

NIVEUS

INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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SHAREHOLDERS' DIARY

Financial year-end	31 March 2018
Annual general meeting	22 October 2018
Reports	
– Preliminary report	May
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CORPORATE INFORMATION

Company name and registration

Niveus Investments Limited
Registration number: 1996/005744/06
ISIN code: ZAE000169553
Share code: NIV

Registered office

La Concorde, 57 Main Street, Paarl, 7646
Tel: 021 807 3800

Company secretary

HCI Managerial Services Proprietary Limited
Suite 801, 76 Regent Road, Sea Point, 8005
PO Box 5251, Cape Town, 8001

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Tel: 011 370 7700

Auditor

Grant Thornton Johannesburg Partnership

Sponsor

PSG Capital Proprietary Limited

Executive directors

Muriel Loftie-Eaton
Cisco Pereira

Non-executive directors

John Copelyn
Yunis Shaik (appointed CEO effective 1 August 2018)
André van der Veen

Independent non-executive directors

Dr Moretlo Molefi
Jabu Ngcobo
Rachel Watson

Resignations

Francine-Ann du Plessis – Resigned 17/11/2017
Michael Joubert – Resigned 17/11/2017
Wessel van der Merwe – Resigned 17/11/2017
Carolyn Kristal – Appointed 1/11/2017, Resigned 30/06/2018
Khutso Mampeule – Resigned 19/04/2017

SHAREHOLDER SNAPSHOT

ANALYSIS OF SHAREHOLDERS

Listed below are analyses of shareholdings extracted from the register of ordinary shareholders at 31 March 2018.

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000 shares	179	47,2	50 633	0,0
1 001 – 10 000 shares	101	26,7	426 159	0,4
10 001 – 50 000 shares	50	13,2	1 100 411	0,9
50 001 – 100 000 shares	11	2,9	847 917	0,7
100 001 – 500 000 shares	21	5,5	4 602 868	3,9
500 001 – 1 000 000 shares	6	1,6	4 380 313	3,7
Over 1 000 000 shares	11	2,9	107 754 433	90,4
	379	100,0	119 162 734	100,0

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of shares
Bank	4	1,0	353 658	0,3
Close corporation	15	4,0	109 288	0,1
Endowment fund	1	0,3	30 000	0,0
Individual	288	76,0	23 762 097	19,9
Investment company	15	4,0	73 629 189	61,8
Pension fund	2	0,5	28 197	0,0
Private company	22	5,8	19 661 322	16,5
Public company	4	1,0	227 161	0,2
Trust	28	7,4	1 361 822	1,1
	379	100,0	119 162 734	100,0

SHAREHOLDER SNAPSHOT (CONTINUED)

SIGNIFICANT SHAREHOLDINGS

At 31 March 2018, as far as Niveus is aware, the following shareholders beneficially held, either directly or indirectly, 5% or more of the issued shares:

Shareholder	Number of shares	% of issued capital
HCI	62 294 907	52,3
Directors as shown in Shareholder Analysis		

SHAREHOLDER ANALYSIS

31 March 2018	Number of shareholders	Number of shares	% of issued capital
Public	375	48 626 487	40,8
Non-public	4	70 536 247	59,2
HCI	1	62 294 907	52,3
JA Copelyn* (indirect)	1	7 173 840	6,0
A van der Veen** (indirect)	1	870 559	0,7
MM Loftie-Eaton# (indirect)	1	196 941	0,2
Total	379	119 162 734	100,0

Directors

* In addition, A van der Veen holds an indirect non-beneficial interest in 2 830 552 Niveus shares through Nport Investment Holdings Proprietary Limited.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors of Niveus Investments Limited are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Company and the Group, and for other information contained in this report.

The annual financial statements, set out on pages 13 to 75, and the annual financial statements for the year ended 31 March 2018, available on the Niveus website, were prepared in accordance with IFRS and the requirements of the Companies Act on the going concern basis and incorporate full and responsible disclosure. The summarised information included in this report has been extracted from the audited annual financial statements. The annual financial statements are based upon appropriate accounting policies and are supported by reasonable and prudent judgements and estimates. The annual financial statements were prepared under the supervision of Muriel Loftie-Eaton CA(SA).

The directors are satisfied that the information contained in the annual financial statements fairly represents the results of operations for the year and the financial position of the Group at year-end. The accuracy of the other information included in this report was considered by the directors and they are satisfied that it accords with the annual financial statements.

The directors are also responsible for the Group's system of internal financial controls. The system was developed to provide reasonable, although not absolute, assurance regarding the reliability of the annual financial statements, the safeguarding of assets, and the prevention and detection of misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the future.

The annual financial statements were audited by the independent auditing firm, Grant Thornton Johannesburg Partnership, to which unrestricted access was given to all financial records and related data. The unqualified audit report can be found in the annual financial statements on the Niveus website.

The annual financial statements for the year ended 31 March 2018 were approved by the board of directors on 30 July 2018 and are signed on its behalf by:



Muriel Loftie-Eaton
CHIEF EXECUTIVE OFFICER

30 July 2018
Paarl

DECLARATION BY THE COMPANY SECRETARY

I hereby confirm, in my capacity as company secretary of Niveus Investments Limited, that for the period ended 31 March 2018, the Company has filed all required returns and notices in terms of the Companies Act and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

HCI Managerial Services
Proprietary Limited

HCI Managerial Services Proprietary Limited
COMPANY SECRETARY

REPORT OF THE AUDIT AND RISK COMMITTEE

Members: Dr LM Molefi (chairperson), RD Watson and JG Ngcobo

The audit and risk committee submits this report for the financial year ending 31 March 2018, as required by section 94 of the Companies Act.

The Niveus audit and risk committee is a formal committee of the board appointed by the shareholders and functions within its documented terms of reference. All members of the audit and risk committee are independent non-executive directors who act independently and are suitably skilled and experienced. The committee members are permitted to consult with specialists or consultants subject to board approval.

The chief executive officer, the financial director and the Group's chief risk officer attend the meetings as permanent invitees, along with the external auditor and chief audit executive. Other directors and members of management attend as required.

Three audit and risk committee meetings were held during the year. The chairperson of the committee participated in setting of and reaching an agreement on the agendas to the meetings.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

In terms of the Companies Act, the audit and risk committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit and risk committee charter.

The audit and risk committee fulfils an independent oversight role regarding the Group's integrated annual report, financial statements and the reporting process, which includes the system of internal financial control. The audit and risk committee is ultimately accountable to both the board and shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King IV™ and additional responsibilities assigned by the board.

The committee is satisfied that, in respect of the financial period under review, it has performed all the functions required by law to be performed by an audit and risk committee, including those set out in section 94 of the Companies Act and in terms of the committee's terms of reference and those more fully set out in the corporate governance report. In connection with the above, the committee has:

- reviewed the interim, provisional and year-end financial statements, which culminated in a recommendation to the board for their adoption;
- reviewed legal matters that could have a significant impact on the Group's financial statements;
- reviewed the external audit report on the annual financial statements;
- assessed the effectiveness and quality of the external auditor;
- evaluated policies and procedures regarding internal controls as well as the adequacy of and adherence to controls;
- reviewed risk registers of subsidiary companies;
- reviewed and approved the internal audit plan;
- reviewed internal audit reports;
- reviewed the board-approved internal audit charter;
- evaluated compliance with the JSE Listings Requirements; and
- confirmed the independence of the external auditor as per section 92 of the Companies Act.

The audit and risk committee fulfils an oversight role regarding the Group's financial statements and the reporting process, which includes the system of internal financial control.

COMBINED ASSURANCE

The Combined Assurance Forum (incorporating internal audit, external audit, the chief financial officer and the chief risk officer) provides assurance to the board that the risk management process is integrated into the daily business activities of the Company and that the appropriate levels of assurance are obtained.

EXTERNAL AUDITORS

The external auditors for the period under review were Grant Thornton Johannesburg Partnership and Ms M da Costa as the designated auditor.

The committee

- confirmed the independence of the external auditor as per section 92 of the Act;
- reviewed the performance of the external auditors and confirmed that the external auditors, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements;
- determined the fees to be paid to the external auditor and their terms of engagement;
- determined the nature and extent of any non-audit services that the external auditors may provide to the Company and its wholly owned subsidiaries;
- preapproved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries; and
- provided for regular confidential meetings between the committee members and the external and internal auditors.

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management, and the system of internal control of the Group, and has delegated the governance of risk to the audit and risk committee. The committee's responsibilities in terms of risk are to ensure that:

- management designs, implements and monitors the risk management policies;
- risk assessments are performed on an ongoing basis;
- frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risk monitoring is continuous; and
- the board receives assurance regarding the effectiveness of Group risk management.

The committee is accountable to the board for implementing and monitoring the risk management processes and integrating this into day-to-day activities. However, the committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

Risk registers are presented to the board, which identify the most significant risks based on likelihood and impact of occurrence, with mitigating controls documented per risk.

A disciplined and timeous reporting structure enables the committee to be fully apprised of Group activities, risks and opportunities. This is achieved by requiring that subsidiaries report their key risks and responses to the committee and update the board when significant changes have taken place.

The chairperson of the committee reports the most significant risks derived from the above process to the board of Niveus.

INTERNAL AUDIT

The committee has oversight of the Group's financial statements and reporting process, which includes the system of internal financial control. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The committee is responsible for the appointment, performance assessment and dismissal of the Chief Audit Executive ("CAE"). The CAE functionally reports to the chair of the committee and administratively to the financial director.

CORPORATE GOVERNANCE

The Niveus board of directors is committed to the principles of good corporate governance. Ethical behaviour in Company undertakings is maintained by all directors, officers and staff in accordance with the Group's ethics policy. The policy requires of individual employees that they comply with all relevant legal requirements and regulations that apply to their area of work, and provides guidance on matters such as respecting intellectual property rights and avoiding conflicts of interest. Niveus acknowledges and understands that the structure of its investments requires a shared set of core values and ethical conduct to which each employee is held accountable.

As a corporate citizen, Niveus has a responsibility to conduct its affairs with diligence and responsibility, and to safeguard the interests of all stakeholders. The board is accountable for the strategy, direction and corporate behaviour of the Company. This includes oversight of policies and procedures that promote Company conduct in accordance with the Niveus code of ethics.

With effect from 1 July 2014, the Group adopted an Anti-Corruption and Economic Crime Prevention Policy. The purpose of this document is to set out the policy of the Group in its management of bribery, corruption and other forms of economic crime. The policy includes control strategies for prevention and remedial action in order to limit the Group's exposure.

The directors of Niveus are required to act in accordance with the Group's directors' code of conduct. The governing principles are broadly defined as standards of diligence and good faith.

The board endorses the King IV Code™ on Corporate Governance ("King IV Code™") set out in King IV™ along with the Company's commitment to good corporate governance formalised in its charter and policies.

King IV™, which is on an "apply and explain" basis, was released on 1 November 2016. King IV™ advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

The board is satisfied that Niveus, in all material aspects, complies with the major recommendations of the King IV Code™ to ensure that sound corporate governance and structures are applied within the Group.

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

IT GOVERNANCE

As an investment holding Company with limited technology needs, Niveus has not deemed it necessary to focus on IT at a Group level. The company has outsourced its IT operations to a credible service provider via a service level agreement.

COMPLIANCE

The social and ethics committee has oversight of the Group's compliance programme. It is the responsibility of this committee to review the matters that pertain specifically to audit committees, such as tax compliance.

WHISTLE-BLOWING

The committee has oversight of the Company's whistle-blowing programme. During the period under review it was satisfied that adequate and appropriate provision was made for whistle-blowing. No instances requiring action at a Group level were raised or identified during the period under review.

SUSTAINABILITY REPORTING

The committee considered the Company's sustainability information, as disclosed in this report, and has assessed its consistency with operational and other information known to committee members. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

During the period under review, the committee considered the expertise and experience of the chief financial officer ("CFO"), Ms Carolyn Kristal, and was satisfied that, in terms of section 3.84(g)(i) of the JSE Listings Requirements, the CFO had the appropriate skills, expertise and experience to meet the responsibilities of the position.

The committee has also, in terms of King IV™, assessed the expertise of the finance function and the committee is satisfied that the finance team have the required and adequate skills to perform their duties.

FINANCIAL STATEMENTS AND GOING CONCERN

The committee has reviewed the stand-alone and consolidated financial statements of the Company and is satisfied that they comply with International Financial Reporting Standards and the Companies Act, and that the accounting policies used are appropriate.

The review of the financial statements includes a review of the legal matters that could have a significant impact on the Group's financial statements and the key audit matters contained in the external audit report.

The committee has also reviewed a documented assessment by management of the going concern premise of the Company before recommending to the board that the Company will be a going concern in the foreseeable future.

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee, after taking into account the risk of fraud relating to financial reporting, has further considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Niveus finance function, the effectiveness of the internal financial controls, and the experience of the senior members of management responsible for the finance function.

The committee has reviewed the stand-alone and consolidated financial statements of the Company and is satisfied that they comply with International Financial Reporting Standards and the Companies Act, and that the accounting policies used are appropriate.

The committee has also reviewed a documented assessment by management of the going concern premise of the Company before recommending to the board that the Company will be a going concern in the foreseeable future.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The committee has evaluated the integrated annual report, as well as the complete annual financial statements, of the Group for the period ended 31 March 2018 and, based on the information provided, has recommended them for approval by the board.



