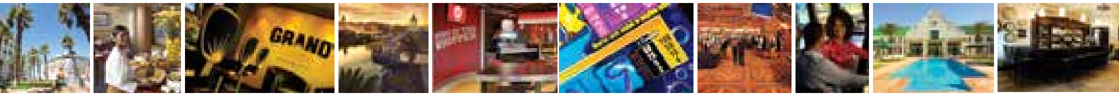
GRAND PARADE
INVESTMENTS LIMITED



Unaudited Interim Results of Grand Parade Investments Limited (GPI) for the six months ended 31 December **2013**

investing in change

Highlights

36%
Increase
in Group revenue

19.2 %
Increase
in Slots Group GGR

560
staff employed
1600
employees to enter our training academy by June 2014
119
New staff entrants as at 31 December 2013

Opened 5 Burger King restaurants

Acquired two additional route operator licenses in Gauteng and Mpumalanga

R2.6 million
contributed to various CSI projects

In excess of
R1 million
generated at inaugural charity event

Condensed Group Statement of Comprehensive Income

for the six months ended 31 December 2013

	Note	**Unaudited 31 December 2013 6 months R000's**	Unaudited 31 December 2012 6 months R000's	Audited 30 June 2013 12 months R000's
Revenue	1	**328 187**	240 937	489 353
Cost of sales	2	**(191 329)**	(136 642)	(276 622)
Gross profit		**136 858**	104 295	212 731
Operating costs		**(108 054)**	(68 210)	(142 039)
Profit from operations		**28 804**	36 085	70 692
Profit from equity-accounted investments	3	**61 172**	54 830	114 672
Impairment of plant and equipment	4	**–**	–	(316)
Remeasurement of investment	5	**32 842**	–	–
Gain on acquisition of investment	6	**23 843**	–	–
Depreciation and amortisation		**(22 922)**	(17 499)	(36 130)
Profit before finance costs and taxation		**123 739**	73 416	148 918
Finance income		**7 122**	3 070	6 216
Finance costs	7	**(10 375)**	(6 907)	(14 603)
Profit before taxation		**120 486**	69 579	140 531
Taxation	8	**(3 171)**	(6 796)	(10 955)
Profit for the period		**117 315**	62 783	129 576
Other comprehensive income				
Unrealised fair value loss on available-for-sale investments, net of tax		**(1 174)**	(79)	(1 887)
Total comprehensive income for the period		**116 141**	62 704	127 689
Profit for the period attributable to:				
- Ordinary shareholders		**120 911**	62 783	131 533
- Non-controlling interest		**(3 596)**	–	(1 957)
		117 315	62 783	129 576
Total comprehensive income attributable to:				
- Ordinary shareholders		**119 737**	62 704	129 646
- Non-controlling interest		**(3 596)**	–	(1 957)
		116 141	62 704	127 689
		Cents	Cents	Cents
Basic and diluted earnings per share	9	**26.21**	13.63	28.55
Headline and diluted headline earnings per share	9	**13.95**	13.68	28.76
Adjusted and diluted adjusted headline earnings per share	9	**14.94**	15.86	31.00
Ordinary dividend per share		**15.00**	12.50	12.50
Special dividend per share		**–**	7.50	7.50

Condensed Group Statement of Financial Position

as at 31 December 2013

	Note	Unaudited 31 December 2013 R000's	Unaudited 31 December 2012 R000's	Audited 30 June 2013 R000's
ASSETS				
Non-current assets	10	1 771 062	1 443 279	1 529 714
Current assets	11	332 029	399 292	471 033
Total Assets		2 103 091	1 842 571	2 000 747
EQUITY AND LIABILITIES				
Total equity	12	1 737 067	1 588 554	1 655 497
Non-controlling interest		(5 620)	–	(1 957)
		1 731 447	1 588 554	1 653 540
Non-current liabilities				
- Deferred tax liabilities		36 083	11 525	12 107
- Cumulative redeemable preference shares	13	132 624	101 670	132 424
- Interest-bearing borrowings	13	83 462	24 000	83 436
- Provisions		801	620	768
- Finance lease liabilities		2 111	165	244
Current liabilities	14	116 563	116 037	118 228
Total Equity & liabilities		2 103 091	1 842 571	2 000 747
		Cents	Cents	Cents
Tangible net asset value per share		315	306	320
Adjusted tangible net asset value per share		317	306	321
Net asset value per share		369	345	359
Adjusted net asset value per share		371	345	360

