GRAND PARADE INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1997/003548/06)
Share code: GPL
ISIN: ZAE000119814
('GPI' or 'the company')

GRAND PARADE INVESTMENTS LIMITED (GPI)
SUMMARISED UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

SALIENT FEATURES

REVENUE
Up 28%

GROUP
CENTRAL COSTS
Down 39%
excluding net
finance charges

GROSS PROFIT
Up 26%

EBITDA
Up 11%
from continuing
operations

EPS
Down 11 cents
due to impairment of
discontinued operations

HEPS from continuing
operations
Up 1.28 cents

OPERATIONAL HIGHLIGHTS
- Opened 4 Burger King outlets and closed one increasing the total to 84 corporate owned restaurants as at 31 December 2018

- Closed the unprofitable Dunkin Brands and placed the businesses in liquidation

- Reduced central costs' headline loss contribution by 39% to R15.4 million for the period under review

INTRODUCTION

During the past six months, the company adopted a value-based strategy which included an aggressive plan with the primary objective of maximising the inherent value of its underlying assets. This strategy is aimed at slowing down the growth of its operational assets whilst concentrating on improving profitability. In addition, the Group rationalised operations and improved efficiencies to drive down central costs.

The first half of 2018 was a particularly tough year for consumer facing businesses where the residual effects of the Health Promotion Levy (Sugar tax), increase in VAT from 14% to 15%, effects of the drought and the implementation of the minimum wage, continued to adversely affect the consumer and businesses operating in the food and retail sectors.

Notwithstanding the effects of the continued depressed environment, the Group, weathered these tough trading conditions evidenced by good growth in revenue of 28% and an increase in headline earnings from continuing operations of 1.28c. In these challenging economic conditions, the Group remains focused on its tactical plan to improve operations which will continue to grow earnings over the next 6 months.

INVESTMENT ACTIVITIES

Despite a tough trading environment Burger King (Burger King South Africa) managed to generate impressive top line growth with a significant increase in revenue. During the last 6 months BKSA slowed down restaurant growth to focus on improving the profitability of its poor performing restaurants and marginally grew its net restaurant count by 3 restaurants, opening 4 new restaurants and closing 1 over the period. The slowdown is in line with the Group's tactical plan to improve the profitability of its operational businesses.

Dunkin' Donuts and Baskin-Robbins continued to experience a challenging six months with the 2nd quarter having the most significant impact on trading. The Group decided to exit these brands based on the continued poor performance and a sustained period of losses. During the 2nd half of 2018, GPI engaged with several potential buyers through a lengthy due diligence process which yielded no serious offers within the set timeline. Subsequent to 31 December 2018, GPI's Board of Directors resolved to voluntary liquidate the brands in order to reduce losses within the businesses. The exit of Dunkin' Donuts and Baskin-Robbins is the first step of a broader strategy to revert back to an investment holding company.

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.

Notwithstanding the tough trading environment, the Group managed to increase its headline earnings from R13.7 million in the prior period to R16.0 million in the current period. The increase was largely driven by an increase in contributions from the gaming and leisure assets. This amounted to an increase of R9.9 million on prior period which was offset by the food sector with a greater loss contribution of R0.4 million and an increase in interest charges compared to the prior period.

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

	Unaudited 31 December 2018 R'000s	Unaudited 31 December 2017 R'000s	Var R'000s	Var %
Continuing operations				
Food	(11 636)	(11 246)	(390)	(3%)
Burger King	(9 488)	(5 721)	(3 767)	(66%)
Bakery	(5 273)	(3 063)	(2 210)	(116%)
Spur	177	557	(380)	(127%)
Mac Brothers	1 912	887	1 025	116%
Grand Food Meat Plant	1 036	(3 906)	4 942	127
Gaming and Leisure	74 171	64 271	9 900	15%
SunWest	43 198	42 656	542	1%
Sun Slots	30 326	19 971	10 355	52
Worcester Casino	647	1 644	(997)	(61%)
Other	(27 102)	(21 721)	(5 381)	(25%)
Corporate costs net of finance charges	(15 440)	(25 466)	10 026	39%
Net finance cost	(10 195)	279	(10 474)	(3754%)
GPI Properties	(1 467)	3 466	(4 933)	(142%)
Headline earnings for the period from continuing operations	35 433	31 304	4 129	13%
Discontinued operations				
Dunkin' Donuts	(13 167)	(10 891)	(2 276)	(21)
Baskin-Robbins	(6 250)	(6 665)	415	(6%)
Headline earnings for the period	16 016	13 748	2 268	16%

DIVIDENDS

No dividends have been declared for the interim period.

CAPITAL STRUCTURE

The Group has recognised that whilst Burger King is still in its growth phase, the Group will continue to adopt a conservative approach on its gearing to meet its Master Franchise obligations.

Over the past 6 months the Group decreased its gearing levels from 30.5% to 30.3% as a result of a repayment of preference shares, term loans and finance lease liabilities amounting to R48.5 million.

The Group remains focused on reducing debt further through the disposal of non-core assets, such as its properties, a process which is still ongoing. The aim of the Group is to ultimately reduce gearing to below 25%.

