothers and Infiniti Gaming.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Ordinary share capital R'000	Treasury shares R'000	Accumu-lated profits R'000	Investments held at fair value reserve R'000	Share-based payment reserve R'000	Non-controlling interest R'000	Total equity R'000
Balance at 30 June 2020	798 586	(153 962)	1 205 929	(132 120)	914	(32 980)	1 686 367
Total comprehensive profit/(loss) for the year	–	–	(28 993)	19 092	–	(1 632)	(11 533)
– Profit for the year from continuing operations	–	–	13 762	–	–	–	13 762
– Loss for the year from discontinued operations	–	–	(42 755)	–	–	(1 632)	(44 387)
– Other comprehensive income	–	–	–	19 092	–	–	19 092
Treasury shares allocated to employees	–	883	(813)	–	(70)	–	–
Share-based payment reserve expense	–	–	–	–	748	–	748
Share options lapsed	–	–	775	–	(725)	–	50
Balance at 30 June 2021	**798 586**	**(153 079)**	**1 176 898**	**(113 028)**	**867**	**(34 612)**	**1 675 632**
Total comprehensive profit/(loss) for the year	**–**	**–**	**(11 577)**	**3 172**	**–**	**–**	**(8 405)**
– Loss for the year from continuing operations	**–**	**–**	**(25 350)**	**–**	**–**	**–**	**(25 350)**
– Profit for the year from discontinued operations	**–**	**–**	**13 773**	**–**	**–**	**–**	**13 773**
– Other comprehensive income	**–**	**–**	**–**	**3 172**	**–**	**–**	**3 172**
Realised fair value adjustments on investments held at fair value through OCI	**–**	**–**	**(101 218)**	**101 218**	**–**	**–**	**–**
Increase in BKSA investment	**–**	**–**	**(16 726)**	**–**	**–**	**16 726**	**–**
Dividends paid	**–**	**–**	**(544 212)**	**–**	**–**	**–**	**(544 212)**
Treasury shares allocated to employees	**–**	**289**	**(244)**	**–**	**(45)**	**–**	**–**
Derecognition of BKSA non-controlling interest	**–**	**–**	**–**	**–**	**–**	**17 886**	**17 886**
Balance at 30 June 2022	**798 586**	**(152 790)**	**502 921**	**(8 638)**	**822**	**–**	**1 140 901**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 R'000	*Restated 2021 R'000
Cash flows from operating activities			
Net cash utilised by operations		**(16 175)**	(20 933)
Income tax paid		**(262)**	–
Finance income received		**4 297**	2 927
Cash inflow from discontinued operations	7.3	**73 082**	93 542
Net cash (outflow)/inflow from operating activities		**60 942**	75 536
Cash flows from investing activities			
Proceeds from sale of BKSA and GFMP investments		**477 394**	–
Proceeds from disposal of investment property		**–**	32 000
Dividends received		**142 384**	72 001
Cash outflow from discontinued operations	7.3	**(37 123)**	(50 235)
Net cash inflow from investing activities		**582 655**	53 766
Cash flows from financing activities			
Dividends paid		**(369 912)**	–
Employee loans		**17 682**	–
Preference shares redemption		**(184 988)**	(16 002)
Preference shares issued		**100 000**	–
Bridging facility raised		**100 000**	–
Bridging facility repaid		**(100 000)**	–
Repayment of interest-bearing loans		**(7 500)**	(10 996)
Related party loans		**2 500**	–
Finance costs		**(11 663)**	(18 252)
Cash (outflow)/inflow from discontinued operations	7.3	**(130 036)**	22 234
Net cash outflow from financing activities		**(583 916)**	(23 016)
Net increase in cash and cash equivalents		**59 680**	106 289
Cash and cash equivalents at the beginning of the year		**127 232**	20 943
Total cash and cash equivalents at the end of the year		**186 912**	127 232

* *The prior year figures have been restated for the separate disclosure of discontinued operations. Refer note 7.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial results

The condensed consolidated financial statements for the year ended 30 June 2022 are prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act of South Africa. This provisional report is prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting. The Group has not early adopted any standard, interpretation or amendments that has been issued but is not yet effective. During the year, various new and revised accounting standards became effective, however, their implementation had no impact on the results of either the current or prior year except as indicated in Note 1.2.

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 30 June 2021.