Condensed Group Statement of Cash Flows

for the six months ended 31 December 2013

	Note	Unaudited 31 December 2013 6 months R000's	Unaudited 31 December 2012 6 months R000's	Audited 30 June 2013 12 months R000's
Cash flows from operating activities				
Net cash generated from operations	15	13 261	48 684	86 352
Income tax paid		(6 343)	(7 722)	(15 049)
Finance income		7 122	3 070	6 216
Net cash inflow from operating activities		14 040	44 032	77 519
Cash flows from investing activities				
Acquisition of plant and equipment		(55 293)	(20 713)	(68 327)
Acquisition of land and buildings		(41 798)	(35 675)	(88 434)
Acquisition of intangibles		(6 814)	(2 939)	(4 607)
Consideration from disposal of property, plant and equipment		273	6	9
Cash acquired through business combinations	17	8 191	–	–
Investments made		(45 798)	–	–
Dividends received		79 591	66 203	131 496
Net cash (outflow)/inflow from investing activities		(61 648)	6 882	(29 863)
Cash flows from financing activities				
Dividends paid		(70 758)	(90 382)	(90 873)
Acquisition of treasury shares		(10 769)	–	–
(Decrease)/increase in loans	16	(9 028)	(8 053)	56 882
Finance costs		(10 119)	(6 907)	(15 594)
Net cash outflow from financing activities		(100 674)	(105 342)	(49 585)
Net decrease in cash and cash equivalents		(148 282)	(54 428)	(1 929)
Cash and cash equivalents at the beginning of period		403 218	405 147	405 147
Cash and cash equivalents at the end of period		254 936	350 719	403 218

Group Statement of Changes in Equity

for the six months ended 31 December 2013

	Capital Redemption Reserve Fund R'000s	Ordinary Share Capital R'000s	Share Premium R'000s	Treasury Shares R'000s	Available-for-sale Fair Value Reserve R'000s	Accumulated Profits R'000s	Share-based payment reserve	Non-controlling Interest R'000s	Total
Balance at 30 June 2012	**301**	**115**	**730 249**	**(2 346)**	**8 132**	**881 026**	**–**	**–**	**1 617 477**
Total comprehensive income/(loss) for the period	–	–	–	–	(79)	62 783	–	–	62 704
– Profit for the period	–	–	–	–	–	62 783	–	–	62 783
– Other comprehensive income	–	–	–	–	(79)	–	–	–	(79)
Conversion of par value shares to non–par value shares	–	730 249	(730 249)	–	–	–	–	–	–
Treasury shares allocated to employees	–	–	–	276	–	–	–	–	276
Dividends declared	–	–	–	–	–	(91 902)	–	–	(91 902)
Balance at 31 December 2012	**301**	**730 364**	**–**	**(2 070)**	**8 053**	**851 907**	**–**	**–**	**1 588 554**
Total comprehensive income/(loss) for the period	–	–	–	–	(1 808)	68 750	–	(1 957)	64 985
– Profit for the period	–	–	–	–	–	68 750	–	(1 957)	66 793
– Other comprehensive income	–	–	–	–	(1 808)	–	–	–	(1 808)
Balance at 30 June 2013	**301**	**730 364**	**–**	**(2 070)**	**6 245**	**920 657**	**–**	**(1 957)**	**1 653 540**
Total comprehensive income/(loss) for the period	–	–	–	–	(1 174)	120 911	–	(3 596)	116 141
– Profit for the period	–	–	–	–	–	120 911	–	(3 596)	117 315
– Other comprehensive income	–	–	–	–	(1 174)	–	–	–	(1 174)
Non-controlling interest acquired	–	–	–	–	–	–	–	(67)	(67)
Dividends declared	–	–	–	–	–	(68 964)	–	–	(68 964)
Shares issued	–	40 000	–	–	–	–	–	–	40 000
Share-based payment reserve	–	–	–	–	–	–	1 437	–	1 437
Treasury shares acquired	–	–	–	(10 868)	–	–	–	–	(10 868)
Treasury shares allocated to employees	–	–	–	228	–	–	–	–	228
Balance at 31 December 2013	**301**	**770 364**	**–**	**(12 710)**	**5 071**	**972 604**	**1 437**	**(5 620)**	**1 731 447**

Segmental Analysis

for the six months ended 31 December 2013

IFRS 8: Operating Segments requires a "management approach" whereby segment information is presented on the same basis as that used for internal reporting purposes to the Executive Directors. These directors review the group's internal reporting by industry. SunWest, Akhona GPI and Golden Valley Casino, Winelands Manco, Grand Casino and National Manco are classified as Casinos. The GPI Slots group is classified as Slots. GPI House Properties is classified as Property. Grand Tech is classified as IT and the BURGER KING group is classified as Food division. The overheads and finance costs of GPI, Grand Lifestyles, Grand Capital and GPSIT are classified as other.