	Var R'000s	31 December 2018 R'000s	31 December 2017 R'000s	30 June 2018 R'000s
Holding company debt facilities				
Security	Type of Facility			
SunWest	Preference Shares	229 990	251 828	251 673
Spur	Preference Shares	255 440	247 815	255 445
Subsidiaries facilities		485 430	499 643	507 118
Subsidiary	Type of Facility			
GPI Properties	Term Loans	61 570	70 891	67 229
Mac Brothers	Finance Lease	6 253	10 889	8 704
GF Meat Plant	Finance Lease	9 946	19 952	14 645
Burger King	Finance Lease	988	1 768	1 710
Dunkin' Donuts	Finance Lease	573	-	124
Baskin-Robbins	Finance Lease	115	-	153
GPI Management Services	Finance Lease	59	-	70
		79 504	103 500	92 635
Total facilities		564 934	603 143	599 753
Debt equity ratio		30.3%	29.3%	30.5%

* For terms of these preference shares refer to the Consolidated Annual Financial Statements on the GPI website

FOOD

BURGER KING

The total number of Burger King restaurants at 31 December 2018 was 90 restaurants of which 84 are corporate owned and 6 are franchisees. During the period under review, Burger King increased its net restaurant count by 3 restaurants which included the opening of 4 new restaurants and one closure. Burger King's total revenue for the year increased by 35% from R365.6 million in the prior period to R494.6 million in the current period driven primarily by new restaurant growth as well as an increase in the Average Revenue per Store (ARS). The ARS increased by 8.1% from R0.949 million last December to R1.026 million this period, largely as a result of positive restaurant comparative sales of 7.63% (2017: 4.50%). The increase in ARS is a positive indicator that restaurants opened in the last 12 months are performing well and a sign that the objective of achieving an ARS of R1.2 million by June 2019 is attainable.

Burger King continued to focus on market share growth by actively managing menu pricing architecture to increase traffic through its restaurants. This resulted in an increase in average tickets per month from 12 143 to 12 250 as well as an increase in the average ticket price which increased from R78 to R84. Despite the strong growth in revenue, the effects of higher raw material prices, sugar tax and the increase in VAT continued to erode overall margins which led to a marginal increase in EBITDA for the period of R0.7 million from R20.8 million to R21.5 million. The decrease in gross margin percentage was particularly severe during the first half of 2018 where margins decreased from a high of 58% to 52%. Subsequent to this, management secured favourable supplier pricing adjustments which assisted in driving margins back to 54% in December 2018. The group anticipates this margin improvement to continue over the next 6 months.

GRAND FOODS MEAT PLANT

Grand Foods Meat Plant increased its revenue by 33% compared to prior year from R59.8 million to R79.6 million off the back of good revenue growth (35%) in Burger King as well as a higher demand from Spur restaurants. Revenue attributed to Spur increased 14%

compared to prior year. The higher revenue coupled with tight operational expense controls resulted in a net profit for the period of R1.0 million compared to a loss in the prior period of R3.9 million. The plant is currently running at 35% capacity utilisation and has sufficient capacity to accommodate the growth of Burger King with no major additional capital expenditure anticipated within the next five years. The plant continues to search for third party sales outside of Burger King and is currently exploring export opportunities to the Middle East through Wesgro's Halaal export programme.

Dunkin' Donuts
During the current period no new restaurants were opened, as the Group tried to mitigate further losses in Dunkin' Donuts.

The business reported a revenue of R12.9 million and a gross profit of R6.3 million for the period, which is down on prior period revenue of R15.7 million and gross profit of R6.3 million. The poor performance can be attributed to the challenges of launching a premium brand in a tough trading environment where consumers have been under financial pressure and general consumer spending has declined.

BASKIN-ROBBINS
Baskin-Robbins opened no new stores during the period. Total revenue for the 6 stores amounted to R5.3 million with a gross profit of R2.1 million. The gross profit percentage of 40% is below target due mainly to high inventory holding costs in respect of the minimum required flavours for each store.

Restaurant EBITDA for the period amounted to a loss of R1.1 million for the period. Baskin-Robbins reported a Company EBITDA loss for the period of R4.8 million compared to R5.6 million in the prior period.

SPUR
GPI maintained its shareholding in Spur and acquired no new shares. A total dividend of R11.6 million was received during the period with a related finance charge of R11.3 million resulting in a R0.3 million reported net profit contribution for the period.

REVIEW OF INVESTMENT OPERATIONS

MAC BROTHERS CATERING EQUIPMENT
A satisfactory first half of the year for Mac Brothers in what continues to be an extremely challenging local trading environment. Revenue of R118 million for the 6 month period was R18m (13%) lower than reported last period. Positive sales growth in the second quarter driven by higher sales into the rest of Africa made for an encouraging end to the period which bodes well for the remainder of the year. During the period, Mac Brothers started seeing some success of its product diversification strategy into the hospital equipment industry with the launch of its Mac Care product line.