These condensed consolidated financial statements have been prepared under the supervision of J October CA(SA), chief financial officer, and were approved by the board of directors on Thursday, 29 September 2022. The directors take full responsibility for the preparation of these condensed reviewed consolidated financial statements.

1.2 Changes in accounting policies

The Group has adopted all the new, revised and amended accounting standards which were effective for the Group from 1 July 2021. None of the adoptions had a significant impact on the results of the Group.

2. RESTATEMENT OF PRIOR YEAR COMPARATIVES

During the current year the Statement of Profit or Loss and Other Comprehensive income was restated to bring it in line with a Statement of Profit or Loss and Other Comprehensive income by function as this was previously erroneously shown as a blend of function and nature. The changes to the prior year Statement of Profit/(loss) and other Comprehensive Income resulting from the restatement are shown below. During the year the entity accounted for BKSA, GFMP and Mac Brothers as discontinued operations (refer Note 7) and the restatement have also been shown below.

	Previously stated 2021 R'000	Function adjustment R'000	Discontinued operations R'000	Restated Total
Revenue	1 675 828	–	(1 674 816)	1 012
Cost of Sales	(934 433)	–	934 433	–
Gross profit	741 395	–	(740 383)	1 012
Operating costs	(683 785)	(111 334)	748 498	(46 621)
Profit/(loss) from operations	57 610	(111 334)	8 115	(45 609)
Profit from equity-accounted investments	73 253	–	–	73 253
Expected credit losses	(742)	–	742	–
Profit on sale of investment property	2 289	(2 289)	–	–
Impairment of assets	(4 557)	4 557	–	–
Depreciation	(103 832)	103 832	–	–
Amortisation	(5 234)	5 234	–	–
Profit before finance costs and taxation	18 787	–	8 857	27 644
Finance income	3 794	–	(867)	2 927
Finance costs	(62 031)	–	43 779	(18 252)
(Loss)/profit before taxation	(39 450)	–	51 769	12 319
Taxation	8 825	–	(7 382)	1 443
(Loss)/profit for the period from continuing operations	(30 625)	–	44 387	13 762

The change to the presentation of the Statement of Profit or Loss and Other Comprehensive Income to a functional presentation had no impact on headline earnings per share or earnings per share.

3. 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. Central costs aggregates all the groups head office companies.

Listed below is a detailed segment analysis:

	External revenue		Inter-segment revenue[(1)]		Cost of sales		Operating costs[(2)]		Equity accounted earnings		EBITDA[(3)]	
	2022 R'000	*Restated 2021 R'000	2022 R'000	*Restated 2021 R'000	2022 R'000	*Restated 2021 R'000	2022 R'000	*Restated 2021 R'000	2022 R'000	*Restated 2021 R'000	2022 R'000	*Restated 2021 R'000
Food	**10 729**	–	**–**	–	**–**	–	**(1 464)**	(73)	**–**	–	**9 265**	(73)
Spur	**10 729**	–	**–**	–	**–**	–	**(1 464)**	(73)	**–**	–	**9 265**	(73)
Gaming and leisure	**–**	–	**–**	–	**–**	–	**–**	–	**107 905**	73 253	**107 905**	73 253
SunWest	**–**	–	**–**	–	**–**	–	**–**	–	**39 175**	25 250	**39 175**	25 250
Sun Slots	**–**	–	**–**	–	**–**	–	**–**	–	**65 831**	45 157	**65 831**	45 157
Worcester Casino	**–**	–	**–**	–	**–**	–	**–**	–	**2 248**	1 276	**2 248**	1 276
Infinity Gaming Africa	**–**	–	**–**	–	**–**	–	**–**	–	**651**	1 570	**651**	1 570
Group costs	**6 798**	1 012	**1 136 241**	39 155	**–**	–	**(62 428)**	(43 922)	**–**	–	**(55 710)**	(42 910)
GPI Properties	**6 798**	821	**7 989**	15 713	**–**	–	**(10 137)**	4 643	**–**	–	**(3 125)**	5 464
Central costs	**–**	191	**1 128 252**	23 442	**–**	–	**(52 291)**	(48 565)	**–**	–	**(52 585)**	(48 374)
Continuing operations	**17 527**	1 012	**1 136 241**	39 155	**–**	–	**(63 892)**	(43 995)	**107 905**	73 253	**61 460**	30 270

* *The prior year has been restated for the separate disclosure of discontinued operations. Refer note 7.*