On 1 July 2013 GPI restructured its operations to effectively split the central services costs, classified under the Services segment in the prior periods, between its investment/corporate function and the operating divisions. The restructure has impacted how the executive management review the business and as a result the following items have been reclassified in the current segment report. The results of the Services segment have been reallocated between the Slots, Casino and Other segments. In the comparative periods, the Group's funding structure was disclosed under the Other segment, however in the current period the funding liabilities and related finance costs were reallocated to the Casino and Slots segments.

The directors do not review the group's performance by geographical sector and therefore no such disclosure has been made. Listed below is a detailed segmental analysis:

	Unaudited 31 December 2013 6 months R000's	Unaudited 31 December 2012 6 months R000's	Audited 30 June 2013 12 months R000's	**Unaudited 31 December 2013 6 months R000's**	Unaudited 31 December 2012 6 months R000's	Audited 30 June 2013 12 months R000's
	Revenue			**Inter–segment revenue**		
Casinos	**2 547**	1 218	1 953	**–**	–	–
Slots	**279 853**	233 666	470 760	**–**	–	–
Services	**–**	108	1 047	**–**	34 375	69 574
Property	**133**	–	366	**5 442**	–	2 987
Food	**37 968**	–	4 965	**–**	–	–
IT	**715**	–	–	**1 939**	–	–
Other	**6 971**	5 945	10 262	**11 966**	–	–
	328 187	240 937	489 353	**19 347**	34 375	72 561
	Operating costs			**EBITDA**		
Casinos	**(72)**	(1 119)	–	**118 975**	54 928	114 672
Slots	**(44 622)**	(32 016)	(65 755)	**70 976**	65 008	132 124
Services	**–**	(21 636)	(46 509)	**–**	(21 527)	(43 824)
Property	**(2 354)**	(314)	(2 047)	**(2 222)**	(314)	(1 681)
Food	**(38 834)**	(9 105)	(21 545)	**(27 675)**	(9 105)	(20 321)
IT	**(2 787)**	–	–	**(2 509)**	–	–
Other	**(19 385)**	(4 020)	(6 183)	**(10 884)**	1 925	4 079
	108 054	(68 210)	(142 039)	**146 661**	90 915	185 049
	Finance income			**Finance expense**		
Casinos	**2 750**	–	–	**(5 934)**	–	–
Slots	**507**	883	1 623	**(1 375)**	(74)	(119)
Services	**–**	111	165	**–**	(2 071)	(3 755)
Property	**421**	–	85	**(3 058)**	–	(687)
Food	**291**	10	91	**–**	(1)	(159)
IT	**–**	–	–	**–**	–	–
Other	**3 153**	2 066	4 252	**(8)**	(4 761)	(9 883)
	7 122	3 070	6 216	**(10 375)**	(6 907)	(14 603)
	Depreciation & amortisation			**Equity-accounted earnings**		
Casinos	**–**	–	–	**61 172**	54 830	114 672
Slots	**(17 915)**	(7 962)	(15 888)	**–**	–	–
Services	**–**	(9 531)	(19 269)	**–**	–	–
Property	**(3 062)**	–	(672)	**–**	–	–
Food	**(1 660)**	–	(287)	**–**	–	–
IT	**(277)**	–	–	**–**	–	–
Other	**(8)**	(6)	(14)	**–**	–	–
	(22 922)	(17 499)	(36 130)	**61 172**	54 830	114 672

	Unaudited 31 December 2013 6 months R000's	Unaudited 31 December 2012 6 months R000's	Audited 30 June 2013 12 months R000's	**Unaudited 31 December 2013 6 months R000's**	Unaudited 31 December 2012 6 months R000's	Audited 30 June 2013 12 months R000's
	Taxation			**Profit/loss after tax**		
Casinos	**722**	–	–	**116 513**	54 928	114 672
Slots	**(12 787)**	(7 597)	(13 970)	**39 404**	15 883	33 479
Services	**–**	1 405	(835)	**–**	2 652	3 376
Property	**747**	(83)	(9)	**(7 173)**	(398)	23
Food	**8 689**	(2)	5 074	**(20 354)**	(9 098)	(17 193)
IT	**–**	–	–	**(2 785)**	–	–
Other	**(542)**	(519)	(1 215)	**(8 290)**	(1 184)	(4 781)
	(3 171)	(6 796)	(10 955)	**117 315**	62 783	129 576