Gross profit margins improved by 3% from 28% in the prior year to 31% in the current period driven by more efficient factory throughput, better purchasing mix and a stronger Rand. Furthermore, an innovative sales commission structure implemented at the beginning of the financial year, improved sales efficiency by compensating higher gross margins rather than overall sales. Despite a 13% decrease in sales versus prior period, gross profit was only down 9% (R3.5 million). Plans have been implemented to build a more efficient back office support structure with systems to help drive and monitor sales and operating efficiencies.

Mac Brothers reported a Net profit after tax of R1.8 million for the period which is R1.6 million lower than the previous 6 months.

OTHER
CENTRAL COSTS
The Group's net central costs for the period amounted to R15.4 million, which is 39% lower than the central costs of R25.5 million last period. This is a direct result of management's efforts to reduce central cost in line with its value-based strategy.

SHARE CAPITAL
No new shares were issued or bought back during the period.

TREASURY SHARES

At 31 December 2018 a total of 43.8 million (2018: 43.8 million) GPI shares were held as treasury shares by the Grand Parade Share Incentive Trust, GPI Management Services and the GPI Women's BBBEE Empowerment Trust. These entities are controlled by the Group, with the Grand Parade Share Incentive Trust holding 4.98 million treasury shares, GPI Management Services holding 24 million shares and the GPI Women's' BBBEE Empowerment Trust holding 14.82 million treasury shares.

PREFERENCE SHARES

During the current year, the Group redeemed R32 million worth of preference shares.

CHANGE IN DIRECTORS

Colin Priem was appointed as Financial Director with effect from 1 July 2018. Colin Priem was previously a Non-Executive Director and stepped down from all the Board Sub-Committees. Prabashinee Moodley was appointed as Chief Executive Officer of the Group on 1 August 2018 and she resigned as Chief Executive Officer and director of the Company with effect from 14 December 2018. Mohsin Tajbhai was appointed as an executive director of the Company on 28 November 2018 and he was subsequently promoted to the position of Acting Chief Executive Officer of the Group. On 5 December 2018 Nombeko Mlambo and Rasheed Hargey were removed as directors of the Company and on the same date Ronel van Dijk and Mark Bowman were appointed as directors of the Company.

Particulars of the present Directors and Company Secretary are given on the inside back cover.

GOING CONCERN

These Unaudited Interim Financial Statements have been prepared on the going concern basis.

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 that the presentation of the Unaudited Interim Financial Statements on this basis is appropriate.

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

SUBSEQUENT EVENTS

Subsequent to 31 December 2018, the Board resolved to place Dunkin' Donuts and Baskin-Robbins into voluntary liquidation after all other exit options were explored. The liquidation will reduce the negative impact on the Group's cash resources and allow management to focus on the growth of Burger King.

RELATED PARTIES

The Group entered into various transactions with related parties, in the ordinary course of business, consistent with those as reported at 30 June 2018.

PROSPECTS

The last year has been challenging for GPI and, in particular, its food businesses which have been affected by tough economic conditions. Despite this, the group has proved to be resilient and has managed to weather the storm. The focus over the last 6 months (and for the next 6 months) is to improve profitability of the entire group and to maximise the value of its underlying businesses. The Group has performed an investigation into all assets to understand the drivers of value. The objective is to improve the economic profit of each of the underlying assets to ensure positive contributions to the overall value of the Group.

Although Burger King had decent top line growth over the period management has been focused on improving the profitability of all poor performing restaurants. Many of these restaurants have come to an end of their rental terms and it is the Group's intention to either renegotiate better rental terms or to relocate these restaurants in order to improve performance. The growth in ARS over the period of 8.1% is evident that the efforts to improve the site selection process has resulted in better performing restaurants. The Groups objective is to grow the overall restaurant count by 15 stores a year over the next 3 years with a focus on drive thru restaurants as opposed to in-line and or food court restaurants. Grand Foods Meat Plant has performed extremely well off the growth in Burger King. The future expansion of Burger King will further improve bottom line profitability and allow volume discounts to be passed to Burger King which will improve overall gross profit margins.

The change in focus over the last 6 months from growth to value creation has set a promising course for the group. GPI remains committed to executing the subsequent phases of the strategic plan which is to ultimately maximise total shareholder return.