Dr Moretlo Molefi
CHAIRPERSON: AUDIT AND RISK COMMITTEE

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NIVEUS INVESTMENTS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Niveus Investments Limited (the group and company) set out on pages 13 to 75, which comprise the consolidated and separate statements of financial position as at 31 March 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Niveus Investments Limited as at 31 March 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property – group As disclosed in note 37, a change in use of certain property resulted in its reclassification from property, plant and equipment to investment property. These properties were fair valued through other comprehensive income prior to being transferred resulting in R40 million net of deferred tax recognised in other comprehensive income. At year end, the carrying value of investment property amounted to R263 million and the fair value adjustment recorded in profit and loss for the year amounted to R48 million. Significant judgement is required by the Directors in determining the fair value of investment property. We identified the valuation of investment property as a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the fair value. The fair values of investment properties were determined by an independent external valuator using a discounted cash flow method of valuation. The data used in the discounted cash flow models incorporated significant unobservable inputs, including expected market rental growth, expected expense growth, vacancy periods, occupancy rates, rent-free periods, discount rates and exit capitalisation rates.	<p>We assessed the competence, capabilities and objectivity of the Group's independent valuator and verified their qualifications. In addition, we discussed the scope of their work with management and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with International Financial Reporting Standards and industry norms.</p> <p>We compared the inputs used by the independent valuator to market data and entity-specific historical information to confirm the appropriateness of these judgements.</p> <p>We reperformed calculations for accuracy, including the calculation of the portion through other comprehensive income and the portion through profit and loss.</p> <p>We reviewed the appropriateness of the disclosure surrounding investment properties in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF NIVEUS INVESTMENTS LIMITED

Key audit matter	How our audit addressed the key audit matter
Impairment considerations – investments in subsidiaries – Company As set out in note 6.1, the total value of investments in subsidiaries include loan receivables of R554 million (gross receivables of R630 million less allowance for impairment of R78,1 million). We identified the impairment considerations on these balances as a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated in assessing impairment.	We reviewed management's key estimates in their impairment considerations, supported by external information, including current repayment trends and underlying financial performance. Using this information, we made an assessment of the appropriateness of impairment allowances raised by management. We reviewed the appropriateness of the disclosure in the annual financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Group's Integrated Annual Report that includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF NIVEUS INVESTMENTS LIMITED

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

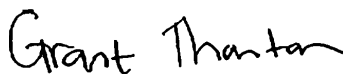
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of Niveus Investments Limited for 10 years.



GRANT THORNTON
Registered Auditors
Practice Number: 903485E

MA da Costa
Partner
Registered Auditor
Chartered Accountant (SA)

30 July 2018

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT

NATURE OF THE BUSINESS AND OPERATIONS

Niveus is an investment holding company incorporated in South Africa and listed on the JSE on 10 September 2012. The Group's interests consist mainly of investments in property and cash.

BUSINESS COMBINATIONS AND DISPOSAL OF SUBSIDIARIES

During the year, the Group acquired control of Galaxy Bingo Butterworth Proprietary Limited. Refer to the Business Combinations/Disposals note of the annual financial statements for more details on the business combination.

During March 2017, the Group contracted to dispose of subsidiaries Jacaranda Royal Casino Limited, VSlots Lesotho Proprietary Limited and VSlots Swaziland Proprietary Limited. In addition, effective November 2017, the Group unbundled its interests in Vukani Gaming Corporation Proprietary Limited, Galaxy Gaming and Entertainment Proprietary Limited and all associated entities and businesses. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are shown as a single line item on the face of the consolidated statement of profit and loss. Refer to the Discontinued Operations note of the annual financial statements for more details on these disposals.

STATED CAPITAL

The authorised share capital at 31 March 2018 was 500 000 000 ordinary shares of no par value.

At 31 March 2018, the total shares issued was 119 162 734.

Refer to note 12 for more information on the Group's stated capital.

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2018, the Group's investment in property, plant and equipment and investment properties amounted R114 million (2017: R660 million).

MAJORITY SHAREHOLDER

HCI is the holding company of Niveus with an effective interest of 52,3%.

DIRECTORATE AND COMPANY SECRETARY

The directors of the Company appear on page 1 and the company secretary's details are set out on the inside back cover. Khutso Mampeule resigned during the year under review. Rachel Watson was appointed as an independent non-executive director in May 2017. Francine-Ann du Plessis, Michael Joubert and Wessel van der Merwe were temporarily appointed as independent non-executive directors in July 2017 for the purpose of the proposed unbundling of Niveus's shares in wholly owned subsidiary Niveus Invest 19 Limited.

André van der Veen served as CEO until 30 October 2017 and thereafter as non-executive director. Muriel Loftie-Eaton served as financial director until 30 October 2017, as CEO from 1 November 2017 until 31 July 2018 and resigned from the board effective 1 August 2018.

Yunis Shaik served as non-executive director until 31 July 2018 and as CEO effective 1 August 2018. Carolyn Kristal served as financial director from 1 November 2017 and resigned from the board effective 1 July 2018. Cisco Pereira was appointed financial director on 1 July 2018.

Details of directors' shareholdings and emoluments appear in notes 27 and 28. As noted in the remuneration report, the executive directors are employed and remunerated by JHMS.

In accordance with the Company's MOI, JG Ngcobo, Y Shaik and A van der Veen will retire by rotation at the forthcoming annual general meeting. The retiring directors, being eligible, offer themselves for re-election.

GOING CONCERN

The board considers the going concern status of the Niveus Group on a biannual basis with reference to the following:

- net available funds and the liquidity thereof;
- the following year's forecast of profitability and cash flows; and
- the Niveus Group's current financial position.

The directors report that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

NO MATERIAL CHANGE

There has been no material change in the financial or trading position of the Niveus Group since the publication of its provisional results for the year ended 31 March 2018.

DIRECTORS' REPORT (CONTINUED)

SUBSEQUENT EVENTS

Refer to note 36 for more information. The directors are not aware of any further matter or circumstance arising since the end of the financial year not otherwise dealt with in the annual financial statements that would affect the operations or results of the Company or the Group significantly.

PREPARER

These annual financial statements were prepared under the supervision of Muriel Loftie-Eaton CA(SA).

AUDITORS

Subject to shareholder approval Grant Thornton Johannesburg Partnership will continue in office in accordance with section 90 of the South African Companies Act for the 2019 financial year. The directors have recommended that Ms M da Costa be re-appointed as the designated auditor.

AUDITOR'S REPORT

The consolidated annual financial statements have been audited by Grant Thornton Johannesburg Partnership and their unqualified audit report on the annual financial statements is set out on pages 8 to 10.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting of shareholders held on 1 November 2017:

- Approval of the fees payable to non-executive directors for their services as directors or as members of the board subcommittees in respect of the financial period 1 April 2018 to 31 March 2019;
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings Requirements 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company; and
- Granting the directors of the Company the authority in terms of section 45 of the Companies Act, to cause the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise, to any company or corporate entity which is related or inter-related to the Company. The special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the Company.

The following special resolutions were passed by the Company's shareholders at the general meeting of shareholders held on 23 March 2018:

- Approval of the La Concorde Unbundling which constitutes the disposal of the greater part of the assets or undertaking of La Concorde in terms of section 112 of the Companies Act and, having regard to the consolidated financial statements of Niveus, may also constitute the disposal of the greater part of the assets or undertaking of Niveus in terms of section 115(2) (b) of the Companies Act; and
- Approval of the Niveus Unbundling which constitutes the disposal of the greater part of the assets or undertaking of Niveus in terms of sections 112 and 115 of the Companies Act.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

SHAREHOLDING OF DIRECTORS

The shareholding of directors of the Company and their participation in the share incentive scheme of the Company as at 31 March 2018 are set out in note 27.

DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the Company and its subsidiaries for the year ended 31 March 2018 are set out in note 28.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in note 6 to the annual financial statements.

BORROWING POWERS

There are no limits placed on borrowing in terms of the memorandum of incorporation.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	Group		Company	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
Assets					
Non-current assets		484 664	1 315 728	617 960	5 129 908
Property, plant and equipment	1	114 159	659 202	–	–
Investment properties	2	262 758	28 638	–	–
Goodwill	3	11 714	59 944	–	–
Intangible assets	4	12 830	18 480	–	–
Investments in associates and joint ventures	5	35 322	73 707	24 201	2 029
Investments in subsidiaries	6	–	–	553 202	5 127 879
Deferred taxation	7	1 040	28 251	–	–
Other financial assets	8	38 779	–	38 779	–
Loans receivable	9	8 062	447 506	1 778	–
Current assets		287 676	1 057 007	12 107	15 261
Inventories	10	332	6 285	–	–
Trade and other receivables	11	27 806	122 590	10 722	14 642
Loans receivable	9	–	218 947	–	300
Taxation		4	451	–	–
Cash and cash equivalents	26.5	259 534	708 734	1 385	319
Non-current assets held for sale	34	855 273	5 419	–	–
Total assets		1 627 613	2 378 154	630 067	5 145 169
Equity and liabilities					
Capital and reserves		1 400 212	1 881 755	517 872	5 106 044
Stated capital	12	925 399	925 399	925 399	925 399
Other reserves	13	(63 729)	(65 988)	3 552	4 333
Accumulated profits/(losses)		62 686	454 854	(411 079)	4 176 312
Equity attributable to equity holders of the parent		924 356	1 314 265	517 872	5 106 044
Non-controlling interest	6.2	475 856	567 490	–	–
Non-current liabilities		44 088	231 344	–	–
Operating lease equalisation liability		–	4 373	–	–
Borrowings	14	–	205 623	–	–
Deferred taxation	7	44 088	21 348	–	–
Current liabilities		183 313	262 596	112 195	39 125
Trade and other payables	16	61 198	206 710	17 232	39 125
Other financial liabilities	17	94 963	–	94 963	–
Current portion of borrowings	14	–	38 512	–	–
Finance lease liabilities	15	–	532	–	–
Taxation		27 152	16 842	–	–
Non-current liabilities held for sale	34	–	2 459	–	–
Total equity and liabilities		1 627 613	2 378 154	630 067	5 145 169

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Group		Company	
		2018 R'000	2017 Restated* R'000	2018 R'000	2017 Restated** R'000
Revenue	19	42 608	18 519	206 986	169 651
Net gaming win		79 012	52 686	–	–
		121 620	71 205	206 986	169 651
Other income		–	2 851	–	–
Other operating expenses		(129 307)	(136 106)	(110 544)	(17 876)
Depreciation and amortisation		(29 869)	(34 216)	–	–
Share of (losses)/profits of associates and joint ventures		(2 287)	736	–	–
Investment income	20	86 054	49 717	161	485
Fair value adjustment of investment property		48 119	–	–	–
Fair value adjustments of financial instruments	8	5 539	–	5 539	–
Impairment of assets		(775)	(1 982)	–	–
Impairment of goodwill	3	–	(3 958)	–	–
Impairment of investment in associates and joint ventures	5	(934)	(6 971)	–	–
Reversal of impairment/(impairment) of loans to subsidiaries	6	–	–	(2 103)	162 377
Gain/(loss) on disposal of subsidiary	26.4	–	6 074	(204 494)	4 281 510
Finance costs	22	(5 662)	1 147	(1 225)	(12 850)
Profit/(loss) before taxation	23	92 498	(51 503)	(105 680)	4 583 297
Taxation	24	(48 848)	(6 637)	–	–
Profit/(loss) for the year from continuing operations		43 650	(58 140)	(105 680)	4 583 297
Net result from discontinued operations	34	164 508	(68 308)	–	–
Group profit/(loss)		208 158	(126 448)	(105 680)	4 583 297
Attributable to:					
Equity holders of the parent		184 260	(9 154)		
Non-controlling interest		23 899	(117 294)		
		208 158	(126 448)		
Earnings per share (cents)	25	154,6	(7,7)		
– Continuing operations		26,9	(57,7)		
– Discontinued operations		127,8	50,0		
Diluted earnings per share (cents)	25	153,7	(7,6)		
– Continuing operations		26,7	(57,3)		
– Discontinued operations		127,0	49,7		

* Prior year revenue, expenses and gains and losses relating to current year discontinued operations were removed from the results of continuing operations and included in a single line item "Net result from discontinued operations". Refer to note 34.