	Total assets			**Total liabilities**		
Casinos	**1 175 966**	1 102 756	1 092 469	**(150 919)**	(1 848)	–
Slots	**430 414**	266 059	283 240	**(114 369)**	(40 992)	(41 590)
Services	**–**	76 842	94 407	**–**	(65 787)	(73 035)
Property	**152 332**	63 865	133 164	**(67 472)**	169	(75 727)
Food	**93 716**	13 554	83 512	**(28 554)**	(42)	(20 883)
IT	**4 671**	–	–	**(2 592)**	–	–
Other	**245 992**	319 495	313 955	**(7 738)**	(145 517)	(135 972)
	2 103 091	1 842 571	2 000 747	**(371 644)**	(254 017)	(347 207)

Notes to the Financial Statements

for the six months ended 31 December 2013

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The accounting policies applied in the interim financial statements are in accordance with International Financial Reporting Standards ("IFRS"), whilst the disclosures contained within comply with IAS 34: Interim Financial Reporting, the Financial Reporting Guides as issued by the Accounting Practice Committee of SAICA or its successors, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa No 71 of 2008, as amended. The interim report has not been audited or reviewed, therefore no review opinion has been obtained from the company's auditors. The accounting policies and methods of computation are consistent with those applied in the financial results for the year ended 30 June 2013.

1. Revenue

Revenue comprises Gross Gaming Revenue ("GGR") from GPI's Limited Payout Machines ("LPM") business, food sales from Burger King®, dividends received from National Casino Resort Manco (Pty) Ltd ("National Manco"), and Grindrod Bank Limited ("Grindrod") and rental income.

GGR is the term used for the net revenue generated by an LPM from the amount of cash played through the LPM less payouts to players. Overall GGR increased by 19.2% from the prior period.

Food sales to the amount of R38 million are included in the current period's revenue. Rental income of R0.1 million and IT service fees of R0.7 million relates to 3rd party services rendered by the group. These business units did not form part of the group during the previous period.

The dividend income for the current period consists of R1.7 million (R5.9 million) from the Grindrod preference shares, R0.3 million (R0.4 million) from the National Manco and R2.2 million from Akhona Gaming Portfolio Investments (Pty) Ltd ("Akhona GPI") as the Akhona GPI consolidated group accounts was not available at the time of these results. This amount relates to the dividend received from Dolcoast Investments (Pty) Ltd ("Dolcoast") and which has not been eliminated on consolidation of Akhona GPI. The prior period dividends received included R0.9 million from Winelands Manco.

2. Cost of sales

Cost of sales relates to sales from the LPM and Food divisions. LPM cost of sales is directly related to GGR, and comprises direct costs such as commissions to site owners, gambling levies and monitoring fees. LPM cost of sales has increased by 20% in line with the increase in GGR. Food costs were not part of the group figures during the prior period. Food costs remain under pressure due to the temporary practice of importing of goods.

3. Profit from equity-accounted investments

Profit from equity-accounted investments is made up of profits from jointly-controlled entities, SunWest International (Pty) Ltd ("SunWest"), and profits from associate, Akhona GPI. Akhona GPI has been accounted for as an associate until 20 November 2013. From this date we obtained 100% control of this investment and accounted for it as a subsidiary.

Overall profit from equity-accounted investments increased by 11.6% compared to the prior period. This is mainly due to the increase in the SunWest's net profit after tax. At the time of completing these results, Akhona GPI did not have consolidated group results. We therefore included the company results for the period.

4. Impairment

In terms of IAS 36: Impairment of Assets , an entity must determine whether there is any indication of impairment at each reporting date. IAS 36 requires assets to be impaired to the higher of fair value less cost to sell or value-in-use based on discounted cash flow valuations. No assets were impaired during the period.

The impairment in the June 2013 results relates to certain LPMs that were no longer being used and regarded as obsolete.

5. Remeasurement of investment

IFRS 3R – Business Combinations requires that where an acquirer purchases its interest in an acquiree in stages and this results in a change in control of the acquiree, then the acquirer remeasures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R32.8 million relates to the remeasurement of GPI's previously held 59% interest in Akhona GPI and arose due to acquiring 100% of this investment. Refer to note 18.1.