For and on behalf of the board
H Adams
Executive Chairman
18 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Note	Unaudited 6 months ended 31 December 2018 R'000s	Restated unaudited 6 months ended 31 December 2017 R'000s	Restated unaudited 12 months ended 30 June 2018 R'000s
Continuing operations				
Revenue	4.	707 328	554 170	1 101 707
Cost of Sales		(372 354)	(288 417)	(570 547)
Gross Profit		334 974	265 753	531 160
Operating costs		(315 379)	(238 944)	(517 012)
Profit from operations		19 595	26 809	14 148
Profit from equity-accounted investments		73 825	56 683	109 360
Impairment of property, plant, equipment and intangible assets		(431)	-	-
Impairment of other receivables		-	-	(9 500)
Depreciation		(36 441)	(33 961)	(54 757)
Amortisation		(2 521)	(2 229)	(4 510)
Profit before finance costs and taxation		54 027	47 302	54 741
Finance income		2 810	2 554	8 264
Finance costs		(30 349)	(20 573)	(48 753)
Profit before taxation		26 488	29 283	14 252
Taxation		7 959	(626)	(3 392)
Profit for the period from continuing operations		34 447	28 657	10 860
Discontinued operations				
Loss for the period from discontinued operations	5.1.	(70 829)	(17 417)	(60 727)
(Loss)/profit for the period		(36 382)	11 240	(49 867)
Other comprehensive (loss)/income				
Items that will be reclassified subsequently to profit or loss				
Unrealised fair value adjustments on investments held at fair value through OCI, net of tax	8.	-	(11 054)	(35 303)
Items that will not be reclassified subsequently to profit or loss				
Unrealised fair value adjustments on investments held at fair value through OCI, net of tax	8.	(65 448)	-	-
Total comprehensive (loss)/income for the period		(101 830)	186	(85 170)
Profit/(loss) for the period from continuing operations attributable to:				
- Ordinary shareholders		35 772	29 965	10 663
- Non-controlling interest		(1 325)	(1 308)	197
Profit/(loss) for the period from discontinued operations attributable to:				
- Ordinary shareholders		(70 829)	(17 417)	(60 727)
- Non-controlling interest		-	-	-
		(36 382)	11 240	(49 867)
Total comprehensive (loss)/income from continuing operations attributable to:				
- Ordinary shareholders		(29 676)	18 911	(24 640)
- Non-controlling interest		(1 325)	(1 308)	197
Total comprehensive (loss)/income discontinued				

operations attributable to:				
- Ordinary shareholders		(70 829)	(17 417)	(60 727)
- Non-controlling interest		-	-	-
		(101 830)	186	(85 170)
		Cents	Cents	Cents
Basic and diluted (loss)/earnings per share	7.	(8.23)	2.92	(11.66)
Continuing operations	7.	8.39	6.97	2.48
Discontinued operations	7.	(16.62)	(4.05)	(14.14)
Headline and diluted headline earnings per share	7.	3.75	3.20	(11.18)
Continuing operations	7.	8.53	7.25	2.96
Discontinued operations	7.	(4.78)	(4.05)	(14.14)
Ordinary dividend per share		-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Unaudited 31 December 2018 R'000s	Restated unaudited 31 December 2017 R'000s	Restated unaudited 30 June 2018 R'000s
ASSETS				
Non-current assets		2 295 473	2 418 057	2 428 528
Investments in jointly controlled entities		634 485	620 437	625 882
Investments in associates		377 561	361 322	376 762
Investments held at fair value through OCI	8	428 825	518 522	494 273
Investment properties		6 742	6 821	7 014
Property, plant and equipment		567 032	623 715	633 617
Intangible assets		30 473	45 796	48 584
Goodwill		92 508	92 508	92 508
Deferred tax assets		157 847	148 936	149 888
Disposal group classified as held-for-sale	6	13 632	-	-
Current assets		300 117	412 100	355 223
Inventory		84 408	102 617	85 804
Trade and other receivables		78 391	62 469	101 706
Related party loans		21 689	23 132	21 467
Cash and cash equivalents		110 614	219 498	136 287
Income tax receivable		5 015	4 384	9 959
Total assets		2 609 222	2 830 157	2 783 751
EQUITY AND LIABILITIES				
Capital and reserves				
Total equity		1 894 861	2 092 976	1 995 855
Ordinary share capital		798 586	806 707	798 586
Treasury shares		(166 286)	(166 286)	(166 286)
Accumulated profit		1 395 969	1 494 627	1 431 892
Investments held at fair value reserve		(143 795)	(54 098)	(78 347)
Share based payment reserve		10 387	12 026	10 010
Non controlling-interest		(30 882)	(31 062)	(29 557)
Total shareholder's equity		1 863 979	2 061 914	1 966 298
Non-current liabilities		551 730	581 531	560 430
Preference shares		482 578	489 447	501 939
Interest-bearing borrowings		30 000	63 750	29 931
Finance lease liabilities		3 254	22 331	10 578
Deferred tax liabilities		35 264	5 310	17 351
Provisions		634	693	631
Liabilities associated with disposal group held-for-sale	6	604	-	-
Current liabilities		192 909	186 712	257 023
Trade and other payables		106 818	109 040	148 936
Provisions		9 503	8 679	13 193
Bank overdraft		17 852	31 636	25 603
Preference shares		2 852	9 900	5 179
Interest-bearing borrowings		31 570	7 436	37 298
Finance lease liabilities		13 472	10 277	14 442
Dividends payable		10 405	9 744	10 416

Income tax payable	437	-	1 956
Total equity and liabilities	2 609 222	2 830 157	2 783 751