** Revenue for the company was reclassified for the previous year, to better reflect the nature of the income.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Group		Company	
		2018 R'000	2017 Restated* R'000	2018 R'000	2017 R'000
(Loss)/profit for the year		208 158	(126 448)	(105 680)	4 583 297
Other comprehensive income net of tax:					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences	13	(20 305)	(20 725)	-	-
Items that will not be reclassified subsequently to profit or loss					
Change in use – revaluation of property – Gross		52 184	-	-	-
Change in use – revaluation of property – Tax		(11 689)	-	-	-
Total comprehensive (loss)/income for the year		228 348	(147 173)	(105 680)	4 583 297
Attributable to:					
Equity holders of the parent		187 298	(29 879)		
Non-controlling interest		41 050	(117 294)		
		228 348	(147 173)		
Total comprehensive income attributable to equity holders of the parent arises from:					
Continuing operations		35 762	(90 908)		
Discontinued operations		151 537	61 029		
		187 299	(29 879)		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

Notes	Stated capital R'000	Other reserves R'000	Accumulated profits R'000	Non- controlling interest R'000	Total R'000
Group					
Balance as at 31 March 2016	925 399	(46 183)	502 051	699 231	2 080 498
Current operations					
Total comprehensive loss for the year	–	(20 725)	(9 154)	(117 294)	(147 173)
Business combinations	–	–	–	(1 596)	(1 596)
Equity-settled share-based payments	–	7 304	–	–	7 304
Effects of changes in holding	–	–	2 476	(6 901)	(4 425)
Capital reductions and dividends	–	–	(46 903)	(5 950)	(52 853)
Transfer of reserves	–	(6 384)	6 384	–	–
Balance as at 31 March 2017	925 399	(65 988)	454 854	567 490	1 881 755
Current operations					
Total comprehensive income for the year	–	3 040	184 260	41 050	228 349
Business combinations	–	–	–	17 392	17 392
Equity-settled share-based payments	–	(781)	–	–	(781)
Effects of changes in holding	–	–	–	(16 608)	(16 608)
Capital reductions and dividends	–	–	(576 426)	(133 468)	(709 894)
Balance as at 31 March 2018	925 399	(63 729)	62 688	475 856	1 400 213

Notes	Stated capital R'000	Other reserves R'000	Accumulated profits/(losses) R'000	Total R'000
Company				
Balance at 31 March 2016	925 399	4 202	(362 935)	566 666
Current operations				
Total comprehensive income for the year	–	–	4 583 297	4 583 297
Equity-settled share-based payments	–	2 984	–	2 984
Transfer of reserves	–	(2 853)	2 853	–
Capital reductions and dividends	–	–	(46 903)	(46 903)
Balances at 31 March 2017	925 399	4 333	4 176 312	5 106 044
Current operations				
Total comprehensive loss for the year	–	–	(105 680)	(105 680)
Equity-settled share-based payments	–	(781)	–	(781)
Capital reductions and dividends	–	–	(4 481 711)	(4 481 711)
Balances at 31 March 2018	925 399	3 552	(411 079)	517 872

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

Notes	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cash flows from operating activities	554 873	357 744	52 801	(14 219)
Cash generated by/(utilised in) operations	204 055	422 554	95 661	9 325
Investment income	89 615	28 135	161	5
Changes in working capital	364 208	10 889	(17 184)	(23 549)
Cash generated by/(utilised in) operating activities	657 878	461 578	78 638	(14 219)
Finance costs	(21 058)	(35 654)	(1 225)	–
Taxation paid	(81 947)	(68 180)	(24 612)	–
Cash flows from investing activities	(573 115)	293 536	35 476	(2 101)
Business combinations	(1 437)	466	–	–
Investment in:				
– Subsidiary companies	–	(4 426)	59 125	–
– Associated companies and joint ventures	(45 962)	(48 516)	(22 171)	(2 029)
– Financial assets	(217 348)	–	–	–
Disposal of subsidiaries	(204 882)	–	–	–
Loans receivable: advances	(1 936)	(18 164)	(1 478)	(72)
Intangible assets: additions	(8 073)	(3 368)	–	–
Investment property: additions	(3 990)	(93)	–	–
Disposal of business assets	–	520 483	–	–
Property, plant and equipment:				
– Additions	(92 187)	(165 154)	–	–
– Disposals	2 700	12 308	–	–
Cash flows from financing activities	(430 958)	(102 512)	(87 211)	16 082
Dividends paid to shareholders	(302 679)	(38 965)	(169 211)	(33 365)
Other financial liabilities	122 361	–	–	–
Loans from subsidiary companies	–	–	82 000	49 447
Long-term funding received	–	253 302	–	–
Long-term funding repaid	(250 640)	(316 849)	–	–
Cash and cash equivalents				
Movement for the year	(449 200)	548 768	1 066	(238)
At beginning of the year	708 734	161 071	319	557
Classified as held for sale	–	(1 105)	–	–
At end of the year	259 534	708 734	1 385	319

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

The annual financial statements are presented in accordance with, and comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants (“SAICA”), Financial Pronouncements as issued by the Financial Reporting Standards Council (“FRSC”), the JSE Listings Requirements and the South African Companies Act, 71 of 2008, as amended.

The annual financial statements were prepared under the historical cost convention, as modified by the revaluation to fair value of investment properties and certain financial instruments as described in the accounting policies below. The accounting policies are consistent with those applied in the previous year, except for the effect of the new standards and interpretations, effective for the financial year ended 31 March 2018, as presented in paragraph 3.

The preparation of the annual financial statements in accordance with IFRS requires that certain critical accounting estimates and assumptions be used. It also requires management to exercise their judgement in the process of applying the accounting policies of the Group. The areas involving a higher level of judgement or complexity, or areas where assumptions and estimates have a material effect on the annual financial statements are presented in paragraph 2.

The accounting policies that the Group applied in the presentation of the annual financial statements are set out below:

1.1 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker for purposes of allocating company resources and assessing their performance. The chief operating decision-maker has been identified as the executive committee that makes strategic decisions. Operating segments are individual components of an entity that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), and whose operating results are regularly reviewed by the entity’s chief operating decision-maker and for which discreet financial information is available. Operating segments that display similar economic characteristics are aggregated for reporting purpose.

1.2 CONSOLIDATION AND EQUITY ACCOUNTING

The annual financial statements include the financial information of the subsidiaries, associated entities and joint arrangements.

(i) SUBSIDIARIES

Subsidiaries are all entities (including structured entities) controlled by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss.

Investments in subsidiaries are accounted for at cost less accumulated impairment in the separate financial statements of the Company.

(ii) TRANSACTIONS AND NON-CONTROLLING INTERESTS

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) JOINT ARRANGEMENTS

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in joint ventures are accounted for at cost less accumulated impairment in the separate financial statements of the Company.

(iv) ASSOCIATES

Investments in associates are accounted for using the equity method of accounting. The Group's investment in associates includes goodwill identified on acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The Group recognises its share of associates' results in profit or loss, after accounting for interest, tax and non-controlling interests.

Investments in associates are accounted for at cost less accumulated impairment in the separate financial statements of the Company. Investments in associates acquired for resale are measured as a non-current asset held for sale from acquisition date.

(v) COMMON CONTROL TRANSACTIONS

Acquisitions of subsidiaries which do not result in a change of control of the subsidiaries are accounted for as common control transactions. The excess of the cost of the acquisition over the Group's interest in the carrying value of the identifiable assets and liabilities of the acquired entity is carried as a non-distributable reserve in the consolidated results.

1.3 FOREIGN EXCHANGE

(i) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The annual financial statements are presented in South African rand, which is the Group's functional and presentation currency.

(ii) TRANSACTIONS AND BALANCES

The financial statements for each Group Company were prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date, with the resultant translation differences being recognised in profit or loss. Translation differences on non-monetary assets, such as equity investments classified as available-for-sale, are recognised in other comprehensive income.

(iii) FOREIGN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS – TRANSLATION

Once-off items in the statement of profit or loss and statement of cash flows of foreign subsidiaries, associates and joint arrangements expressed in currencies other than the South African rand are translated to South African rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets, together with differences between income statements translated at average and closing rates, are recognised as a separate component of equity. For these purposes net assets include loans between Group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future, and are denominated in the functional currency of either the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recycled through profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at reporting date.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Refer to paragraph 1.10)

(i) DEPRECIATION

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life as follows:

Art	10 years
Buildings	40 years
Computer and office equipment	3 years
Furniture and fittings	5 – 10 years
Gaming equipment and signage	3 – 10 years
Gaming machines	7 years
Motor vehicles	4 – 15 years
Plant and machinery	6 – 50 years
Site leasehold improvements	6 years

(ii) PROFIT OR LOSS ON DISPOSAL

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the carrying amount of the asset. The profit or loss on disposal is recognised in profit or loss in the period in which they arise.

1.5 INVESTMENT PROPERTIES

Investment properties are held for capital appreciation and are not occupied by the Group. Investment properties are recognised at fair value representing estimated market value. Changes in fair value are recognised in profit or loss in the period in which they arise.

Investment properties are valued every third year.

1.6 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the Group.

Amortisation is recognised together with depreciation in profit or loss.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

(i) COMPUTER SOFTWARE

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group that will probably generate future economic benefits are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives (5 to 8 years) that are reassessed on an annual basis.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

(ii) BID COSTS AND GAMING LICENCES

Costs incurred during the bidding process for a gaming licence are capitalised by the Group on the successful award of a gaming licence, and amortised over the exclusivity period applicable to each licence, which ranges from 15 to 20 years from date of commencement of those operations.

The costs associated with unsuccessful gaming licence applications are written off as and when related bids are determined to be unsuccessful.

(iii) TRADEMARKS

Trademarks are recognised initially at cost. Trademarks have definite useful lives (five to 20 years) and are carried at cost less accumulated amortisation.

1.7 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial instruments disclosed in the annual financial statements include cash and cash equivalents, investments in money market funds, other investments, derivative instruments, debtors and short-term loans, trade and other payables and borrowings. Financial instruments are initially recognised at fair value, including transaction costs, when the Group becomes party to the contractual terms of the instruments. The transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are expensed.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle net, the relevant financial assets and liabilities are offset.

Interest costs are recognised using the effective-interest rate method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective-interest calculation and taken to net interest payable over the life of the instrument.

Financial assets (or portions thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in other comprehensive income, is included in the statement of profit or loss.

Financial liabilities (or portions thereof) are derecognised when the Group's obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in the statement of profit or loss.

Subsequent to initial recognition, these instruments are measured as follows:

(i) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

These instruments, consisting of investments in money market funds, financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges.

Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the statement of profit or loss in the period in which they arise.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

(ii) HELD-TO-MATURITY INVESTMENTS

Instruments with fixed maturity that the Group has the intent and ability to hold to maturity are classified as held-to-maturity financial instruments and are carried at amortised cost using the effective interest rate method.

(iii) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets (trade and other receivables), except for maturities of greater than 12 months after the statement of financial position date, which are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in profit or loss.

When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

(iv) FINANCIAL LIABILITIES AT AMORTISED COST

Trade payables and borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(v) AVAILABLE-FOR-SALE INVESTMENTS

Other long-term financial instruments are classified as available-for-sale and are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial instruments are recognised through other comprehensive income in the period in which they arise. When these financial instruments are either derecognised or impaired, the accumulated fair value adjustments are realised and included in the income statement.

(vi) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts.

Bank overdrafts are included within cash and cash equivalents on the face of the statement of cash flows as they form an integral part of the Group's cash management.

(vii) FAIR VALUE

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

1.8 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average or first-in first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less selling expenses.

Provision is made for slow-moving goods, and obsolete materials are written off.

1.9 STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where subsidiaries hold shares in the holding company's equity share capital, the consideration paid to acquire these shares is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive plans within the Group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

1.10 IMPAIRMENT OF ASSETS

An asset is impaired if its carrying amount is greater than its estimated recoverable amount, which is the higher of its fair value less cost to sell or its value in use.

(i) GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

These assets are assessed annually for possible impairments. For purposes of impairment testing, goodwill is allocated to cash-generating units, being the lowest component of the business measured in the management accounts that is expected to generate cash flows that are largely independent of another business component. Impairment losses relating to goodwill are not reversed. Any impairment is recognised in the statement of profit or loss.

(ii) OTHER ASSETS

The Group assesses at each reporting date whether there is objective evidence that other assets may be impaired.

Subsidiaries, joint ventures and associated companies

The carrying amounts of subsidiaries, joint ventures and associated companies are reviewed, if there is objective evidence of impairment, and written down where necessary.

Investment properties, property, plant and equipment and intangible assets with finite useful lives

Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the statement of profit or loss.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Financial instruments carried at amortised cost

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the statement of profit or loss.

Financial assets carried at fair value

If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss is removed from other comprehensive income and recognised in the statement of profit or loss.

Impairment losses on equity instruments that were recognised in the statement of profit or loss are not subsequently reversed through the statement of profit or loss– such reversals are accounted for in other comprehensive income.

1.11 NON-CURRENT ASSETS HELD FOR SALE

Items classified as non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale that is expected to qualify for recognition as a completed sale within one year from date of classification.

1.12 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

(i) SALE OF GOODS

KWV’s revenue is shown inclusive of excise and net of value-added tax (“VAT”), returns, rebates and discounts, and after eliminating sales within the Group.

(ii) RENDERING OF SERVICES

Revenue arising from services is recognised when the service is rendered.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

(iii) INTEREST INCOME

Interest income is recognised using the effective-interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

(iv) DIVIDEND INCOME

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

(v) NET GAMING WIN

Net gaming win comprises the slot machine win derived by limited payout route operations from gambling patrons and net bingo winnings derived from betting patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from gaming operations. Due to the short-term nature of the Group's gaming operations, all income is recognised immediately in profit and loss at fair value.

VAT and other taxes, including gaming levies, that are charged on gaming and betting winnings are included in net gaming win and are treated as direct costs as these are borne by the Group and not customers.

1.13 LEASES

(i) THE GROUP IS THE LESSEE

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

(ii) THE GROUP IS THE LESSOR

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised in profit or loss.

1.14 TAX

(i) INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

in equity. Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full, using the statement of financial position liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the annual financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised. Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is measured on a non-discounted basis.

(ii) DIVIDENDS WITHHOLDING TAX

Dividends paid by the Company to shareholders that are not exempt are subject to dividends withholding tax at a rate of 20% (2017: 20%).

1.15 DIVIDEND DISTRIBUTIONS

Dividend distributions to equity holders of the parent are recognised as a liability in the annual financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when approved by the board. Dividends declared after the reporting date are not recognised, as there is no present obligation at the reporting date. Distributions of assets to the Company's shareholders are accounted for at fair value.

1.16 EMPLOYEE BENEFITS

(i) DEFINED-CONTRIBUTION PLANS

For the defined-contribution plans, subsidiaries of the Group pay contributions to both in-house pension funds managed by employer and employee-nominated trustees and public administered provident plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. The rules of the funds do not allow for prepaid contributions.