6. Gain on acquisition of investment

In terms of IFRS 3R – Business Combinations, whenever there is a change in a business combination, the fair value of the affected investment must be brought to account. A detailed fair value assessment of Akhona GPI was conducted at the time of this transaction. A R23.8 million gain on the acquisition of the investment adjustment has therefore been accounted for. Refer to note 18.1.

Notes to the Financial Statements *continued*

7. Finance costs

Finance costs increased by 50.2% due to the additional term loan of R75 million obtained during the 2013 financial year used to finance the head office building purchased and development by the group.

8. Taxation

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

9. Headline earnings, headline earnings per share and adjusted headline earnings per share

Headline earnings per share ("HEPS") for the six-month period ended December 2013 increased by 2%, while adjusted HEPS decreased by 5.8%. The main reason for the decrease when compared to the prior period, is the additional establishment costs incurred in Burger King®, which is consistent with the growth phase of a business.

	Unaudited 31 December 6 months 2013 R000's	Unaudited 31 December 6 months 2012 R000's	Audited 30 June 12 months 2013 R000's
Headline earnings reconciliation			
Profit for the period attributable to ordinary shareholders	**117 315**	62 783	129 576
Non-controlling interest	**3 596**	–	1 957
Profit for the period attributable to ordinary shareholders	**120 911**	62 783	131 533
Remeasurement of investment	**(32 842)**	–	–
Gain on acquisition of investment	**(23 843)**	–	–
Impairment of plant and equipment	**–**	–	316
Loss on sale of property, plant and equipment	**215**	351	733
Adjustments by jointly controlled entities			
– Loss on disposal of plant and equipment	**–**	–	167
Tax effect on above	**(60)**	(98)	(252)
Headline and diluted headline earnings	**64 381**	63 036	132 497
Reversal of employee share trust	**(108)**	(75)	73
Reversal of transaction costs	**4 292**	9 904	9 904
Adjusted headline and diluted adjusted headline earnings	**68 565**	72 865	142 474
Reconciliation of the number of shares	**000's**	000's	000's
Shares in issue (before deducting treasury shares)	**469 588**	460 680	460 680
Shares in issue (after deducting treasury shares)	**466 170**	459 648	459 648
Weighted average number of shares in issue (before deducting treasury shares)	**461 358**	460 680	460 680
Adjusted weighted average number of shares in issue (after deducting treasury shares)	**458 934**	459 541	459 623
	Cents	Cents	Cents
Basic and diluted earnings per share	**26.21**	13.63	28.55
Headline and diluted headline earnings per share	**13.95**	13.68	28.76
Adjusted headline and diluted adjusted headline earnings per share	**14.94**	15.86	31.00
Ordinary dividend per share#	**15.00**	12.50	12.50
Special dividend per share #	**–**	7.50	7.50

Final dividend declared and paid in respect of the previous financial year.

10. Non-current assets

Increases in non-current assets are mainly due to the investment in land and buildings whereby the group acquired three additional buildings during the period, acquiring new generation LPMs and the establishment of Burger King® stores. Furthermore the group's non-current assets increased by R169.1 million as a result of the business combination transaction concluded during the period. Refer to note 18.

11. Current assets

Current assets have decreased mainly as a result of a decrease in cash and cash equivalents. The group paid ordinary dividends of R69 million at the end of September 2013. Current assets for the period consist mainly of cash and cash equivalents of R254.9 million, trade and other receivables of R43 million, tax receivable of R16.4 million loans of R14.8 million and inventories of R2.8 million.

12. Increase in shares

During December 2013 8.9 million ordinary GPI shares to the value of R40 million were issued, which related to the purchase price for the Hot Slots transaction. In addition 2.5 million treasury shares were acquired at an average price of 431 cents per share in anticipation of the exercising of the options awarded to executives during October 2013.

13. Non-current liabilities

Non-current liabilities increased mainly due to the R75 million term loan obtained from Sanlam Capital Markets ("SCM") during the 2013 financial year. Since year-end R11.7 million has been repaid in respect of term loans. No capital amounts have been repaid on the cumulative redeemable preference shares due to the renegotiations, which were concluded during the prior year.

14. Current liabilities

Current liabilities mainly comprise trade and other payables of R94.3 million, the current portion of the term loans with SCM of R11.4 million, dividends payable of R9.9 million, and the current portion of finance leases of R0.3 million.