(1) *Inter-segment sales are charged at prevailing market prices.*

(2) *Certain costs are presented pre elimination of intergroup charges and net profit is after these eliminations.*

(3) *EBITDA excludes inter-segment revenue, impairments and expected credit loses.*

Impairments of assets and goodwill		Depreciation and amortisation		Finance income		Finance costs		Net profit/(loss) after tax		Total assets		Total liabilities	
2022 R'000	*Restated 2021 R'000	**2022 R'000**	*Restated 2021 R'000	**2022 R'000**	*Restated 2021 R'000	**2022 R'000**	*Restated 2021 R'000	**2022 R'000**	*Restated 2021 R'000	**2022 R'000**	*Restated 2021 R'000	**2022 R'000**	*Restated 2021 R'000
–	–	**–**	–	**15**	–	**–**	–	**9 280**	(73)	**–**	162 709	**–**	(254)
–	–	**–**	–	**15**	–	**–**	–	**9 280**	(73)	**–**	162 709	**–**	(254)
					–								
–	–	**–**	–	**–**	–	**–**	–	**107 905**	73 253	**966 020**	989 771	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**39 175**	25 250	**624 485**	638 160	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**65 831**	45 157	**316 083**	325 252	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**2 248**	1 276	**23 200**	24 758	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**651**	1 570	**2 252**	1 601	**–**	–
(26 997)	–	**(1 131)**	(1 164)	**4 282**	1 029	**(11 663)**	(15 605)	**(142 615)**	(59 418)	**352 818**	314 873	**(180 581)**	(271 465)
(13 715)	–	**(1 060)**	(1 089)	**12**	43	**(2 786)**	(3 950)	**(21 748)**	6 914	**131 187**	158 105	**(40 125)**	(64 101)
(13 282)	–	**(71)**	(75)	**4 270**	986	**(8 877)**	(11 655)	**(120 867)**	(66 332)	**221 631**	156 768	**(140 456)**	(207 364)
(26 997)	–	**(1 131)**	(1 164)	**4 297**	1 029	**(11 663)**	(15 605)	**(25 350)**	13 762	**1 318 838**	1 467 353	**(180 581)**	(271 719)

4. 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.

		2022 R'000 Gross	2022 R'000 Net	*Restated 2021 R'000 Gross	*Restated 2021 R'000 Net
4.1	***Reconciliation of the loss for the year attributable to ordinary shareholders***				
	Basic and diluted loss per share reconciliation				
	Loss for the year		**(11 577)**		(30 625)
	– Continuing operations		**(25 350)**		13 762
	– Discontinued operations		**13 773**		(44 387)
	Non-controlling interest		**(159)**		1 632
	Loss for the year attributable to ordinary shareholders		**(11 736)**		(28 993)
	No adjustments have been made to basic earnings in the calculation of diluted earnings.				
4.2	***Reconciliation of headline (loss)/earnings for the year***				
	Loss for the year attributable to ordinary shareholders		**(11 736)**		(28 993)
	Continuing operations:				
	Impairment of property, plant and equipment	**13 715**	**13 715**		
	Impairment of associates	**13 281**	**13 281**		
	Profit on disposal of investment property	**–**	**–**	(2 289)	(752)
	Profit on disposal of plant and equipment of equity-accounted investments	**–**	**–**	(324)	(233)
	Discontinued operations:				
	Impairment of intangible assets	**–**	**–**	242	174
	Profit on derecognition of subsidiary	**(68 196)**	**(68 196)**		
	Impairment of property, plant and equipment	**4 418**	**4 418**	4 315	2 776
	Loss on disposal of investment in BKSA and GFMP	**34 769**	**34 769**	–	–
	Total headline loss		**(13 749)**		(27 028)
	Total headline earnings/(loss)				
	– Continuing operations		**1 647**		12 777
	– Discontinued operations		**(15 396)**		(39 805)
			(13 749)		(27 028)

4. BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

		2022 R'000 Gross	2022 R'000 Net	*Restated 2021 R'000 Gross	*Restated 2021 R'000 Net
			000s		000s
4.3	***Reconciliation of WANOS – net of treasury shares***				
	Shares in issue at beginning of the year		**429 718**		429 485
	Treasury shares issued to employees		**159**		17
			429 877		429 502
4.4	***Reconciliation of diluted WANOS – net of treasury shares***				
	WANOS in issue – net of treasury shares		**429 877**		429 502
	Effects of dilution from:				
	Share options		**–**		–
	Diluted WANOS in issue – net of treasury shares		**429 877**		429 502
4.5	***Statistics***		**Cents**		Cents
	Basic earnings/(loss) per share		**(2.73)**		(6.75)
	– Continuing operations		**(5.89)**		3.20
	– Discontinued operations		**3.16**		(9.95)
	Diluted earnings/(loss) per share		**(2.73)**		(6.75)
	– Continuing operations		**(5.89)**		3.20
	– Discontinued operations		**3.16**		(9.95)
	Headline earnings/(loss) per share		**(3.20)**		(6.29)
	– Continuing operations		**0.38**		2.97
	– Discontinued operations		**(3.58)**		(9.26)
	Diluted headline earnings/(loss) per share		**(3.20)**		(6.29)
	– Continuing operations		**0.38**		2.97
	– Discontinued operations		**(3.58)**		(9.26)

5. EMPLOYEE BENEFITS

5.1 Director's emoluments

2022	Salary R'000	Long-term benefits[1] R'000	Bonuses R'000
Executive directors			
M Tajbhai	**1 933**	**287**	**1 767**
J October	**1 513**	**150**	**1 136**
Sub-total	**3 446**	**437**	**2 903**
Non-executive directors			
A Abercrombie	**–**	**–**	**–**
W Geach	**–**	**–**	**–**
M Bowman	**–**	**–**	**–**
R van Dijk	**–**	**–**	**–**
M Nkosi	**–**	**–**	**–**
R Kader			
Sub-total	**–**	**–**	**–**
Total	**3 446**	**437**	**2 903**

[1] *Long-term benefits relate to defined retirement contributions.*

2021	Salary R'000	Long-term benefits[1] R'000	Bonuses R'000
Executive directors			
M Tajbhai	1 868	202	914
J October	1 492	108	792
Sub-total	3 360	310	1 706
Non-executive directors			
A Abercrombie	–	–	–
W Geach	–	–	–
M Bowman	–	–	–
R van Dijk	–	–	–
M Nkosi	–	–	–
R Kader			
Sub-total	–	–	–
Total	**3 360**	**310**	**1 706**

[1] *Long-term benefits relate to defined retirement contributions.*

Director's fees R'000	**Audit and risk committee R'000**	**Remuneration and nomination committee R'000**	**Investment committee R'000**	**Social and ethics committee R'000**	**Total remuneration R'000**	**Share-based payment expense R'000**
–	**–**	**–**	**–**	**–**	**3 987**	**282**
–	**–**	**–**	**–**	**–**	**2 799**	**92**
–	**–**	**–**	**–**	**–**	**6 786**	**374**
749	**–**	**77**	**77**	**90**	**993**	**–**
281	**224**	**–**	**–**	**–**	**505**	**–**
230	**108**	**113**	**77**	**–**	**528**	**–**
241	**123**	**–**	**–**	**–**	**364**	**–**
230	**–**	**77**	**113**	**–**	**420**	**–**
241	**–**	**77**	**–**	**61**	**379**	**–**
1 972	**455**	**344**	**267**	**151**	**3 189**	**–**
1 972	**455**	**344**	**267**	**151**	**9 975**	**374**

Director's fees R'000	Audit and risk committee R'000	Remuneration and nomination committee R'000	Investment committee R'000	Social and ethics committee R'000	Total remuneration R'000	Share-based payment expense R'000
–	–	–	–	–	2 984	748
–	–	–	–	–	2 392	–
–	–	–	–	–	5 376	748
904	–	43	74	66	1 087	–
322	159	–	–	–	481	–
284	89	86	58	–	517	–
284	89	–	–	–	373	–
275	–	58	109	–	442	–
273	–	58	–	45	376	–
2 342	337	245	241	111	3 276	–
2 342	**337**	**245**	**241**	**111**	**8 652**	**748**

6. REVENUE

6.1 *Disaggregation of revenue*

	2022 R'000	*Restated 2021 R'000
Other revenue		
Dividends received	**10 729**	–
Other income	**255**	191
Rental income	**6 543**	821
	17 527	1 012

* *The 2021 figures have been restated for the separate disclosure of discontinued operations. Refer to note 7.*

7. DISCONTINUED OPERATIONS

7.1 In April 2022 the board resolved to liquidate its subsidiary Mac Brothers. The liquidator was appointed during April 2022. The business is still currently in liquidation as at the date of approval of these financial statements. During the current year the Group also disposed of all its shares in BKSA and GFMP to ECP. These subsidiaries are accounted for in the discontinued operations below.