(ii) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

(iii) BONUS PLANS

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses, which would become payable at the year-end.

(iv) SHARE-BASED PAYMENTS

The Group operates equity-settled share-based remuneration plans for its employees. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

1.17 EARNINGS PER SHARE

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2015 issued by SAICA.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets and liabilities that are not otherwise readily apparent. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

2.1 ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Refer to note 3 to the annual financial statements for impairment recognised on goodwill.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2.2 TAXATION

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

2.3 ASSET LIVES AND RESIDUAL VALUES

Changes in business landscape or technical innovations may impact the useful lives and estimated residual values of these assets. Similar assets are grouped together, but residual values and useful lives may vary significantly between individual assets in a category. Management reviews assets' residual values, useful lives and related depreciation charges annually at each reporting date.

2.4 IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

The Group assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment should be recognised in profit and loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from each receivable.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE:

The International Accounting Standards Board issued a number of standards, amendments to standards, and interpretations during the financial year ended 31 March 2018.

3.1 The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2018:

Standard	Details	Annual periods beginning on or after
IFRS 9: Financial Instruments	<p>A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on classification and measurement, impairment hedge accounting and derecognition:</p> <ul style="list-style-type: none"> • IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held, and their cash flow characteristics. A new business model was introduced which allows certain financial assets to be categorised as “fair value through other comprehensive income” in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. • The new model introduces a single impairment model being applied to all financial instruments, as well as an “expected credit loss” model for the measurement of financial assets. • IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity. In addition, enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. • IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. <p>The group has reviewed its financial assets and financial liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018:</p> <p><i>Classification and measurement</i> The majority of financial assets held by the group include:</p> <ul style="list-style-type: none"> • debt instruments – trade and other receivables – currently classified as loans and receivables and are measured at amortised cost. Trade and other receivables continue to qualify for measurement at amortised cost under IFRS 9 because they are held to collect contractual cash flows comprising principal and interest, therefore there is no change to the accounting for these assets. 	The group will apply IFRS 9 from annual periods beginning 1 April 2018

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Standard	Details	Annual periods beginning on or after
IFRS 9: Financial Instruments (continued)	<p>Accordingly, the group does not expect the new guidance to affect the classification and measurement of these financial assets.</p> <p>The new requirements only affect the accounting for financial liabilities that are designated at FVPL. The carrying value of these liabilities as identified by the group, is not significant at a group level and will therefore have no impact on the group.</p> <p>The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.</p> <p><i>Hedge accounting</i></p> <p>The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. No impact is expected on the group upon the adoption of IFRS 9.</p> <p><i>Impairment</i></p> <p>Trade and other receivables is the most significant financial asset in the group that will be impacted. The provision matrix is used to calculate expected credit losses. The impact of forward looking information is immaterial on trade receivables and as such no significant impact is expected upon the adoption of IFRS 9. Impairment tests will need to be performed on inter-company balances but these will eliminate on consolidation.</p> <p><i>Disclosure</i></p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.</p> <p><i>Date of adoption</i></p> <p>The impact of applying IFRS 9 will be adjusted against opening retained earnings on 1 April 2018 and comparatives will not be restated.</p>	The group will apply IFRS 9 from annual periods beginning 1 April 2018

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Standard	Details	Annual periods beginning on or after
IFRS 15: Revenue from Contracts with Customers	<p>New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.</p> <p>The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.</p> <p>The new standard supersedes:</p> <ul style="list-style-type: none"> • IAS 11: Construction Contracts; • IAS 18: Revenue; • IFRIC 13: Customer Loyalty programmes; • IFRIC 15: Agreements for the Construction of Real Estate; • IFRIC 18: Transfers of Assets from Customers; and • SIC-31: Revenue – Barter Transactions Involving Advertising Services. <p>As the group recognises significantly all of its revenue at a point in time, there will be no significant impact on the group’s revenue recognition by the adoption of the new standard, IFRS 15 Revenue from Contracts with Customers.</p>	The group will apply IFRS 15 from annual periods beginning 1 April 2018

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Standard	Details	Annual periods beginning on or after
IFRS 16: Leases	<p>New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7: Statement of Cash Flows.</p> <p>IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</p> <p>IFRS 16 supersedes the following Standards and Interpretations:</p> <ul style="list-style-type: none">• IAS 17: Leases;• IFRIC 4: Determining whether an Arrangement Contains a Lease;• SIC-15: Operating Leases – Incentives; and• SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. <p>The group is in the process of assessing the possible impact of the application of IFRS 16.</p>	The group will apply IFRS 16 from annual periods beginning 1 April 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
1.	PROPERTY, PLANT AND EQUIPMENT		
	Cost		
	Computer and office equipment	10 179	43 223
	Plant and machinery	345	16 688
	Land and buildings	56 124	193 247
	Furniture and fittings	11 602	56 157
	Art	40 562	40 580
	Gaming machines	6 480	575 232
	Motor vehicles	2 147	29 257
	Motor vehicles under finance lease	–	1 180
	Gaming equipment and signage	203	52 256
	Site leasehold improvements	5 913	144 880
		133 555	1 152 700
	Accumulated depreciation and impairments		
	Computer and office equipment	(6 758)	(34 477)
	Plant and machinery	(218)	(6 348)
	Land and buildings	–	(3 665)
	Furniture and fittings	(4 947)	(37 179)
	Art	(110)	(89)
	Gaming machines	(4 616)	(284 084)
	Motor vehicles	(943)	(12 189)
	Motor vehicles under finance lease	–	(1 029)
	Gaming equipment and signage	(14)	(36 447)
	Site leasehold improvements	(1 790)	(77 991)
		(19 396)	(493 498)
	Carrying value		
	Computer and office equipment	3 421	8 746
	Plant and machinery	127	10 340
	Land and buildings	56 124	189 582
	Furniture and fittings	6 655	18 978
	Art	40 452	40 491
	Gaming machines	1 864	291 148
	Motor vehicles	1 204	17 068
	Motor vehicles under finance lease	–	151
	Gaming equipment and signage	189	15 809
	Site leasehold improvements	4 123	66 889
		114 159	659 202
	Movements in property, plant and equipment		
	Balance at beginning of the year		
	Computer and office equipment	8 746	13 353
	Plant and machinery	10 340	206 115
	Plant under construction	–	2 666
	Land and buildings	189 582	466 242
	Furniture and fittings	18 978	41 932
	Art	40 491	40 491
	Gaming machines	291 148	316 578
	Motor vehicles	17 068	14 913
	Motor vehicles under finance lease	151	1 360
	Gaming equipment and signage	15 809	18 450
	Site leasehold improvements	66 889	82 522
		659 202	1 204 622

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group	
	2018 R'000	2017 R'000
1. PROPERTY, PLANT AND EQUIPMENT (continued)		
Additions		
Computer and office equipment	2 876	3 084
Plant and machinery	144	13 970
Plant under construction	–	3 335
Land and buildings	21	2 051
Furniture and fittings	3 969	4 943
Gaming machines	64 215	71 548
Motor vehicles	2 198	11 859
Motor vehicles under finance lease	739	1 543
Gaming equipment and signage	2 594	3 736
Site leasehold improvements	15 435	13 011
	92 191	129 080
Additions through business combinations		
Computer and office equipment	77	168
Furniture and fittings	84	–
Gaming machines	–	287
Site leasehold improvements	4 020	–
	4 181	455
Revaluation		
Land and buildings	52 184	–
	52 184	–
Disposal of businesses (refer to note 34)		
Computer and office equipment	(4 062)	–
Plant and machinery	(2 761)	(202 520)
Plant under construction	–	(6 001)
Land and buildings	(2 031)	(257 032)
Furniture and fittings	(12 033)	(17 761)
Gaming machines	(301 361)	–
Motor vehicles	(14 615)	(4 745)
Motor vehicles under finance lease	82	–
Gaming equipment and signage	(14 713)	–
Site leasehold improvements	(62 867)	–
	(414 361)	(488 059)
Disposals		
Computer and office equipment	(138)	(147)
Plant and machinery	–	(790)
Furniture and fittings	(34)	(2 515)
Gaming machines	(2 076)	(9)
Motor vehicles	(409)	(319)
Motor vehicles under finance lease	(19)	(390)
Gaming equipment and signage	(6)	–
Site leasehold improvements	(21)	(4 825)
	(2 703)	(8 995)
Depreciation		
Computer and office equipment	(4 384)	(7 569)
Plant and machinery	(1 075)	(4 697)
Land and buildings	–	(515)
Furniture and fittings	(4 372)	(7 030)
Art	(26)	–
Gaming machines	(49 875)	(74 061)
Motor vehicles	(3 280)	(4 640)
Motor vehicles under finance lease	(953)	(2 362)
Gaming equipment and signage	(3 495)	(6 300)
Site leasehold improvements	(15 916)	(21 827)
	(83 376)	(129 001)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
1.	PROPERTY, PLANT AND EQUIPMENT (continued)		
	<i>Transfers</i>		
	Computer and office equipment	342	(111)
	Plant and machinery	–	54
	Plant and machinery transfer to investment property	(6 521)	–
	Land and buildings	(615)	–
	Land and buildings transfer to investment property	(183 016)	(21 164)
	Furniture and fittings	63	29
	Art	(13)	–
	Gaming machines	–	(658)
	Motor vehicles	242	–
	Gaming equipment and signage	–	(70)
	Site leasehold improvements	–	(1 022)
		(189 518)	(22 942)
	<i>Exchange differences</i>		
	Computer and office equipment	–	(14)
	Furniture and fittings	–	73
	Gaming machines	–	(22 270)
	Gaming equipment and signage	–	2
		–	(22 209)
	<i>Impairments</i>		
	Computer and office equipment	(37)	(18)
	Plant and machinery	–	(1 792)
	Furniture and fittings	–	(693)
	Gaming machines	(187)	(267)
	Gaming equipment and signage	–	(9)
	Site leasehold improvements	(3 417)	(970)
		(3 641)	(3 749)
	<i>Balances at end of the year</i>		
	Computer and office equipment	3 421	8 746
	Plant and machinery	127	10 340
	Land and buildings	56 124	189 582
	Furniture and fittings	6 655	18 978
	Art	40 452	40 491
	Gaming machines	1 864	291 148
	Motor vehicles	1 204	17 068
	Motor vehicles under finance lease	–	151
	Gaming equipment and signage	189	15 809
	Site leasehold improvements	4 123	66 889
		114 159	659 202

The Group recognised impairments of property, plant and equipment with a net book value of R3,6 million (2017: R3,7 million) due to scrapping of assets not being in use anymore.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
2.	INVESTMENT PROPERTIES		
	<i>Investment properties consist of:</i>		
	Erf 1282 Middelburg, Mpumalanga, in extent 1 788 m ²	–	3 942
	Erf 5530, Grahamstown, Eastern Cape, in extent of 578 m ²	–	3 533
	Erf 31403, Main Street House, Paarl, Western Cape, 549 m ²	7 657	3 986
	Erf 11919, De Hoop Farm, Paarl, Western Cape, in extent of 3,3 ha	25 000	4 560
	Erf 31366, Picardie Farm, Paarl, Western Cape, in extent of 16,4 ha	35 000	12 416
	Erf 212, 213, 214, 223, 224, Klapmuts erven, in extent 5 502 m ²	201	201
	Erf 8677, Paarl, Western Cape, in extent 2,4702 ha	24 000	–
	Erf 8676, Paarl, Western Cape, in extent 2,5849 ha	73 400	–
	Erf 13004, Paarl, Western Cape, in extent 44,3918 ha	97 500	–
		262 758	28 638
	Investment properties are stated at fair value.		
	The company engaged external, independent and qualified valuers to determine the fair value of its investment property at year end.		
	Investment property is in level 3 of the fair value hierarchy.		
	The investment properties were fairly valued on 1 April 2018 by a suitably qualified and independent valuator with recent experience in similar properties in similar areas. The valuation methodology used for measuring fair value of vacant land was the comparable sales method, and for buildings the capitalisation of net income method was used. The valuator analysed the values of the properties by considering all incomparable characteristics and their potential influence on the sales prices. The fair value of all investment properties was determined at R262,8 million.		
	Reconciliation of carrying value		
	At beginning of the year	28 638	6 978
	Disposal of businesses (refer note 34)	(6 100)	–
	Additions	3 990	92
	Transfers from property, plant and equipment	189 537	21 164
	Fair value adjustment	46 693	404
	At end of the year	262 758	28 638
	Rental income from investment properties	16 480	2 690
	Direct operating expenses relating to rental income from investment properties	(22 480)	(1 627)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
3. GOODWILL			
	Arising on acquisition of shares in subsidiaries	11 714	59 944
	Reconciliation of carrying value		
	At beginning of the year	59 944	56 444
	– Cost	72 435	64 977
	– Accumulated impairment	(12 491)	(8 533)
	Addition through business combination	2 203	7 458
	Disposal of subsidiary	(50 433)	–
	Impairment of goodwill	–	(3 958)
	At end of the year	11 714	59 944
	– Cost	24 205	72 435
	– Accumulated impairment	(12 491)	(12 491)

In the prior year, goodwill related mainly to the Group's limited pay-out gaming (R51,7 million). The balance of goodwill subsequent to the Gameco disposal relates mostly to sports betting (R8,2 million; 2017: R8,2 million) cash-generating units.

The recoverable amounts of the cash-generating units were determined by value-in-use calculations, using cash flow projections covering a five-year period.