15. Cash generated from operations

The reconciliation of net profit for the period to cash generated by operations is as follows:

	Unaudited 31 December 6 months 2013	Unaudited 31 December 6 months 2012	Audited 30 June 12 months 2013
Profit before tax	**120 486**	69 579	140 531
Depreciation and amortisation	**22 922**	17 499	36 130
Finance income	**(7 122)**	(3 070)	(6 216)
Finance costs	**10 375**	6 907	14 603
Shares issued to employees	**228**	276	276
Loss on sale of plant and equipment	**215**	351	733
Profit on sale of investment	**(98)**	–	–
Share-based payment reserve	**1 437**	–	–
Dividends received	**(4 243)**	(7 164)	(12 215)
Profit from equity-accounted investments	**(61 172)**	(54 830)	(114 672)
Impairment of plant and equipment	**–**	–	316
Remeasurement of investment	**(32 842)**	–	–
Gain on acquisition of investment	**(23 843)**	–	–
Net cash generated from operations before working capital movements	**26 343**	29 548	59 486
(Increase)/decrease in inventories	**(1 287)**	136	533
(Increase)/decrease in trade and other receivable	**(18 674)**	5 237	(16 307)
Increase in trade and other payables	**6 879**	13 763	42 640
Net cash generated from operations	**13 261**	48 684	86 352

16. (Decrease)/increase in loans

Loans receivable recovered	**120**	2 805	4 518
Loans receivable advanced	**–**	–	(1 450)
Employee loans receivable recovered	**1 039**	1 692	120
Finance leases advanced	**2 058**	–	178
Finance leases repaid	**(520)**	(550)	(1 116)
Term loans received	**–**	–	75 000
Term loans repaid	**(11 725)**	(12 000)	(20 368)
	(9 028)	(8 053)	56 882

17. Cash acquired through business combinations

Akhona GPI (refer to note 18.1)	**4 672**	–	–
Hot Slots (refer to note 18.3)	**2 261**	–	–
Grand Tech (refer to note 18.4)	**1 258**	–	–
	8 191	–	–

18. IFRS 3R – Business Combinations

18.1 Akhona GPI

During 2012 GPI made an offer to acquire the remaining 41% interest in Akhona GPI which GPI did not already own for R20.7 million. This offer was accepted on 25 May 2012.

On 20 November 2013 all conditions precedent were met and the deal was concluded.

Akhona GPI owns a 24.9% stake in Dolcoast, which in turn owns 22.4% of Afrisun KZN (Pty) Ltd ("Sibaya Casino"). This investment will provide GPI with an effective 5.6% indirectly in Sibaya Casino.

GPI previously owned 59% economic interest in Akhona GPI this only translated into a 40% voting interest. GPI therefore accounted for this investment as an associate. As GPI now owns 100% of Akhona GPI, GPI will now consolidate this investment from the effective date of the acquisition.

IFRS 3R – Business Combinations requires that where an acquirer purchases its interest in an acquiree in stages and this results in a change in control of the acquiree, then the acquirer measures its previously held interest at the acquisition date and recognises the resulting gain or loss, if any, in profit or loss. The R32.8 million relates to the remeasurement of its previously held 59% economic (40% voting stake) interest in Akhona GPI.

Akhona GPI's interest in Dolcoast has historically been recorded using the equity method, however in determining the fair value as required by IFRS 3R the sum of the parts valuation method was used. Discounted cash flows were used in order to obtain the fair value of Dolcoast. A discount rate of 15.8% and a growth rate of between 3% and 4% was used.

No additional intangible assets have been identified given the approach to value Akhona GPI's interest in Dolcoast.

	R000's
Investment in associate	119 302
Cash and cash equivalents	4 672
Deffered tax liability	(15 013)
Accounts and other payables	(120)
Total identifiable net assets at fair value	108 841
Fair value of existing equity interest	(64 216)
Gain on acquisition of investment	(23 843)
Purchase consideration	20 782
Purchase consideration made up as follows	
Cash paid in respect of acquisition	20 782
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	4 672
Cash paid in respect of acquisition	(20 782)
Net cash outflow	16 110

18.2 Zimele Slots

On 2 August 2013 GPI announced that the Mpumalanga Gambling Board ("MGB") had approved the transfer of the LPM Route Operator Licence held by Zimele Slots Mpumalanga (Pty) Ltd ("Zimele") to Grand Gaming Mpumalanga (Pty) Ltd ("GGM"), a wholly-owned subsidiary of GPI Slots. The licence is one of two issued in the province where a maximum of 2 000 LPMs may be rolled out. The acquisition became unconditional on 17 July 2013 when the MGB approved the acquisition and transfer of the route operator licence resulting in GGM formally gaining control of the business on 18 July 2013. The purchase price for Zimele was R6.75 million.