The results of discontinued operations are presented below:

7.2 *Results of discontinued operations*

	Mac Brothers		Burger King		Grand Foods Meat Plant		Total	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Revenue	**64 323**	101 364	**512 696**	1 369 463	**75 975**	203 989	**652 994**	1 674 816
Cost of sales	**(43 401)**	(67 131)	**(251 209)**	(670 567)	**(72 741)**	(196 735)	**(367 351)**	(934 433)
Gross profit	**20 922**	34 233	**261 487**	698 896	**3 234**	7 254	**285 643**	740 383
Operating costs	**(52 724)**	(48 670)	**(225 944)**	(683 491)	**(2 683)**	(16 337)	**(281 351)**	(748 498)
Expected credit losses	**–**	–	**(239)**	(742)	**–**	–	**(239)**	(742)
Profit on derecognition of subsidiary	**68 196**	–	**–**	–	**–**	–	**68 196**	–
Profit/(loss) on sale of investments	**–**	–	**27 271**	–	**(62 040)**	–	**(34 769)**	–
Profit/(loss) before finance costs and taxation	**36 394**	(14 437)	**62 575**	14 663	**(61 489)**	(9 083)	**37 480**	(8 857)
Finance income			**–**	794	**–**	73	**–**	867
Finance costs	**(4 028)**	(5 210)	**(13 806)**	(38 211)	**(324)**	(358)	**(18 158)**	(43 779)
Profit/(loss) before taxation	**32 366**	(19 647)	**48 769**	(22 754)	**(61 813)**	(9 368)	**19 322**	(51 769)
Taxation	**–**	–	**(5 587)**	4 505	**38**	2 877	**(5 549)**	7 382
Profit/(loss) for the period	**32 366**	(19 647)	**43 182**	(18 249)	**(61 775)**	(6 491)	**13 773**	(44 387)

7. **DISCONTINUED OPERATIONS** (CONTINUED)

		Mac Brothers		Burger King		Grand Foods Meat Plant		Total	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
7.3	***Cash flows from/(used in) discontinued operations***								
	Net cash used in operating activity	**1 592**	(4 117)	**66 153**	95 858	**5 337**	1 800	**73 082**	93 542
	Net cash generated from/(used in) investing activity	**–**	–	**(37 123)**	(50 235)	**–**	–	**(37 123)**	(50 235)
	Net cash (used in)/generated from financing activity	**(111 561)**	7 490	**(12 158)**	15 103	**(6 318)**	(359)	**(130 036)**	22 234
	Net cash flow for the year	**(109 969)**	3 373	**16 872**	60 726	**(981)**	1 441	**(94 077)**	65 540

7.4	**Impairment of assets**	**2022 R'000**	2021
	Impairment of property, plant, equipment	**(4 418)**	–
	Write down of inventory to net realisable value	**(21 632)**	–

Inventory with a carrying value and PPE with a net book value of R29.2 million and R17.5 million respectively were written down to their net realisable value which represented the proceeds from liquidation amounting to R16.2 million.

7.5 At the time of finalising the financial statements for the prior year the sale of BKSA and GFMP to ECP were subject to several conditions precedent including but not limited to Competition Commission approval which was later granted on the 17th of September 2021 with various punitive conditions. Management subsequently had to renegotiate certain of the terms of the transaction due to the conditions imposed by the Competitions Commission which were only finalised in October 2021. Due to the uncertainty around the transaction and past experience management was of the opinion that there was not sufficient evidence and certainty that the deal would close, therefore BKSA and GFMP were not accounted for as an asset held for sale in terms of IFRS 5 Non-current assets held for sale and discontinued operations. The sale in the current year resulted in these subsidiaries being accounted for as discontinued operations in the current year and the prior year being restated to reflect it as discontinued operations. As part of the transaction, 10% of the proceeds was deferred, with 5% being payable within 6 months of closing and the remaining 5% within 24 months of closing. As at 30 June 2022 the outstanding amount is R14.0 million.