A growth rate of 4,5% was applied and cash flows were discounted at 16% (2017: 16%) due to the cash-generating units being in the gambling industry with similar risk and growth profiles. The discount rate includes a risk premium adjustment to the risk-free rate to reflect the higher expected returns of the gambling industry.

The following assumptions were applied when reviewing goodwill impairment:

- Asset values were based on the carrying amounts for the financial period.
- Future expected profits were estimated using historical information and approved budgets extending over five years.
- Sales growths and gross margins were based on historical performance and known future prospects.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows were extended into perpetuity as management have no reason to believe that the group will not continue past the budget period.

The impairment of R3,96 million in the prior year related to the subsidiaries acquired during the same year as per note 33. The recoverable amounts of the cash-generating units were determined to be lower than the relevant portion of goodwill and were therefore impaired.

The recoverable amounts of the remaining cash-generating units were determined to be higher than the relevant portion of goodwill and therefore no further impairment was necessary.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Computer software R'000	Trademarks R'000	Bid costs R'000	Casino licence R'000	Total R'000
4. INTANGIBLE ASSETS					
Group 2018					
Carrying value at beginning of the year	6 072	5	6 558	5 845	18 480
Additions	4 677	110	3 286	–	8 073
Disposal of businesses (refer to note 34)	(4 060)	–	(7 508)	–	(11 568)
Amortisation	(1 382)	(8)	(403)	–	(1 793)
Impairment	–	–	(362)	–	(362)
Carrying value at end of the year	5 307	107	1 571	5 845	12 830
Cost	15 722	115	1 624	5 845	23 306
Accumulated amortisation and impairments	(10 415)	(8)	(53)	–	(10 476)
	5 307	107	1 571	5 845	12 830
Group 2017					
Carrying value at beginning of the year	5 400	55 133	10 109	5 845	76 487
Additions	2 962	5	340	–	3 307
Held for sale	(8)	–	(1 327)	–	(1 335)
Transfers	60	–	(1 902)	–	(1 842)
Foreign exchange differences	(7)	–	–	–	(7)
Disposals	(195)	–	–	–	(195)
Disposal of businesses	(1 740)	(54 741)	–	–	(56 481)
Amortisation	(400)	(392)	(662)	–	(1 454)
Carrying value at end of the year	6 072	5	6 558	5 845	18 480
Cost	15 105	5	9 494	5 845	30 449
Accumulated amortisation and impairments	(9 033)	–	(2 936)	–	(11 969)
	6 072	5	6 558	5 845	18 480

The amortisation expense was included in the line item depreciation and amortisation in the statements of profit or loss. The following useful lives were used in the calculation of amortisation:

Bid costs	10 to 12,5 years
Casino licence	Indefinite
Computer software	5 to 8 years
Trademarks	5 to 20 years

The recoverable amount of the casino licence was determined by a value-in-use a calculation, using cash flow projections covering a five-year period. A growth rate of 4,5% was applied and cash flows were discounted at 16% (2017: 16%). The discount rate includes a risk premium adjustment to the risk free rate to reflect the higher expected returns of the gambling industry. Future expected profits were estimated using historical information and approved budgets extending over five years. Cash flows were extended into perpetuity as management have no reason to believe that the casino will not continue past the budget period.

No intangible assets were pledged as security.

Bid costs

No indications of impairment were identified as all route operating licences to which the bid costs relate, are still in operation at year end and the foreseeable future.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Group		Company	
	Group's interest		Carrying value		Carrying value	
	2018	2017	2018	2017	2018	2017
	%	%	R'000	R'000	R'000	R'000
5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES						
The following are the Group's principal associates and joint ventures, all incorporated in South Africa:						
Associates						
EC Gaming Uitenhage Proprietary Limited	–	29	–	5 787	–	–
Galaxy Bingo Butterworth Proprietary Limited	–	49	–	7 611	–	–
Galaxy Bingo KWT Proprietary Limited	–	40	–	12 374	–	–
Galaxy Gaming and Entertainment Lydenburg Proprietary Limited	–	50	–	10 951	–	–
Galaxy Gaming Zone 4 EC Proprietary Limited	–	49	–	6 475	–	–
Newtown Grill Proprietary Limited	–	29	–	798	–	–
Galaxy Gaming Limpopo Proprietary Limited	–	29	–	6 413	–	–
Galaxy Bingo Moruleng Proprietary Limited	–	40	–	5 403	–	–
Niveus Invest 12 Proprietary Limited	50	50	–	1 224	–	–
Paarl Valley Bottling Company Proprietary Limited	31	31	17 131	13 470	–	–
VBet Western Cape Proprietary Limited	40	40	–	1 137	–	–
Niveus Invest 20 Proprietary Limited	42	–	18 191	–	24 201	–
Joint ventures						
Niveus Invest 15 Proprietary Limited	0	50	–	2 064	–	2 029
			35 322	73 707	24 201	2 029
Galaxy Gaming and Entertainment Lydenburg Proprietary Limited and Niveus Invest 12 Proprietary Limited are classified as associates due to the Group not being able to appoint 50% or more of the directors of the companies.						
Equity interest						
– Unlisted shares at cost less impairment			30 961	74 789	24 201	2 029
– Interest in post-acquisition reserves			4 361	(1 082)	–	–
			35 322	73 707	24 201	2 029
Reconciliation of investments in associates and joint ventures						
At the beginning of the year			73 707	35 400	2 029	–
Disposal of interest			–	(5 418)	(2 029)	–
Share of net losses of associates and joint ventures			(7 169)	(6 345)	–	–
Dividends received from associates			(264)	–	–	–
Acquisition of additional interest			–	55 088	24 201	–
Impairments			(934)	(6 971)	–	–
Net loans advanced			46 225	1 953	–	2 029
Disposal of businesses (refer note 34)			(76 243)	–	–	–
			35 322	73 707	24 201	2 029
The summarised financial information in respect of the group's principal associates and joint ventures is set out below:						
Total assets			105 715	141 573	–	–
Total liabilities			(61 954)	(128 612)	–	–
Net assets			43 761	12 961	–	–
Reconciliation to carrying amount						
Opening net assets – 1 April			12 961	21 206	–	–
Associates and joint ventures acquired			(14 394)	(361)	–	–
Loss for the year			(1 692)	(7 581)	–	–
Associates and joint ventures disposed			47 148	(303)	–	–
Dividends declared			(264)	–	–	–
Closing net assets – 31 March			43 761	12 961	–	–
Group share of net assets of associates and joint ventures			12 018	(2 250)	–	–
Loans to associates and joint ventures			17 000	66 272	–	–
Goodwill			6 303	9 685	–	–
Cost of investment			–	–	24 201	2 029
Carrying amount			35 322	73 707	24 201	2 029
Revenue			75 903	134 743	–	–
Group's share of associates' and joint ventures' losses for the year			(7 170)	(6 345)	–	–
Group's share of associates' and joint ventures' other comprehensive income			–	–	–	–

None of the Group's interests in associates and joint ventures are considered to be individually material.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Country of incorporation	Ownership interest held		Company	
		2018 %	2017 %	2018 R'000	2017 R'000
6. INVESTMENTS IN SUBSIDIARIES					
6.1 COMPOSITION OF THE GROUP (MATERIAL SUBSIDIARIES)					
Shares					
Niveus AG	Switzerland	100	100	1 000	60 124
Tsogo Sun Alternative Gaming Investments Proprietary Limited (previously Niveus Invest 19 Limited)	South Africa	0	100	–	4 600 000
Niveus Invest 1 Proprietary Limited	South Africa	100	0	442	–
Niveus-La Concorde Holdings Proprietary Limited	South Africa	100	100	1	1
				1 443	4 660 125
Loans to subsidiaries					
– Amount receivable				629 889	543 780
– Allowance for impairment				(78 130)	(76 026)
				551 759	467 754
				553 202	5 127 879
Non-current assets				553 202	5 127 879
Current liabilities				–	–
				553 202	5 127 879

These loans are unsecured, interest-free and have no fixed terms of repayment, with the exception of the loans to Niveus Invest 3 Proprietary Limited and Niveus Invest 9 Proprietary Limited, which bear interest at prime plus 2% (2017: prime plus 2%).

Loans to subsidiaries amounting to R112 702 365 (2017: R76 026 000) have been subordinated in favour of other creditors, until such time as the subsidiaries' assets, fairly valued, exceed its liabilities, or 1 April 2019.

Details of loans to and from subsidiaries are set out in note 31.2.

6.2 SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST

The Group includes the following subsidiary with material non-controlling interest ("NCI"):

Name	Proportion of NCI ownership		(Loss)/profit allocated to NCI		Accumulated NCI	
	2018 %	2017 %	2018 R'000	2017 R'000	2018 R'000	2017 R'000
La Concorde Holdings Limited	42,4	42,4	35 689	(123 757)	492 432	597 456

Set out below is the summarised financial information for the subsidiary that has a material non-controlling interest. Disclosed amounts are before inter-company eliminations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
6.	INVESTMENTS IN SUBSIDIARIES (continued)		
	6.2 SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST (continued)		
	Non-current assets	283 682	636 760
	Current assets	961 068	803 514
	Total assets	1 244 750	1 440 274
	Non-current liabilities	53 451	20 530
	Current liabilities	29 903	10 661
	Total liabilities	83 354	31 191
	Equity attributable to equity holders of the parent	668 964	811 627
	Non-controlling interest	492 432	597 456
	Revenue	16 480	572 243
	(Loss)/profit for the year attributable to equity holders of the parent	42 348	(165 574)
	(Loss)/profit for the year attributable to non-controlling interest	31 172	(123 757)
	Other comprehensive income attributable to equity holders of the parent	-	-
	Other comprehensive income attributable to non-controlling interest	-	-
	Total comprehensive (loss)/income for the year	73 520	(289 331)
	Cash flows from operating activities	(45 289)	46 585
	Cash flows from investing activities	(447 766)	496 567
	Cash flows from financing activities	-	4 436
	Net cash flow	(493 055)	547 588

La Concorde Holdings Limited's figures include acquisition accounting entries.

		Group	
		2018 R'000	2017 R'000
7.	DEFERRED TAX		
	Movements in deferred taxation		
	At beginning of the year	6 903	(104 360)
	Charge to statement of profit or loss	(6 781)	49 476
	Accelerated tax allowances	(6 429)	39 009
	Accruals	1 841	(9 371)
	Prepayments	-	(321)
	Share based payment	-	1 546
	Assets revaluations	(4 543)	22 929
	Finance leases	-	(56)
	Assessed losses	816	(4 217)
	Straight-lining of leases	617	(43)
	Other	917	-
	Recognised directly in equity – share-based payment accruals	-	2 107
	Disposal of businesses (refer note 34)	(31 481)	-
	Recognised directly in equity – revaluation of property, plant and equipment	(11 689)	-
	Discontinued operations	-	59 680
	At end of the year	(43 048)	6 903
	Analysis of deferred taxation		
	Accelerated tax allowances	(29 169)	(23 075)
	Accruals	(114)	4 896
	Prepayments	-	(924)
	Assets revaluations	(17 529)	(818)
	Finance leases	-	116
	Assessed losses	3 800	24 387
	Straight-lining of leases	-	775
	Share-based payment	-	1 546
	Other	(36)	-
		(43 048)	6 903
	Disclosed as follows:		
	Deferred taxation assets	1 040	28 251
	Deferred taxation liabilities	(44 088)	(21 348)
		(43 048)	6 903

Company:

Deferred taxation assets are recognised to the extent that realisation of the deferred tax benefit is probable. No deferred tax asset has been recognised in respect of tax losses, as future taxable income is not probable. The total unrealised deferred tax asset is R28 574 681.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
8. OTHER FINANCIAL ASSETS				
<i>Other financial assets carried at fair value through profit and loss</i>				
Tsogo Sun Holdings equity shares	38 779	–	38 779	–
	38 779	–	38 779	–
Fair value of other financial assets				
The fair value of the listed equity instruments was determined using the quoted price available for the instruments. The investment is a level 1 investment.				
Movements analysis:				
Cost price	33 240	–	33 240	–
Fair value adjustment	5 539	–	5 539	–
	38 779	–	38 779	–
9. LOANS RECEIVABLE				
Moody Blue Trade and Invest 124 Proprietary Limited	–	2 768	–	–
The loan receivable is unsecured, interest-free and repayable through the offset of dividends declared by Vukani Gaming Gauteng Proprietary Limited.				
Tuffsan Investments 1019 Proprietary Limited	–	871	–	–
The loan receivable is unsecured, interest-free and repayable through the offset of dividends declared by Vukani Gaming Limpopo Proprietary Limited.				
Unsecured loans				
The loans receivable were unsecured, interest-free, and were repayable in monthly instalments based on gaming win generated	–	14 439	–	–
The loans receivable were unsecured, interest-free and repayable on demand.	–	300	–	300
The Bridge Grill Proprietary Limited	–	14 079	–	–
The loan receivable is unsecured, interest-free and payable on demand.				
Nivest Invest 4 Proprietary Limited	–	2 817	–	–
The loan receivable is unsecured, interest-free and payable on demand.				
Euro Blitz 1129 CC	–	12	–	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
Blue Alley Trading 103 Proprietary Limited	–	200	–	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
Tsogo Sun Alternative Gaming Investments Proprietary Limited (previously Niveus Invest 19 Limited)	4 465	–	–	–
The loan is unsecured, interest free and has no fixed terms of repayment.				
Royal Jacaranda Casino	119	–	–	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
9. LOANS RECEIVABLE (continued)				
<i>Niveus Invest 15 (Pty) Ltd</i>	1 469	–	1 469	–
The loan is unsecured, interest free and has no fixed terms of repayment.				
<i>The PDI Trust</i>	120	–	120	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
<i>Niveus Foundation Trust</i>	169	–	169	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
<i>Niveus Invest 7 (Pty) Ltd</i>	20	–	20	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
<i>Kuruman Country Inn</i>	1 000	–	–	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
<i>BETSA CC</i>	700	–	–	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
<i>Promissory notes</i>	–	630 967	–	–
On 14 October 2016, R575 million, approximately 50% of the purchase consideration for the sale of the KVV operational assets was paid by the buyer. The remainder of the purchase consideration is deferred and will be settled in three instalments on 1 October 2017, 1 October 2018 and 1 October 2019. The instalments were secured by way of Investec Bank payment obligations that carry interest at 8,5%, compounded annually.				
The final promissory note was ceded as part of the GABS acquisition prior to year end.				
	8 062	666 453	1 778	300
Less: Current portion of loans receivable	–	(218 947)	–	(300)
	8 062	447 506	1 778	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Impaired R'000	Fully performing R'000	Total R'000
9. LOANS RECEIVABLE (continued)			
Analysis of credit risk			
Group – 2018			
Gross amounts owing	14 813	8 062	22 875
Less: Allowance for impairment	(14 813)	–	(14 813)
Net amount owing	–	8 062	8 062
Credit rating on unsecured debt:	–	8 062	8 062
C: Good for the amount quoted	–	8 062	8 062
Group – 2017			
Gross amounts owing	4 833	666 453	671 286
Less: Allowance for impairment	(4 833)	–	(4 833)
Net amount owing	–	666 453	666 453
Credit rating on unsecured debt:	–	666 453	666 453
C: Good for the amount quoted	–	666 453	666 453
Company – 2018			
Gross amounts owing	–	1 778	1 778
Less: Allowance for impairment	–	–	–
	–	1 778	1 778
Credit rating on unsecured debt:	–	1 778	1 778
C: Good for the amount quoted	–	1 778	1 778
Company – 2017			
Gross amounts owing	–	300	300
Less: Allowance for impairment	–	–	–
	–	300	300
Credit rating on unsecured debt:	–	300	300
C: Good for the amount quoted	–	300	300
		Group	
		2018	2017
		R'000	R'000
10. INVENTORIES			
Consumables and spares		332	6 285
		332	6 285
Cost of inventories recognised as an expense includes the write-down of inventories to net realisable value of Rnil (2017: Rnil)			
Inventories stated at net realisable value		–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
11. TRADE AND OTHER RECEIVABLES				
Trade receivables	14 138	41 422	44	14 451
Trade receivables – allowance for impairment	(5 000)	(6 944)	–	–
Net trade receivables	9 138	34 478	44	14 451
Short-term loans	8 442	87 462	8 442	–
Short-term loans – allowance for impairment	–	(28 912)	–	–
Net short-term loans	8 442	58 550	8 442	–
Prepayments	560	16 203	193	191
Deposits and guarantees	134	3 247	–	–
Other receivables	7 225	5 865	256	–
Value-added taxation	2 307	4 247	1 787	–
	27 806	122 590	10 722	14 642

Fair value of trade and other receivables

The carrying value approximates fair value due to the short period to maturity of these instruments.

The short-term loans are unsecured, interest-free and repayable in weekly instalments over periods ranging from 4 to 52 weeks.

Trade receivables and short-term loans past due but not impaired

At 31 March 2018, trade receivables and short-term loans of R0,9 million (2017: R5,4 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The aging of these trade receivables and short-term loans is as follows:

Amounts in 7 to 21 days	–	520
Amounts in 21 to 28 days	–	19
Amounts in 28 to 36 days	135	897
Amounts in 36 days plus	811	3 960
	946	5 396

Impairment of trade receivables and short-term loans

At 31 March 2018, trade receivables of R5,0 million (2017: R6,9 million) and short-term loans of Rnil million (2017: R28,9 million) were impaired. Impaired trade receivables and short-term loans relate to debtors that have been handed over to attorneys for collection and certain debtors that have been outstanding for longer than the agreed credit terms.

Movements on the allowance for impairment of trade receivables and short-term loans are as follows:

At beginning of the year	35 856	36 615
Impairments recognised in profit and loss	4 775	2 645
Allowance utilised	–	(3 404)
Disposal of businesses	(35 631)	–
At end of the year	5 000	35 856

For both trade and other receivables the creation and release of allowance for impaired receivables have been included in other operating expenses and income in the statement of profit or loss. Amounts charged to the allowance account are written off when there is no expectation of recovery.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
11. TRADE AND OTHER RECEIVABLES (continued)				
<i>The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:</i>				
South African rand	23 733	122 271	10 722	14 642
US dollar	-	-	-	-
Euro	-	72	-	-
British pound	-	-	-	-
Canadian dollar	-	-	-	-
Japanese yen	-	-	-	-
Swiss franc	3 628	247	-	-
Zambian kwacha	445	-	-	-
	27 806	122 590	10 722	14 642

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as shown above.

	Group			
	Impaired R'000	Past due, but not impaired R'000	Fully performing R'000	Total R'000
Credit risk				
Trade receivables and short-term loans: 2018				
Gross amounts owing	5 000	946	16 634	22 580
Less: Allowance for impairment	(5 000)	-	-	(5 000)
Net amount owing	-	946	16 634	17 580
Credit insurance for amounts owing	-	-	-	-
Unsecured debt/Exposure to credit risk	-	946	16 634	17 580
Credit rating on unsecured debt:	-	946	16 634	17 580
B: Good for the amount quoted	-	946	16 634	17 580
Trade receivables and short-term loans: 2017				
Gross amounts owing	35 856	5 396	87 632	128 884
Less: Allowance for impairment	(35 856)	-	-	(35 856)
Net amount owing	-	5 396	87 632	93 028
Credit insurance for amounts owing	-	-	-	-
Unsecured debt/Exposure to credit risk	-	5 396	87 632	93 028
Credit rating on unsecured debt:	-	5 396	87 632	93 028
B: Good for the amount quoted	-	5 396	87 632	93 028

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Company			Total
	Impaired R'000	Past due, but not impaired R'000	Fully performing R'000	
11. TRADE AND OTHER RECEIVABLES (continued)				
Credit risk				
Trade receivables: 2018				
Gross amounts owing	–	–	8 486	8 486
Less: Allowance for impairment	–	–	–	–
Net amount owing	–	–	8 486	8 486
Credit insurance for amounts owing	–	–	–	–
Unsecured debt/Exposure to credit risk	–	–	8 486	8 486
Credit rating on unsecured debt:	–	–	8 486	8 486
B: Good for the amount quoted	–	–	8 486	8 486
Trade receivables: 2017				
Gross amounts owing	–	–	14 451	14 451
Less: Allowance for impairment	–	–	–	–
Net amount owing	–	–	14 451	14 451
Credit insurance for amounts owing	–	–	–	–
Unsecured debt/Exposure to credit risk	–	–	14 451	14 451
Credit rating on unsecured debt:	–	–	14 451	14 451
B: Good for the amount quoted	–	–	14 451	14 451

	Company			2017 Stated capital R'000
	2018 Number of shares '000	2017 Number of shares '000	2018 Stated capital R'000	
12. STATED CAPITAL				
Authorised				
Ordinary shares of no par value	500 000	500 000	–	–
Issued				
In issue in Company at year-end	119 163	119 163	925 399	925 399
Details of the issued stated capital and changes during current and prior the year are as follows:				
At beginning of the year	119 163	119 163	925 399	925 399
At end of the year	119 163	119 163	925 399	925 399

Details of options over shares are set out in note 29.

The unissued shares are under the control of the directors until the next annual general meeting.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	FCTR R'000	General reserve R'000	Common control reserve R'000	Revaluation reserve R'000	Equity reserve R'000	Share- based payment reserve R'000	Total R'000
13. OTHER RESERVES							
Group 2018							
At beginning of the year	7 963	307	(84 881)	-	-	10 623	(65 988)
Equity-settled share-based payments	-	-	-	-	-	(781)	(781)
Exchange differences on translation of foreign subsidiaries	(20 305)	-	-	-	-	-	(20 305)
Fair value adjustments	-	-	-	23 345	-	-	23 345
At end of the year	(12 342)	307	(84 881)	23 345	-	9 842	(63 729)
Group 2017							
At beginning of the year	28 688	307	(84 881)	-	799	8 904	(46 183)
Equity-settled share-based payments	-	-	-	-	-	7 304	7 304
Exchange differences on translation of foreign subsidiaries	(20 725)	-	-	-	-	-	(20 725)
Transfers to accumulated profits	-	-	-	-	(799)	(5 585)	(6 384)
At end of the year	7 963	307	(84 881)	-	-	10 623	(65 988)
Company 2018							
At beginning of the year						4 333	4 333
Equity-settled share-based payments						4 908	4 908
Transfers to accumulated profits						(5 689)	(5 689)
At end of the year						3 552	3 552
Company 2017							
At beginning of the year						4 202	4 202
Equity-settled share-based payments						2 984	2 984
Transfer to retained earnings						(2 853)	(2 853)
At end of the year						4 333	4 333

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
14. BORROWINGS			
	Bank borrowings		
	Capital and capitalised commitment fee	–	243 766
	Interest capitalised	–	996
	Unamortised raising fee	–	(627)
		–	244 135
	Current portion of borrowings	–	(38 512)
		–	205 623
	Secured	–	244 135
	<p>A loan facility of R103 million was obtained from FirstRand Bank Limited on 15 December 2016. The facility was fully settled on 10 November 2017. The facility bore interest at the three month JIBAR plus a margin of 2,9%. FirstRand was entitled to adjust the margin for capital adequacy, reserve assets or similar requirements pursuant to any changes to the application or interpretation of any law or regulation including the International Convergence of Capital Measurements and Capital Standards or any similar regulation. The interest payable under the facility was calculated on a daily basis and compounded monthly. The facility and interest thereon was payable on the following basis:</p> <ol style="list-style-type: none"> 1) Interest was payable quarterly in arrears, with the first payment date being 15 March 2017. 2) Capital repayments on the facility were to take place through 11 equal quarterly capital payments of R9,4 million, commencing on 15 March 2017. <p>A loan facility of R167 million was obtained from FirstRand Bank Limited and Sanlam Life Insurance Limited on 15 December 2016. The facility was fully settled on 10 November 2017. The facility bore interest at the three month JIBAR plus a margin of 2,75%. Previously a loan facility of R215 million was obtained from FirstRand Bank Limited on 8 August 2014.</p> <p>FirstRand was entitled to adjust the margin for capital adequacy, reserve assets or similar requirements pursuant to any changes to the application or interpretation of any law or regulation including the International Convergence of Capital Measurements and Capital Standards or any similar regulation. The interest payable under the facility was calculated on a daily basis and compounded monthly. The facility and interest thereon was payable on the following basis:</p> <ol style="list-style-type: none"> 1) Interest is payable quarterly in arrears, with the first payment date being 15 March 2017. 2) The capital amount will be repaid with a bullet payment of R167 million during December 2021. <p>The investment in La Concorde Holdings Limited is pledged as security for both facilities.</p> <p>Guarantees were provided jointly and severally by the following companies for both facilities:</p> <p>Niveus Investments Limited Niveus-La Concorde Holdings Proprietary Limited The Marco Polo Gaming Proprietary Limited Metro Bingo (Johannesburg) Proprietary Limited Galaxy Bingo Developments Proprietary Limited Bingo Vision Proprietary Limited Vukani Gaming Corporation Proprietary Limited Vukani Gaming Mpumalanga Proprietary Limited Vukani Gaming KwaZulu-Natal Proprietary Limited Vukani Gaming Western Cape Proprietary Limited</p> <p>As at 31 March, the carrying value of borrowings approximates their fair value.</p> <p>Maturity of these borrowings is as follows:</p>		
	Due within one year	–	38 512
	Due within two to five years	–	205 623
		–	244 135
	Weighted average effective-interest rates	10,12%	10,17%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
15. FINANCE LEASE LIABILITIES				
Due within one year	–	545		
Less future finance charges	–	(13)		
Present value of finance lease liabilities	–	532		
Due within one year	–	532		
Included in financial statements as:				
Current	–	532		
Non-current	–	–		
	–	532		
Finance leases in the group formed part of the Gameco disposal. Finance leases were entered into between a Gameco subsidiary and Fleet Africa Proprietary Limited during the 2013 financial year, and amended in subsequent years. The average lease term of the finance lease contracts was three years and the effective borrowing rate was 10,5% (2017: 10,5%) per annum. The obligations under the finance leases were secured by the motor vehicles. The carrying amount of the motor vehicles purchased under the finance lease was Rnil (2017: R151 000). Refer to note 1 for further details. The monthly repayment amounts prior to the Gameco disposal was R162 062 (2017: R162 062).				
16. TRADE AND OTHER PAYABLES				
Trade creditors	21 772	137 940	14 539	5 813
Short-term loans	14 344	8 582	–	–
Payroll accruals	2 880	8 092	2 693	–
Other accruals	22 202	46 662	–	31 018
Value-added taxation	–	5 434	–	2 294
	61 198	206 710	17 232	39 125
Fair value of trade and other payables				
The carrying value approximates fair value due to the short period to settlement of these obligations.				
The short-term loans are unsecured, interest-free and repayable in weekly instalments over periods ranging from 4 to 52 weeks.				
17. OTHER FINANCIAL LIABILITIES				
Tsogo Sun Alternative Gaming Investments Proprietary Limited (previously Niveus Invest 19 Limited)	94 963	–	94 963	–
	94 963	–	94 963	–