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Ordinary share capital R'000s	Treasury shares R'000s	Accumulated profits R'000s	Financial asset fair value reserve R'000s	Share based payment reserve R'000s	Non-controlling interest R'000s	Total equity R'000s
Balance at 30 June 2017	806 707	(166 286)	1 532 361	(43 044)	11 409	(29 754)	2 111 393
Total comprehensive income/ (loss) for the year	-	-	12 548	(11 054)	-	(1 308)	186
- Profit/(loss) for the year from continuing operations	-	-	29 965	-	-	(1 308)	28 657
- Profit/(loss) for the year from discontinued operations	-	-	(17 417)	-	-	-	(17 417)
- Other comprehensive loss	-	-	-	(11 054)	-	-	(11 054)
Dividends declared			(50 282)	-			(50 282)
Share based payment expense	-	-	-	-	617	-	617
Balance at 31 December 2017	806 707	(166 286)	1 494 627	(54 098)	12 026	(31 062)	2 061 914
Total comprehensive income/ (loss) for the year	-	-	(62 612)	(24 249)	-	1 505	(85 356)
- Profit/(loss) for the year from continuing operations	-	-	(19 302)	-	-	1 505	(17 797)
- Profit/(loss) for the year from discontinued operations			(43 310)				(43 310)
- Other comprehensive loss	-	-	-	(24 249)	-	-	(24 249)
Dividends declared	-	-	(123)	-	-	-	(123)
Shares cancelled (*)	(8 121)	-	-	-	-	-	(8 121)
Share based payment expense	-	-	-	-	(2 016)	-	(2 016)
Balance at 30 June 2018	798 586	(166 286)	1 431 892	(78 347)	10 010	(29 557)	1 966 298
Adoption of IFRS 9 Financial Instruments	-	-	(866)	-	-	-	(866)
Total comprehensive income/ (loss) for the year	-	-	(35 057)	(65 448)	-	(1 325)	(101 830)
- Profit/(loss) for the year from continuing operations	-	-	35 772	-	-	(1 325)	34 447
- Profit/(loss) for the year from discontinued operations	-	-	(70 829)	-	-	-	(70 829)
- Other comprehensive loss	-	-	-	(65 448)	-	-	(65 448)
Share based payment expense	-	-	-	-	377	-	377
Balance at 31 December 2018	798 586	(166 286)	1 395 969	(143 795)	10 387	(30 882)	1 863 979

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Unaudited 31 December 2018 R'000s	Restated unaudited 31 December 2017 R'000s	Restated unaudited 30 June 2018 R'000s
Cash flows from operating activities			
Net cash utilised from operations	(7 750)	(28 743)	(64 231)
Income tax paid	(2 872)	2 264	(3 090)
Finance income	2 841	2 605	8 387
Net cash outflow from operating activities	(7 781)	(23 874)	(58 934)
Cash flows from investing activities			
Acquisition of land and buildings	(118)	(64 736)	(109 029)
Acquisition of plant and equipment	(17 516)	(30 865)	(27 523)
Acquisition of investment properties	-	-	(193)
Acquisition of intangibles	(1 692)	(4 521)	(10 210)
Proceeds from disposal of property, plant and equipment	223	62 988	71 080
Loan repayment received	-	21 973	13 816

Investments made	-	(9 225)	(9 141)
Dividends received	76 005	60 751	104 962
Net cash inflow from investing activities	56 902	36 365	33 762
Cash flows from financing activities			
Dividends paid	(11)	(50 357)	(49 733)
Redemption of Preference shares	(32 000)	-	-
Shares bought back for cancellation	-	-	(8 121)
Loans received	-	251 828	251 673
Repayment of finance lease liabilities	(9 034)	-	-
Repayment of loans	(5 344)	(10 475)	(21 730)
Finance costs	(20 654)	(13 062)	(33 670)
Net cash (outflow)/inflow from financing activities	(67 043)	177 934	138 419
Net (decrease)/increase in cash and cash equivalents	(17 922)	190 425	113 247
Cash and cash equivalents at the beginning of the year	110 684	(2 563)	(2 563)
Total cash and cash equivalents at the end of the year	92 762	187 862	110 684
Total cash and cash equivalents at year end comprises of:	92 762	187 862	110 684
Cash and cash equivalents	110 614	219 498	136 287
Overdraft	(17 852)	(31 636)	(25 603)

NOTES TO THE CONSOLIDATED SUMMARISED
UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

1. Statement of compliance
The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements and the requirements of the Companies Act, No. 71 of 2008. The Listings Requirements require condensed interim financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS); the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Standards Council; and to also, as a minimum, contain the information required by IAS 34 - Interim Financial Reporting.

2. Basis of preparation
The condensed consolidated interim financial statements are prepared on the going concern basis. 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 2018, except for the new standards that became effective for the Group's financial period beginning 1 July 2018, refer to Note 3.

The interim financial statements have been prepared under the supervision of the Financial Director, CM Priem.

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

3. 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 2018.

The adoption of significant new standards' impact on the Group's financial results or position are presented below:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

3.1. IFRS 9 Financial Instruments
IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The effects of the adoption of IFRS 9 on 1 July 2018 is presented below:

Classification and measurement of financial assets
IFRS 9 introduces new classification and measurement bases, a new impairment model and revised guidance on hedge accounting. Based on the new classification and measurement requirements, debt instruments are subsequently measured at fair value through profit or loss

(FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. Equity instruments are generally measured at FVTPL, FVOCI can be irrevocably elected. Equity instruments' gains and losses through other comprehensive income is never reclassified to profit and loss.

The transition to IFRS 9 has had no significant impact on the Group's classification of financial assets which fall within the scope of IFRS 9.