7.6 During the year, the Group deconsolidated Mac Brothers due to the liquidation mentioned above. The net liability position of Mac Brothers was R54.9 resulting in a gain on derecognition of R54.9 million as the value of the consideration was nil. During the year, the Group also disposed of BKSA and GFMP for a consideration of R470.2 million and R20.1 million respectively. The Net asset values BKSA and GFMP were R443.2 million and R82.2 million resulting in a profit/(loss) on disposal of R27.3 million and a loss on disposal of R62.0 million.

8. GOODWILL

8.1 Reconciliation of goodwill

	Grand Foods Meat Plant R'000	Disa Road R'000	Total R'000
2022			
Cost	**53 910**	**1 194**	**55 104**
Accumulated impairment	**–**	**–**	**–**
Carrying value at 1 July 2021	**53 910**	**1 194**	**55 104**
Impairment	**–**	**–**	**–**
Disposal of GFMP and BKSA	**(53 910)**	**(1 194)**	**(55 104)**
Carrying value at 30 June 2022	**–**	**–**	**–**

	Grand Food Meat Plant R'000	Mac Brothers R'000	Disa Road R'000	Total R'000
2021				
Cost	53 910	38 598	1 194	93 702
Accumulated impairment	–	(38 598)	–	(38 598)
Carrying value at 1 July 2020	53 910	–	1 194	55 104
Impairment	–	–	–	–
Carrying value at 30 June 2021	53 910	–	1 194	55 104
Made up of:				
Cost	53 910	38 598	1 194	93 702
Accumulated impairment	–	(38 598)	–	(38 598)

8. **GOODWILL** (CONTINUED)

8.2 Mac Brothers

Revenue of R101.5 million for the year ended 30 June 2021 was R30.0 million lower than reported in the prior period. EBITDA, a loss of R26.2 million for the year ended 30 June 2021 was R33.2 million lower than reported in the prior period.

In the prior year the recoverable amount of the investment was determined to be lower than the carrying value and therefore the goodwill and a portion of the right of use asset was impaired.

	2021 R'000
Impairment calculation:	
Carrying value of investment	79 291
Recoverable amount (VIU)	37 383
Impairment	(41 908)
The impairment has been allocated as follows:	
Goodwill	(38 598)
Right-of-use assets: Property	(3 310)
	(41 908)

In the prior year the Group used the following inputs to calculate the recoverable amount, pre-tax WACC of 19.85% and EBITDA growth of 24%

9. THE ASSETS INCLUDED IN NON-CURRENT ASSETS HELD FOR SALE ARE AS FOLLOWS:

Non-current assets	Notes	**2022 R'000**	2021 R'000
Land and buildings	9.1	**38 700**	19 100
Property, plant and equipment	9.2	**5 950**	5 950
		44 650	25 050

9.1 Reconciliation of land and buildings

	2022 R'000	2021 R'000
Opening balance – 1 July[(1)]	**19 100**	38 009
Transfers from property, plant and equipment[(2)]	**19 600**	–
Disposal	**–**	(18 909)
Closing balance – 30 June	**38 700**	19 100

9.2 Reconciliation of property, plant and equipment

	2022 R'000	2021 R'000
Opening balance – 1 July	**5 950**	5 950
Closing balance – 30 June[(1)]	**5 950**	5 950

(1) *In the prior year the building and the property, plant and equipment that was previously used by Grand Bakery to produce the doughnuts for Dunkin Donuts was transferred to non-current assets held-for-sale when it met the requirements in the prior year, management was unable to negotiate a suitable consideration for the building, in part as a result of the limited commercial activity during lockdown, and as such the sale of the building has not been concluded at 30 June 2022. Management remains committed to selling the building and is currently in negotiations with interested parties and thus the building remains classified as held-for-sale despite the sale not being concluded within 12 months of its initial classification as held-for-sale. Management expects the sale to be concluded within 12 months after 30 June 2022. The building is carried at fair value as determined by an independent valuer.*

(2) *The meat production facility situated in Epping Industria was transferred from property, plant and equipment to non-current asset held for sale. The building was sold and transfer of the property took place on 11 August 2022.*

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2022				
Investments held at fair value – Spur[1]	**14 695**	**–**	**–**	**14 695**
Total	**14 695**	**–**	**–**	**14 695**
2021				
Investments held at fair value – Spur[1]	162 619	–	–	162 619
Total	162 619	–	–	162 619