The amount due to Tsogo Sun Alternative Gaming Investments Proprietary Limited is unsecured, bears no interest and has no fixed terms of repayment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
18.	COMMITMENTS		
	<i>Operating lease arrangements where the Group is a lessee:</i>		
	Future operating lease charges for premises:		
	– Payable within one year	–	30 870
	– Payable within two to five years	–	66 092
	– Payable after five years	–	10 982
		–	107 944
	Operating lease commitments were disposed of as part of the unbundling of shares in gaming businesses. (Refer to note 34).		
	<i>Operating lease arrangements where the Group is a lessor:</i>		
	Future operating lease charges for premises:		
	– Payable within one year	6 857	11 289
	– Payable within two to five years	11 463	19 673
	– Payable after five years	181	358
		18 501	31 320
	<i>Capital expenditure</i>		
	Authorised by directors but not yet contracted for:		
	– Property, plant and equipment	9 165	209 878
	Authorised by directors and contracted to be expended:		
	– Property, plant and equipment	–	30 278
	It is intended that this expenditure will be funded from bank finance and operating cash flows.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 Restated R'000	2018 R'000	2017 Restated R'000
19. REVENUE				
Sale of goods	24 336	9 055	–	–
Rental income	16 480	8 155	–	–
Machine rental	1 792	1 309	–	–
Dividends received	–	–	202 196	140 000
– Niveus-La Concorde Holdings Proprietary Limited	–	–	181 676	140 000
– Niveus AG	–	–	20 520	–
Interest received	–	–	4 790	29 651
– Bingo Vision Proprietary Limited	–	–	–	25 751
– Niveus Invest 3 Proprietary Limited	–	–	2 973	2 202
– Niveus Invest 9 Proprietary Limited	–	–	1 817	1 698
	42 608	18 519	206 986	169 651
Revenue for the company was reclassified for the previous year, to better reflect the nature of the income. The effect of the reclassification is as follows:				
Revenue			–	169 651
Investment income			–	(169 651)
20. INVESTMENT INCOME				
Interest				
Financial institutions	86 054	49 717	161	485
21. STAFF COSTS				
Salaries and wages	26 614	22 507	–	–
Retirement benefits – defined contribution	–	–	–	–
Share-based payments	4 908	12 493	4 908	12 493
	31 522	35 000	4 908	12 493
22. FINANCE COSTS				
Bank loans and finance leases	5 662	(1 147)	–	–
Subsidiaries	–	–	1 225	12 850
	5 662	(1 147)	1 225	12 850
23. PROFIT/(LOSS) BEFORE TAXATION				
The following items have been included in arriving at profit/(loss) before taxation:				
Consultancy fees	7 748	2 851	3 792	–
Depreciation, amortisation and asset impairments	30 644	32 768	–	–
Foreign currency gains	(24)	(4 230)	–	–
Foreign currency losses	528	–	–	–
Gaming levies	4 568	3 811	–	–
Impairment of goodwill	–	3 958	–	–
Impairment of investment in associates and joint ventures	934	–	–	–
Impairment of loan receivables	–	480	–	480
Operating lease charges				
– Plant and equipment	286	–	–	–
– Premises	2 364	597	–	–
(Profit)/loss on disposal of property, plant and equipment	(34)	(211)	–	–
Raw materials and consumables	3 062	3 118	–	–
Repairs and maintenance	2 174	2 603	–	–
Staff costs	31 522	35 000	4 908	12 493
VAT on net gaming win	5 952	8 108	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 Restated R'000	2018 R'000	2017 R'000
24. TAXATION				
Continuing operations				
Current normal tax	27 864	(11 060)	-	-
Current normal tax – underprovision prior years	8 310	(29)	-	-
Deferred tax	12 674	17 726	-	-
Total tax charge as per statement of profit and loss	48 848	6 637	-	-
Discontinued operations				
Current normal tax	46 582	(68 620)	-	-
Deferred tax	(5 893)	93 669	-	-
Total tax charge as per note 34	40 689	25 049	-	-
	89 537	31 686	-	-
<p>Various subsidiaries have incurred operating losses, which resulted in losses for tax purposes. Deferred tax assets have not been raised unless it is probable that future taxable profits will be available against which the unused tax losses can be utilised.</p> <p>Assessed losses for tax purposes available for set-off against future taxable income for which deferred tax assets have not been raised at 28%:</p>				
– Normal tax	69 478	292 690	102 052	30 997
Tax relief at current rates:				
– Normal tax	19 454	82 183	28 575	8 679
Reconciliation of tax rate	%	%	%	%
Normal tax rate	28,0	28,0	28,0	28,0
Adjustment for foreign taxation	(4,0)	8,9	-	-
Capital losses and non-deductible expenses	4,1	(17,5)	(29,2)	0,1
Capital gains tax rate	(1,9)	(1,4)	-	-
Deferred tax not raised on losses	3,2	(8,8)	-	-
Losses/(income) from associates and joint ventures	0,9	(1,3)	-	-
Non-taxable income	(0,6)	0,7	1,1	(28,1)
Prior year charges	2,8	0,7	-	-
Raising of deferred tax assets not previously raised and utilising of tax losses	(2,4)	10,7	0,1	-
Effective rate	30,1	20,0	-	-
Profit/(loss) before tax from continuing operations	92 498	(51 503)		
Profit/(loss) before tax from discontinued operations	205 197	(106 630)		
Total profit before tax	297 695	(158 133)		
Total tax from continuing and discontinued operations	89 536	(31 686)		
Effective tax rate	30,1%	20,0%		

	Group	
	2018 Number of shares '000	2017 Number of shares '000
25. EARNINGS PER SHARE		
25.1 WEIGHTED AVERAGE NUMBER OF SHARES		
Basic earnings	119 163	119 163
Adjustment for:		
Share options	747	746
Used in the calculation of diluted earnings per share	119 910	119 909

	Group	
	2018 Cents	2017 Cents
Headline earnings per share	70,09	179,2
– Continuing operations	(3,84)	(53,1)
– Discontinued operations	73,93	232,3
Diluted headline earnings per share	69,82	178,1
– Continuing operations	(3,82)	(52,7)
– Discontinued operations	73,64	230,8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Group	
	2018		2017	
	Gross	Net	Gross	Net
	R'000	R'000	R'000	R'000
25. EARNINGS PER SHARE (continued)				
25.2 RECONCILIATION OF HEADLINE EARNINGS				
<i>Continuing operations</i>				
Earnings attributable to equity holders of the parent	–	31 999		(68 751)
IAS 16 Gains on disposal of plant and equipment	(3)	(3)	–	–
IAS 36 Impairment of assets	775	775	1 982	889
IAS 27 (Gain)/loss from disposal of subsidiaries	–	–	(6 074)	(4 252)
IAS 28 Impairment of investment in associate	–	–	6 971	4 880
IAS 36 Impairment of goodwill	–	–	3 958	3 958
IAS 40 Fair adjustment to investment property	(48 119)	(37 341)	–	–
IFRS 3 Fair value adjustment of remaining investment	–	–	–	–
		(4 570)		(63 276)
<i>Discontinued operations</i>				
(Loss)/profit attributable to equity holders of the parent	–	152 262		59 597
IAS 12 Change in tax rate	–	–	–	–
IAS 16 (Gains)/losses on disposal of plant and equipment	(904)	(904)	(519)	(309)
IAS 36 Impairment of assets	3 228	3 228	1 767	1 272
IAS 28 Impairment of investment in joint venture	–	–	85	49
IAS 27 (Gain)/loss from disposal of subsidiaries	(67 597)	(67 597)		
IAS 40 Fair adjustment to investment property	1 426	1 106	(403)	(313)
Loss on disposal of operating assets of KVV	–	–	503 629	216 485
		88 095		276 781

	Group		Company	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
26. NOTES TO THE STATEMENTS OF CASH FLOWS				
26.1 CASH GENERATED BY/(UTILISED IN) OPERATIONS				
Profit/(loss) after taxation for the year	208 158	(116 453)	(105 680)	4 583 297
Taxation	89 536	(31 686)	–	–
Investment income	(89 615)	(54 484)	(161)	(170 136)
Depreciation, amortisation and asset impairments	85 170	134 543	–	–
Loss/(profit) on disposal of property, plant and equipment	(183)	(1 150)	–	–
(Gain)/loss on disposal of subsidiary	(86 050)	(6 074)	204 494	(4 281 510)
Equity-accounted profits of associates and joint ventures	7 170	6 345	–	–
Unrealised foreign exchange differences	(19 580)	(48 798)	–	–
Fair value adjustment on investment property	(46 693)	(404)	–	–
Fair value adjustment of other financial asset	3 418	–	(5 539)	–
Government grant recognised in profit or loss	–	(12 775)	–	–
Movement in operating lease equalisation liability	(4 373)	(861)	–	–
Impairment of investment in joint venture	934	1 019	–	–
Impairment of loan receivables	18 169	702	–	480
(Profit)/loss on sale of assets – discontinued operations	17 729	503 629	–	–
Share-based payment expense	(781)	18 320	(781)	26 721
Finance charges	21 045	31 020	1 225	12 850
Reversal of impairment of loans to subsidiaries	–	–	2 103	(162 377)
	204 055	422 893	95 661	9 325
26.2 CHANGES IN WORKING CAPITAL				
(Increase)/decrease in inventory	(2 346)	(24 741)	–	–
Decrease/(increase) in trade and other receivables	185 680	32 589	3 920	(10 339)
Increase/(decrease) in trade and other payables	180 874	3 041	(21 104)	(13 210)
	364 208	10 889	(17 184)	(23 549)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
26. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)				
26.3 TAXATION PAID				
(Unpaid)/receivable at beginning of the year	(16 391)	(4 860)	–	–
Charged to the statement of profit or loss	(36 174)	(60 564)	–	–
Charged to the statement of profit or loss – discontinued	(46 581)	(19 145)	–	–
Dividend withholding tax on dividend en specie	(24 612)	–	(24 612)	–
Sale of businesses (refer to note 34)	14 659	(2)	–	–
Unpaid at end of the year	27 152	16 391	–	–
	(81 947)	(68 180)	(24 612)	–
26.4 BUSINESS COMBINATIONS/DISPOSALS OF SUBSIDIARIES				
26.4.1 ACQUISITIONS				
Property, plant and equipment	(4 180)	(455)		
Intangible assets	–	–		
Trade and other receivables	(45)	(544)		
Inventory	(86)	–		
Cash and cash equivalents	(968)	(466)		
Other non-current liabilities	6 191	–		
Trade and other payables	1 315	3 057		
Other current liabilities	314	–		
Loans with Group companies	–	4 790		
Equity at acquisition	2 541	6 382		
Non-controlling interest	(1 092)	(1 596)		
Goodwill on acquisition	(2 203)	(7 458)		
Cost of acquisition	(754)	(2 672)		
Derecognition of fair value of associate	(1 651)	–		
Deposit for share previously paid	–	2 672		
Cash and cash equivalents at date of acquisition	968	466		
Net cash inflow/(outflow)	(1 437)	466		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
26. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)				
26.4 BUSINESS COMBINATIONS/DISPOSALS OF SUBSIDIARIES (continued)				
26.4.2 DISPOSALS – GROUP				
Proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed (refer note 34)				
Property, plant and equipment and investment property	420 460			
Goodwill	50 433			
Intangible assets	11 568			
Investments in associates	75 963			
Investments in joint arrangements	280			
Other financial assets	32 159			
Deferred tax asset	31 481			
Other non-current assets	12 027			
Inventories	8 385			
Other financial assets – current	3 652			
Trade and other receivables	116 919			
Cash and cash equivalents	181 343			
Other financial liabilities	(2 324)			
Trade and other payables	(351 178)			
Other financial liabilities – current	(10 907)			
Current income tax liabilities	(14 659)			
	565 602			
Non-controlling interest	18 484			
Disposal proceeds set off against repurchase consideration	(134 538)	(3 849)		
Dividend in specie	(540 683)	10 630		
Profit/(loss) on disposal	67 596	(6 781)		
Cash and cash equivalents at date of disposal	(181 343)	(449)		
Net cash inflow/(outflow)	(204 882)	(449)		
26.4.3 DISPOSALS – COMPANY				
Proceeds on disposal of shares			4 395 506	4 286 616
Investment in Niveus Invest 19 Limited			–	11 461
Other financial assets received			33 240	–
Dividends			4 312 500	–
Guarantee fee and costs			51 234	–
Cash received			213 011	–
<i>Loan accounts</i>			(214 479)	4 275 155
Vukani Gaming Corporation Proprietary Limited			–	3 140 699
Niveus Invest 19 Proprietary Limited			(214 479)	–
Galaxy Gaming and Entertainment Proprietary Limited			–	1 090 693
Niveus Invest 1 Proprietary Limited			–	43 763
Cost of shares			(4 600 000)	(5 106)
Loss/(profit) on sale of shares			(204 494)	4 281 510
26.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	259 534	708 734	1 385	319

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	2018		2017	
	Direct and indirect beneficial Number	Percentage holding %	Direct and indirect beneficial Number	Percentage holding %
27. DIRECTORS' INTEREST				
31 March				
Executive directors				
A van der Veen*	870 559	0,7	870 559	0,7
MM Loftie-Eaton	196 941	0,2	196 941	0,2
Non-executive directors				
JA Copelyn	7 173 840	6,0	7 173 840	6,0
KI Mampeule	–	0,8	960 250	0,8
	8 241 340	7,7	9 201 590	7,7

No change occurred in the directors' interest from 31 March 2018 to the date of the approval of the annual financial statements other than noted in the directors' report.