The company has elected to continue classifying it's investments held at fair value as at fair value through other comprehensive income (OCI), the only difference between IAS 39 and IFRS 9 on financial assets at fair value through OCI is that under IFRS 9 the unrealised fair value adjustments on these investments are never recycled to profit and loss.

Impairment of financial assets
The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised. The Group's trade receivables qualify for use of the simplified approach, and as the standard has been implemented prospectively, comparative information has not been restated and the cumulative effect of initial application has been recognised in opening accumulated profit.

The Group applies the simplified approach permitted by IFRS 9 and has implemented the standard prospectively. Comparative information has not been restated and the cumulative impact of the initial application has been recognised in opening accumulated profit.

As at 1 July 2018, the directors reviewed and assessed the Group's existing financial assets, for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items.

An additional credit loss allowance of R0.9 million, net of tax, as at 1 July 2018 has been recognised against retained earnings.

	Trade and other receivables
Loss allowance as at 30 June 2018 under IAS 39	(12 959)
Amount restated through accumulated profit	(1 200)
Opening loss allowance at 1 July 2018 under IFRS 9	(14 159)

The additional loss allowance recognised upon the initial application of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to trade and other receivables.

Classification and measurement of financial liabilities
The classification categories for financial liabilities under IFRS 9 has mainly remained unchanged. The significant change introduced by IFRS 9 relates to the accounting for changes in the fair value of a financial liability designated as at fair-value-through-profit-and-loss (FVTPL) attributable to changes in the credit risk of the issuer.

The Groups' financial liabilities are all measured at amortised cost therefore the transition to IFRS 9 has no material impact on the measurement of financial liabilities in the prior or current year.

Hedge accounting
IFRS 9 introduces a new model for hedge accounting that aligns the accounting treatment with the risk management activities of the entity.

The Group does not apply hedge accounting and as such this has had no impact on the Group's financial position or results in the prior or current year.

3.2. IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaces IAS 18 Revenue. The effects of the adoption of IFRS 15 on 1 July 2018 is presented below:

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. Under IFRS 15, revenue is recognised as the Group satisfies performance obligations and transfers control of goods or services to its customers as opposed to the use of the risks and rewards criteria under IAS 18.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. The transition to IFRS 15 has had no significant impact on the Group's recognition or measurement of Revenue.

4. Revenue

	Unaudited 31 December 2018 R'000s	Restated unaudited 31 December 2017 R'000s	Restated unaudited 30 June 2018 R'000s
Revenue from contracts with customers			
Food sales	494 591	365 680	755 089
Meat sales	81 362	60 617	126 321
Equipment sales	111 118	108 344	171 895
	687 071	534 641	1 053 305
Other revenue			
Dividends received	11 577	11 569	23 726
Other revenue	8 680	3 313	22 320
Rental income	-	4 647	2 356
	20 257	19 529	48 402
Total revenue	707 328	554 170	1 101 707

5. Discontinued Operations

As at 31 December 2018 management has decided to dispose of its subsidiaries, Grand Coffee House (operating Dunkin' Donuts) and Grand Ice Cream (operating Baskin-Robbins), therefore at the reporting date these met the definition of a disposal group held for sale. Subsequent to the reporting date management has decided to liquidate these companies.

	Unaudited 31 December 2018 R'000s	Restated unaudited 31 December 2017 R'000s	Restated unaudited 30 June 2018 R'000s
5.1 Results of discontinued operations			
Revenue	18 260	22 549	42 931
Cost of Sales	(11 325)	(14 087)	(25 814)
Gross Profit	6 935	8 462	17 117
Operating costs	(23 260)	(21 824)	(60 556)
Loss from operations	(16 325)	(13 362)	(43 439)
Impairment of property, plant, equipment, intangible assets and inventory	(50 038)	-	-
Depreciation	(3 278)	(3 579)	(6 256)
Amortisation	(1 195)	(575)	(1 195)
Loss before finance costs and taxation	(70 836)	(17 516)	(50 890)
Finance income	31	99	162

Finance costs	(24)	-	-
Loss before taxation	(70 829)	(17 417)	(50 728)
Taxation	-		(9 999)
Loss for the period	(70 829)	(17 417)	(60 727)

5.2 Cash flows from/(used in) discontinued operations

Net cash used in operating activity	(14 735)	(13 772)	(32 612)
Net cash used in investing activity	(542)	(9 263)	(13 935)
Net cash used in financing activity	18 465	26 035	46 535
Net cash flow for the year	3 188	3 000	(12)

5.3 Impairment of property, plant, equipment, intangible assets and inventory
Asset classes such as property, plant, equipment and inventory has been impaired as their value will not be realised through use.

Intangible assets have been fully impaired as the value will not be recovered other than through use.

	Unaudited 31 December 2018 R'000s	Restated unaudited 31 December 2017 R'000s	Restated unaudited 30 June 2018 R'000s
6. Non-current assets held for sale			

As at 31 December 2018 management has decided to dispose of its subsidiaries, Grand Coffee House (operating Dunkin' Donuts) and Grand Ice Cream (operating Baskin-Robbins) therefore at reporting period it has been disclosed as non-current assets held for sale. Subsequent to the reporting date management has decided to liquidate these companies.