	2022 R'000	2021 R'000
Current asset	**–**	–
Non-current asset	**14 695**	162 619
	14 695	162 619

[1] *The Groups Investment in the Spur Corporation was unbundled and distributed as a dividend in specie on 17 June 2022, which amounted to a dividend of 37 cents per share. The Group retained an investment as a result of a subsidiary holding treasury shares and receiving Spur shares as a dividend in specie.*

Investments held at fair value – Spur

	Level 1 R'000	Level 3 R'000	Total R'000
2022			
Opening balance – 1 July	**162 619**	**–**	**162 619**
Fair value adjustments	**3 172**	**–**	**3 172**
Disposal	**(151 096)**	**–**	**(151 096)**
Carrying value – 30 June	**14 695**	**–**	**14 695**
2021			
Opening balance – 1 July	143 527	–	143 527
Fair value adjustments	19 092	–	19 092
Closing balance – 30 June	162 619	–	162 619

11. CAPITAL COMMITMENTS

	2022 R'000	2021 R'000
Authorised but not contracted		
Property, plant and equipment	**–**	75 000

12. LIABILITIES, GUARANTEES AND DEBT COVENANTS

Guarantees

The company and Group have provided guarantees for the following related parties debts:

Lease of premises by Mac Brothers with a remaining lease liability of R41.0 million for the remaining lease term. The lease was cancelled by the liquidator in June 2022 and the company no longer has any exposure under the lease agreement. The company could however be liable for damages under the indemnity provided (explanation provided under Contingent liabilities).

Contingent liabilities

The Group has indemnified the landlord of the Mac Brothers properties against any loss suffered/damages due to a cancellation of the lease agreement between Mac Brothers and the landlord. The full outstanding lease liability under the existing lease agreement amounts to R41.0 million (this is the full liability and not necessarily the damages as the landlord has an obligation to mitigate its losses) as previously disclosed under the guarantees. In order to institute a damages claim under the indemnity provision the claimant would have to institute legal action against the GPI. As at 30 June 2022 no legal proceedings have commenced and management have entered into negotiations with the landlord to find a solution in order to avoid a lengthy litigious process.

Debt covenant

During the year, the Group repaid its preference shares with Standard Bank amounting to R186.9 million and issued new preference shares amounting to R100.0 million to First Rand Bank Limited.

The Group have the following debt covenants at year end:

The preference share agreement has the following financial covenants:

- An Asset Cover Ratio of at least 4.50 times must be maintained. The value of the secured assets will be determined with reference to a 5.5x EV/EBITDA multiple. The cover at 30 June 2022 amounted to 11.06 times.

The mortgage loans have the following financial covenants:

- Group must maintain a debt to tangible net worth ratio of no greater than 40%. The ratio was (4.48)% at 30 June 2022 (2021: 14.9%).
- The GPI Group must maintain an interest cover ratio of greater than 4 times during the reporting periods. The interest cover ratio is calculated as EBITDA divided by net interest and was 4.58 times at 30 June 2021 (2021: 2.30 times).

13. REVIEW REPORT

The group's independent auditor, Deloitte & Touche, have reviewed these condensed consolidated financial statements and their unmodified review conclusion is presented on page 8 – 9 and is available for inspection at the registered office. The auditor's review report does not necessarily report on all of the information contained in these reviewed results.

COMPANY INFORMATION

Directors	A Abercrombie (Non-executive Chairman) M Tajbhai (Chief Executive Officer) J October (Chief Financial Officer) WD Geach (Lead independent) MJ Bowman (Non-executive) R van Dijk (Non-executive) M Nkosi (Non-executive) R Kader (Non-executive)
Public Officer	J October CA(SA)
Registration number	1997/003548/06
Domicile and country of incorporation	South Africa
Nature of business	Investment Holding Company
Registered office	10th Floor, 33 on Heerengracht Heerengracht Street Cape Town 8001
Company Secretary	Statucor (Pty) Ltd 6th Floor 119 – 123 Hertzog Boulevard Foreshore Cape Town 8001
Transfer Secretaries	Computershare Investor Services (Pty) Ltd Private Bag X9000 Saxonwold 2132
Sponsors	PSG Capital (Pty) Ltd PO Box 7403 Stellenbosch 7600
Auditors	Deloitte & Touche 5 Magwa Crescent Waterfall City Waterfall Johannesburg 2000
Bankers	The Standard Bank of South Africa Limited First Rand Bank Limited