Included in revenue and profit for the period is R1.9 million and a loss after tax of R0.8 million respectively since Zimele became a subsidiary.

As per IFRS 3R the acquirer, GGM is required to identify all the assets purchased and liabilities assumed and to recognize these items, separately from goodwill, at the fair value at the acquisition date. The only tangible assets acquired were the assets as defined per the agreement, which mostly consisted of property, plant and equipment. As for intangible assets the route operator licence and site operator licences were identified as intangible assets. No other intangible assets have been identified.

	R000's
Intangible assets	
– Route operator licence	4 422
– Site operator licences	414
Property, plant and equipment	554
Deferred tax liability	(1 509)
Total identifiable net assets at fair value	3 881
Goodwill	2 869
Purchase consideration	6 750
Purchase consideration made up as follows	
Cash paid in respect of acquisition	6 750
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	–
Cash paid in respect of acquisition	(6 750)
Net cash outflow	(6 750)

18.3 Hot Slots

On 2 August 2013 GPI announced that, through its 100% held subsidiary GPI Slots, it had entered into an agreement to acquire 100% of the issued share capital and loan accounts in Bohwa 1 (Pty) Ltd ("Hot Slots").

Hot Slots is licensed as a route operator in Gauteng to operate 1 000 LPMs. The agreement was subject to the fulfillment of certain conditions precedent, including the approval of the transaction by the Gauteng Gambling Board ("GGB") and GPI shareholder approval. GGB approval was obtained on 3 December 2013 and GPI shareholder approval was obtained on 11 December 2013. In terms of the agreement the effective date of the deal was 17 December 2013. GPI Slots acquired Hot Slots for R65 million. A portion of the purchase price was settled by way of issuing GPI shares to the value of R40 million.

Included in revenue and profit for the period is R2.4 million and R0.6 million respectively since Hot Slots became a subsidiary.

As per IFRS 3R the acquirer, GPI Slots is required to identify all the assets purchased and liabilities assumed and to recognize these items, separately from goodwill, at the fair value at the acquisition date. As for intangible assets the route operator licence, site operator licences, brand and trademarks were identified as intangible assets. No other intangible assets have been identified.

	R000's
Intangibles	
– Route Operator Licence	16 163
– Site operator licences	542
– Branding and trademarks	10 977
– Site establishment	320
Property, plant and equipment	14 080
Trade and other receivables	2 704
Cash and cash equivalents	2 261
	47 047
Deferred tax liabilities	(7 751)
Loan to holding company	(92 042)
Trade and other payables	(6 381)
	(106 174)
Total identifiable net assets at fair value	(59 127)
Goodwill	32 085
Loans acquired	92 042
Purchase consideration	65 000
Purchase consideration made up as follows	
Cash paid in respect of acquisition	25 000
Shares issued	40 000
	65 000
Analysis of cash flow on acquisition	
Net cash acquired on acquisition	2 261
Cash paid in respect of acquisition	(25 000)
Net cash outflow	(22 739)

18.4 Grand Technology

On 1 July 2013 Grand Capital Investment Holding (Pty) Ltd ("GCI") acquired an 85% interest in Grand Technology (Pty) Ltd ("Grand Tech"). This acquisition is part of the group's stated objective of investing in its own Information Technology infrastructure.

	R000's
Property, plant and equipment	2 281
Trade and other receivables	1 386
Cash and cash equivalents	1 258
	4 925
Loans	(1 450)
Trade and other payables	(3 918)
	(5 368)
Total identifiable net assets at fair value	(443)
Positive goodwill	376
Non-controlling interest	67
Purchase consideration	–
Purchase consideration made up as follows	
Cash paid in respect of acquisition	–
Analysis of cash flows on acquisition	
Net cash acquired on acquisition	1 258
Cash paid in respect of acquisition	–
Net cash outflows	1 258

19. Options granted to executives

In order to align key employee remuneration goals with that of the creation of shareholder wealth, 20.2 million options were awarded to key personnell, which included the executive directors on 9 October 2013. These options will vest in 4 annual tranches starting from 30 August 2015. Participants have a 180 day period from the respective strike dates during which options can be exercised. A total of R1.4 million has been expensed in the statement of comprehensive income in profit or loss in this regard.