The assets and liabilities included in assets classified as held-for-sale are as follows:			
Assets			
Non-current assets			
Property, plant and equipment	13 632	-	-
Non-current liabilities			
Finance leases	607	-	-

7. 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.

7.1 Reconciliation of the profit/(loss) for the period

Basic and diluted earnings per share reconciliation			
- Continuing operations	34 447	28 657	10 860
- Discontinued operations	(70 829)	(17 417)	(60 727)
Non-controlling interest	1 325	1 308	(197)
Profit for the year attributable to ordinary shareholders	(35 057)	12 548	(50 064)

7.2 Reconciliation of headline earnings for the period

Profit for the year attributable to ordinary shareholders	(35 057)	12 548	(50 064)
Continuing operations			
Impairment of property, plant, equipment, intangibles and inventory	431	-	-
(Profit)/loss on disposal of property, plant and equipment	-	(6 388)	(5 671)
Adjustments by jointly-controlled entities	173	7 588	7 716
- Impairment of investment		7 588	7 551
- Loss on disposal of plant and equipment	173	-	165
Discontinued operations			
Impairment of property, plant, equipment, intangibles and inventory	50 469	-	-
Headline earnings	16 016	13 748	(48 019)
Headline earnings for the period:			
- Continuing operations	36 376	31 165	12 708
- Discontinued operations	(20 360)	(17 417)	(60 727)
	16 016	13 748	(48 019)

7.3 Reconciliation of WANOS - net of treasury shares

Shares in issue at beginning of the year	426 223	429 988	429 988
Shares repurchased and cancelled during the year weighted for period held by Group	-	-	(569)
	426 223	429 988	429 419

7.4 Reconciliation of diluted WANOS - net of treasury shares

	000s	000s	000s
WANOS in issue - net of treasury shares	426 223	429 988	429 419
Effects of dilution from:			
- Share options	-	-	-
Diluted WANOS in issue - net of treasury shares	426 223	429 988	429 419

7.5 Statistics

	Cents	Cents	Cents
Basic and diluted earnings per share	(8.23)	2.92	(11.66)
- Continuing operations	8.39	6.97	2.48
- Discontinued operations	(16.62)	(4.05)	(14.14)
Headline and diluted headline earnings per share	3.75	3.20	(11.18)
- Continuing operations	8.53	7.25	2.96
- Discontinued operations	(4.78)	(4.05)	(14.14)

8. Fair value measurements

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

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

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
31 December 2018				
Investments at fair value through OCI - Spur (i)	188 384	-	234 655	423 039
Investments at fair value through OCI - Atlas Gaming	-	-	5 786	5 786
Total	188 384	-	240 441	428 825

31 December 2017	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
Investments at fair value through OCI - Spur (i)	232 312	-	280 423	512 735
Investments at fair value through OCI - Atlas Gaming	-	-	5 787	5 787
Total	232 312	-	286 210	518 522

30 June 2018	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
Investments at fair value through OCI - Spur (i)	217 529	-	270 957	488 486
Investments at fair value through OCI - Atlas Gaming	-	-	5 787	5 787
Total	217 529	-	276 744	494 273

i) Investment at fair value through OCI - Spur
The carrying value of the investment in Spur at 31 December 2018 of R423.0 million is made up of the original acquisition price of R569.0 million and fair value adjustments of R65.4 million (2017: R56.4 million). The Group's initial investment in Spur is subject to a trading restriction linked to the Group's empowerment credentials. The restriction expires on 29 October 2019, after which the instrument may be traded without restriction. The fair value of the investment has been measured by applying a tradability discount of 3% per year remaining on the restriction against the market price of Spur, as quoted on the JSE. The tradability discount was determined with reference to the agreements which govern the trading restrictions and industry standards applied to empowerment transactions. As the terms of the trading restrictions are unobservable the instrument has been classified under level 3, had the trading restrictions not been in place, the instrument would have been classified under level 1. A change of 1.0% in the discount rate used to determine the fair value at the reporting date would have increased/ decreased other comprehensive income after tax by R2.4 million (2017: R2.4 million). There were no additions to level 3 instruments in the current year.

9. 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 madethere. Listed below is a detailed segment analysis:

	External Revenue			Inter-segment revenue(1)			EBITDA		
	Unaudited 31 December 2018 R000's	Restated Unaudited 31 December 2017 R000's	Restated Unaudited 30 June 2018 R000's	Unaudited 31 December 2018 R000's	Restated Unaudited 31 December 2017 R000's	Restated Unaudited 30 June 2018 R000's	Unaudited 31 December 2018 R000's	Restated Unaudited 31 December 2017 R000's	Restated Unaudited 30 June 2018 R000's
Food	707 237	548 359	1 095 031	11 124	27 720	52 968	34 105	32 187	32 714
Burger King	504 949	368 607	774 999	-	-	-	21 425	20 757	22 876
Mac Brothers	111 118	108 344	171 895	9 533	27 663	52 275	2 956	4 947	(5 063)
Bakery	-	56	-	1 591	57	693	(5 713)	(2 898)	(7 622)
Spur	11 577	11 569	23 726	-	-	-	11 496	11 533	23 586
Grand Food Meat Plant	79 593	59 783	124 411	-	-	-	3 941	(2 152)	(1 063)
Gaming and leisure	-	-	-	-	-	-	73 557	56 683	109 360
SunWest	-	-	-	-	-	-	42 757	35 142	70 188
Sun Slots	-	-	-	-	-	-	30 153	19 897	36 621
Worcester Casino	-	-	-	-	-	-	647	1 644	2 551
Group costs	91	5 811	6 669	15 148	67 281	96 130	(14 673)	(5 378)	(18 566)
GPI Properties	91	5 811	6 297	10 353	8 130	21 359	3 107	15 106	19 521
Central									

costs	-	-	372	4 795	59 151	74 771	(17 780)	(20 484)	(38 087)
Non-core	-	-	-	-	-	-	-	-	(9 500)
GTM	-	-	-	-	-	-	-	-	(9 500)
Continuing	707 328	554 170	1 101 700	26 272	95 001	149 098	92 989	83 492	114 008
Dunkin' Donuts	12 895	15 659	30 523	-	-	-	(46 390)	(8 350)	(24 857)
Baskin Robins	5 365	6 889	12 408	-	-	-	(19 973)	(5 012)	(18 582)
Dis-continued	18 260	22 548	42 931	-	-	-	(66 363)	(13 362)	(43 439)

(1) Transactions between segments are concluded at arms length.
(2) These figures are shown after central group eliminations.

	Net profit/(loss) after tax			Total Assets			Total Liabilities		
	Unaudited 31 December 2018 R000's	Restated Unaudited 31 December 2017 R000's	Restated Unaudited 30 June 2018 R000's	Unaudited 31 December 2018 R000's	Restated Unaudited 31 December 2017 R000's	Restated Unaudited 30 June 2018 R000's	Unaudited 31 December 2018 R000's	Restated Unaudited 31 December 2017 R000's	Restated Unaudited 30 June 2018 R000's
Food	(13 023)	(13 413)	(45 480)	1 184 782	1 182 517	1 266 514	(407 503)	(389 805)	(544 783)
Burger King	(9 559)	(7 887)	(26 577)	554 333	499 112	608 019	(45 428)	(66 118)	(210 585)
Mac Brothers	1 459	887	(7 849)	92 639	98 147	90 612	(43 867)	(37 687)	(42 807)
Bakery	(6 136)	(3 063)	(8 172)	10 271	13 548	10 420	(2 207)	-	(3 514)
Spur	177	557	608	433 916	512 736	499 510	(255 290)	(247 699)	(255 559)
Grand Food Meat Plant	1 036	(3 907)	(3 490)	93 623	58 974	57 953	(60 711)	(38 301)	(32 318)
Gaming and leisure	73 557	56 054	109 360	1 012 045	981 758	1 002 644	(232 360)	(251 828)	-
SunWest	42 757	34 513	70 188	634 484	620 437	625 882	(232 360)	(251 828)	-
Sun Slots	30 153	19 897	36 621	348 357	331 481	348 205		-	-
Worcester Casino	647	1 644	2 551	29 204	29 840	28 557		-	-
Group costs	(26 087)	(13 984)	(43 520)	384 213	569 565	441 680	(86 368)	(133 973)	(260 824)
GPI Properties	(1 467)	9 899	10 774	183 735	203 580	187 628	(69 839)	(77 837)	(73 208)
Central costs	(24 620)	(23 883)	(54 294)	200 478	365 985	254 052	(16 529)	(56 136)	(187 616)
Non-core	-	-	(9 500)	-	-	-	-	-	-
GTM	-	-	(9 500)	-	-	-	-	-	-
Continuing	34 447	28 657	10 860	2 581 040	2 733 840	2 710 838	(726 231)	(775 606)	(805 607)
Dunkin' Donuts	(49 324)	(10 820)	(36 244)	19 657	67 844	53 109	(10 176)	(10 346)	(7 957)
Baskin Robins	(21 505)	(6 597)	(24 483)	8 525	28 473	19 804	(8 835)	(2 291)	(3 889)
Dis-continued	(70 829)	(17 417)	(60 727)	28 182	96 317	72 913	(19 011)	(12 637)	(11 846)

COMPANY INFORMATION

DIRECTORS
H Adams (Executive Chairman)
M Tajbhai (Chief Executive Officer)
appointed 1 November 2018
C Priem (Group Financial Director)
appointed 1 July 2018

A Abercrombie, W Geach, M Bowman,
NV Maharaj, R van Dijk

NATURE OF BUSINESS
Investment Holding Company

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PUBLIC OFFICER
C Priem

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ATTORNEYS
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BANKERS
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SPONSORS
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REGISTRATION NUMBER
1997/003548/06

DOMICILE AND COUNTRY
OF INCORPORATION
South Africa

LISTING
JSE Limited
Sector: Financial Services
Grand Parade Investments Limited:
("GPI" or "the company" or "the group")
Registration number: 1997/003548/06
ISIN: ZAE000119814
Share code: GPL

PREPARER OF THE FINANCIAL STATEMENTS
The unaudited interim financial statements were prepared under supervision of Grand Parade Investments (GPI) Group Financial Director, C Priem.