Review of operations
for the six months ended 31 December 2013

Casino group

SunWest

SunWest consists of GrandWest Casino and the Table Bay Hotel.

GrandWest's revenue increased by 7.6% when compared to the prior period and its EBITDA increased by 4.8% to R408 million (R389.4 million). Even though the absolute EBITDA value increased, the EBITDA % decreased by 0.9% to 40.8%. This was exclusively due to an increase of 2% in the gaming taxes. These increases translated into a 4.9% increase in profit after tax to R248.7 million (R237 million). As our anchor investment we are very pleased with the results for the period and acknowledge the effort that GrandWest's management team have put in to achieve these results.

The Table Bay Hotel incurred a R14.3 million loss after tax for the period (R26.9 million loss after tax). The loss for the period is 46.8% lower than the loss reflected in the prior period. The current period EBITDA of R21.9 million is 267% higher than that of the prior period and most encouragingly the revenue of R107.9 million (R77.4 million) has increased by 39.3% compared to the prior period.

Golden Valley Casino

Golden Valley Casino's revenue increased by 5% to R69.6 million (R66.3 million). Its EBITDA however decreased by 35.5% to R9.4 million (R14.5 million) and its EBITDA percentage decreased by 8.5% to 13.4% (21.9%). These decreases resulted in a loss after tax of R2.5 million (R0.2 million loss after tax).

Akhona GPI

GPI acquired the remaining 41% of Akhona GPI on 20 November 2013 and in so doing became the 100% owners of this entity. At the time of writing these results, we have not received any group consolidated accounts from Akhona GPI. Akhona GPI did not equity account its investment in Dolcoast due to the information not being available at the time. We therefore included the company results for the period.

Review of operations *continued*

Slots group

The group now owns and operates a total of 5 LPM gaming licences in South Africa since the acquisition of Hot Slots. Together with our other four licences namely; Grandslots, Kingdomslots, Grand Gaming Mpumalanga and Grand Gaming Gauteng, the group now has access to a possible 5 000 LPMs.

We continue to explore LPM expansion opportunities in South Africa and abroad, with new and existing bingo licences being pursued in the rest of the country.

	Revenue Unaudited 31 December 2013 6 months R000's	Revenue Unaudited 31 December 2012 6 months R000's	Revenue Audited 30 June 2013 12 months R000's
Gaming revenue			
– Grandslots	**160 413**	139 830	281 107
– Kingdomslots	**84 823**	71 306	142 817
– Grand Gaming: Gauteng	**24 839**	19 092	39 425
– Grand Gaming Mpumalanga	**1 983**	-	-
– Grand Gaming Hot Slots	**2 452**	-	-
– Gross Gaming Revenue	**274 510**	230 228	463 349
– Other gaming revenue	**5 343**	3 545	8 458
	279 853	233 773	471 807

CONTINGENT LIABILITIES

On 2 April 2013 SARS levied an additional assessment of R16.4 million against GPI. An objection has been lodged. SARS has advised the matter to an Alternative Dispute Resolution ("ADR") hearing which is scheduled for 24 March 2014.

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

RELATED PARTY TRANSACTIONS

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

DIVIDENDS

A final ordinary dividend of 15 cents per share (2012: 12.5 cents per share) was paid in September 2013.

SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date.

DIRECTORATE

Walter Geach was appointed to the board of directors as a non-executive director on 18 September 2013.

PROSPECTS

GPI has had a very successful and exciting 6 months. The group continues to attract a lot of interest from all spheres of the investment market and we have to take heed of this new-found level of excitement around GPI. Opportunities abound and we have to consider how we focus our thinking so that we extract the best possible outcome for all stakeholders. GPI is in a unique space where we have demonstrated our ability to operate certain assets, exert significant influence on others and to venture into completely new territory with confidence gained from these experiences and the energy that permeates our management team. Our investment philosophy demonstrates this and we have quite a few new developments pending which we will pursue to take us on this path.

For and on behalf of the board

H Adams

Executive Chairman
21 February 2014

A Keet

Chief Executive Officer
21 February 2014

Prepared by: Financial Director, S Petersen, CA (SA)
25 February 2014

Notes

Directors
H Adams (Executive Chairman), A Abercrombie, AW Bedford #, A Keet (Chief Executive Officer), W Geach#, S Petersen (Financial Director), Dr N Maharaj #*, N Mlambo #, C Priem #*, MF Samaai #
(#non-executive * independent)

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Notes

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