* In addition to the interest disclosed above, A van der Veen holds an indirect non-beneficial interest in 2 830 552 Niveus shares through Nport Investment Holdings Proprietary Limited.

	Niveus board fees R'000	HCI board fees R'000	Salary R'000	Other benefits R'000	Gains from share options R'000	Bonus R'000	Total R'000
28. DIRECTORS' EMOLUMENTS							
Year ended 31 March 2018							
Executive directors							
A van der Veen	–	–	4 533	699	2 435	2 210	9 877
MM Loftie-Eaton	–	–	2 102	45	630	1 252	4 029
CE Kristal	–	–	271	–	–	–	271
	–	–	6 906	744	3 065	3 462	14 177
Non-executive directors							
JA Copelyn	–	–	6 980	816	4 051	3 927	15 774
JG Ngcobo	1 021	–	–	–	–	–	1 021
LM Molefi	545	–	–	–	–	–	545
RD Watson	751	–	–	–	–	–	751
Y Shaik	–	–	3 609	–	1 371	1 758	6 738
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the Niveus Group	(1 936)	–	(10 335)	(816)	(5 422)	(5 685)	(24 194)
	381	–	7 160	744	3 065	3 462	14 812
Year ended 31 March 2017							
Executive directors							
A van der Veen	–	–	4 217	839	20 636	2 741	28 433
MM Loftie-Eaton	–	–	1 827	45	6 085	1 188	9 145
	–	–	6 044	884	26 721	3 929	37 578
Non-executive directors							
JA Copelyn	129	–	6 493	833	3 803	4 870	16 128
JG Ngcobo	129	392	–	–	–	–	521
LM Molefi	129	392	–	–	–	–	521
KI Mampeule	129	–	–	–	–	–	129
Y Shaik	129	–	3 355	–	1 311	2 181	6 976
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the Niveus Group	–	(784)	(9 848)	(833)	(5 114)	(7 051)	(23 630)
	645	–	6 044	884	26 721	3 929	38 223

Refer to note 29.1 for realised gains on share options exercised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance		Options granted			Options exercised			Closing balance		
	Number	Strike price	Number	Strike price	Vesting date	Number	Exercise date	Share price (R) on exercise date	Realised gain	Number	Strike price
29. SHARE OPTIONS											
29.1 DIRECTORS											
Year ended 31 March 2018											
A van der Veen											
HCl shares	99 184	70,00	-	-	-	(99 184)	21-Jun-17	124,00	7 094 632	-	-
Niveus shares [®]	43 828	23,51	-	-	-	(43 828)	20-Feb-18	43,54	908 116	-	-
Niveus shares [®]	414 795	22,18	-	-	-	(414 795)	31-Mar-18	8,72	9 114 601	-	-
Niveus shares [®]	283 233	24,03	-	-	-	-	-	-	-	283 233	24,03
Niveus shares [®]	244 962	33,73	-	-	-	-	-	-	-	244 962	33,73
JA Copelyn											
HCl shares	308 571	70,00	-	-	-	(308 571)	09-Jun-17	128,00	22 781 797	-	-
HCl shares	12 631	150,07	-	-	-	(12 631)	27-Feb-18	151,77	175 598	-	-
HCl shares	72 864	135,99	-	-	-	-	-	-	-	72 864	135,99
HCl shares	102 442	123,49	-	-	-	-	-	-	-	102 442	123,49
HCl shares	123 956	117,03	-	-	-	-	-	-	-	123 956	117,03
MM Loffie-Eaton											
Niveus shares [®]	87 416	23,51	-	-	-	(87 416)	20-Feb-18	43,54	1 811 260	-	-
Niveus shares [®]	8 671	22,18	-	-	-	(8 671)	31-Mar-18	8,72	190 534	-	-
Niveus shares [®]	51 344	26,88	-	-	-	-	-	-	-	51 344	26,88
Niveus shares [®]	27 145	24,03	-	-	-	-	-	-	-	27 145	24,03
Niveus shares [®]	89 825	33,73	-	-	-	-	-	-	-	89 825	33,73
Y Shaik											
HCl shares	39 695	125,02	-	-	-	(39 695)	19-Sep-17	131,90	781 244	-	-
HCl shares	39 695	125,02	-	-	-	-	-	-	-	39 695	125,02
HCl shares	39 696	125,02	-	-	-	-	-	-	-	39 696	125,02
HCl shares	7 354	123,49	-	-	-	-	-	-	-	7 354	123,49
HCl shares	8 369	117,03	-	-	-	-	-	-	-	8 369	117,03

[®] Share options may only be net equity-settled. The strike price reduces with the amount of dividend per share declared between grant date and exercise date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance		Options granted			Options exercised			Closing balance		
	Number	Strike price	Number	Strike price	Vesting date	Number	Exercise date	Share price (R) on exercise date	Realised gain	Number	Strike price
29. SHARE OPTIONS (continued)											
29.1 DIRECTORS (continued)											
Year ended 31 March 2017											
<i>A van der Veen</i>											
HCI shares	99 184	70,00	-	-	-	-	-	-	-	99 184	70,00
Niveus shares®	471 878	14,38	-	-	-	(471 878)	16-Jan-17	36,25	10 301 097	-	-
Niveus shares®	43 828	23,51	-	-	-	-	-	-	-	43 828	23,51
Niveus shares®	414 795	22,18	-	-	-	-	-	-	-	414 795	22,18
Niveus shares®	283 233	24,03	-	-	-	-	-	-	-	283 233	24,03
Niveus shares®	-	-	244 962	33,73	10-Jan-20	-	-	-	-	244 962	33,73
<i>JA Copelyn</i>											
HCI shares	308 571	70,00	-	-	-	-	-	-	-	308 571	70,00
HCI shares	103 607	118,06	-	-	-	(103 607)	27-Feb-17	134,10	2 842 920	-	-
HCI shares	12 631	150,07	-	-	-	-	-	-	-	12 631	150,07
HCI shares	72 864	135,99	-	-	-	-	-	-	-	72 864	135,99
HCI shares	102 442	123,49	-	-	-	-	-	-	-	102 442	123,49
HCI shares	-	-	123 956	117,03	26-Sep-19	-	-	-	-	123 956	117,03
<i>MM Lofth-Eaton</i>											
Niveus shares®	148 269	14,38	-	-	-	(148 269)	16-Jan-17	36,25	3 236 712	-	-
Niveus shares®	87 416	23,51	-	-	-	-	-	-	-	87 416	23,51
Niveus shares®	8 671	22,18	-	-	-	-	-	-	-	8 671	22,18
Niveus shares®	51 344	26,88	-	-	-	-	-	-	-	51 344	26,88
Niveus shares®	27 145	24,03	-	-	-	-	-	-	-	27 145	24,03
Niveus shares®	-	-	89 825	33,73	10-Jan-20	-	-	-	-	89 825	33,73
<i>Y Shaik</i>											
HCI shares	39 695	125,02	-	-	-	-	-	-	-	39 695	125,02
HCI shares	39 695	125,02	-	-	-	-	-	-	-	39 695	125,02
HCI shares	39 696	125,02	-	-	-	-	-	-	-	39 696	125,02
HCI shares	7 354	123,49	-	-	-	-	-	-	-	7 354	123,49
HCI shares	-	-	8 369	117,03	26-Sep-19	-	-	-	-	8 369	117,03

* Share options may only be net equity-settled. The strike price reduces with the amount of dividend per share declared between grant date and exercise date.

The HCI share options were granted by Hosken Consolidated Investments Limited for the services rendered to Hosken Consolidated Investments Limited. As a result no IFRS 2 cost is recognised in these financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

29. SHARE OPTIONS (continued)

29.1 DIRECTORS (continued)

No options were issued during the year. In prior years, the grant date fair value of the share options granted were determined using the Black-Scholes valuation model. The significant inputs into the 2017 model were the listed share price on grant date, volatility of 50,99% and an annual risk-free rate of 8,13%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus shares were listed on the Johannesburg Stock Exchange in September 2012. The options have a vesting period ranging between three and five years from grant date.

	2018 R'000	2017 R'000
Group and Company		
Equity-settled share-based payment expense for the year	4 908	2 934

29.2 KEY PERSONNEL OF SUBSIDIARIES

The Group adopted the Niveus employee share scheme, a new share option scheme, approved by the Niveus shareholders on 23 April 2013, in terms of which shares of Niveus are offered on a share option basis to participants, provided they remain in the group's employment until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

	Number of share options	
	2018	2017
Group		
Outstanding at the beginning of the year	1 345 590	1 697 590
Granted during the year	–	307 258
Vested and exercised during the year	(331 638)	(291 136)
Lapsed during the year	–	(368 122)
Outstanding at the end of the year	1 013 952	1 345 590

Share options outstanding at the end of the year have the following details:

					Number of share options	
Grant date	Vesting date	Expiry date	Strike price	Maximum exercise price	2018	2017
12-Sep-12	10-Sep-17	10-Dec-17	7,12	31,93	–	53 334
01-Aug-14	01-Aug-17	01-Nov-17	24,26	59,68	–	25 000
01-Aug-14	01-Aug-18	01-Nov-18	24,26	80,57	25 000	25 000
01-Aug-14	01-Aug-19	01-Nov-19	24,26	108,77	25 000	25 000
10-Sep-14	10-Sep-17	10-Dec-17	23,51	57,84	–	227 180
16-Mar-15	16-Mar-18	16-Jun-18	22,99	56,56	–	26 124
22-May-15	22-May-18	22-Aug-18	23,64	58,16	212 735	212 735
22-May-15	22-May-19	22-Aug-19	23,64	78,52	20 000	20 000
22-May-15	22-May-20	22-Aug-20	23,64	106,00	20 000	20 000
23-Sep-15	23-Sep-18	23-Dec-18	24,03	59,12	403 959	403 959
10-Jan-17	10-Jan-20	10-Apr-20	33,73	82,99	257 633	257 633
10-Jan-17	10-Jan-21	10-Apr-21	33,73	112,04	24 812	24 812
10-Jan-17	10-Jan-22	10-Apr-22	33,73	151,25	24 813	24 813
					1 013 952	1 345 590

No options were issued during the year. In prior years, the grant date fair value of the share options granted were determined using the Black-Scholes valuation model. The significant inputs into the 2017 model were the listed share price on grant date, volatility of 50,99% and an annual risk-free rate of 8,13%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus shares were listed on the Johannesburg Stock Exchange in September 2012.

Options vested and exercised during the year resulted in no shares being issued as the options were settled via cash.

The aggregate number of Niveus shares which may be utilised for the scheme is 10 500 000 of which 455 964 have been utilised since the adoption of the scheme.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 Restated R'000
30. SEGMENT INFORMATION			
	The following are the summarised results for the various reportable operating segments:		
	Revenue		
	Continuing operations	42 608	18 519
	Gaming and entertainment	20 969	13 174
	Head office and other	6 200	–
	Property	15 439	5 345
	Discontinued operations	55 718	635 065
	Beverages	–	566 898
	Gaming and entertainment	55 718	68 167
		98 326	653 584
	Net gaming win		
	Continuing operations		
	Gaming and entertainment	79 012	52 686
	Discontinued operations		
	Gaming and entertainment	865 097	1 273 924
		944 109	1 326 610
	EBITDA		
	Continuing operations	(7 686)	(62 049)
	Gaming and entertainment	17 074	(7 835)
	Head office and other	(18 848)	(47 054)
	Property	(5 912)	(7 160)
	Discontinued operations	236 660	529 170
	Beverages	–	81 725
	Gaming and entertainment	236 660	447 445
		228 974	467 121
	Depreciation and amortisation		
	Continuing operations	29 869	125 243
	Gaming and entertainment	28 362	122 865
	Head office and other	219	120
	Property	1 288	2 258
	Discontinued operations	55 288	5 212
	Beverages	–	3 911
	Gaming and entertainment	55 288	1 301
		85 157	130 455
	Profit/(loss) before tax		
	Continuing operations	92 499	(51 503)
	Gaming and entertainment	(13 126)	(43 257)
	Head office and other	(19 778)	(44 610)
	Property	125 403	36 364
	Discontinued operations	137 601	(106 630)
	Beverages	–	(426 177)
	Gaming and entertainment	137 601	319 547
		230 100	(158 133)
	Headline earnings		
	Continuing operations	(4 570)	(63 276)
	Gaming and entertainment	(13 251)	(39 369)
	Head office and other	(21 252)	(43 990)
	Property	29 933	20 083
	Discontinued operations	88 095	276 781
	Beverages	–	31 528
	Gaming and entertainment	88 095	245 253
		83 525	213 505

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018	2017
		R'000	Restated R'000
30. SEGMENT INFORMATION (continued)			
Assets			
Gaming and entertainment		262 527	919 405
Head office and other		97 402	18 488
Property/Beverages (2017)		1 267 684	1 440 261
		1 627 613	2 378 154
Liabilities			
Gaming and entertainment		24 522	439 195
Head office and other		122 408	23 577
Property/Beverages		80 471	31 168
		227 401	493 940
Fixed asset additions			
Gaming and entertainment		89 996	108 628
Head office and other		1 395	885
Property/Beverages		800	19 567
		92 191	129 080
Group revenue is attributable to the following geographical areas:			
Continuing operations		42 608	18 519
Republic of South Africa		37 367	15 844
Africa (excl. South Africa)		5 241	2 675
Discontinued operations		55 718	635 065
Republic of South Africa		55 718	396 939
Europe and the United Kingdom		-	135 214
Africa (excl. South Africa)		-	30 359
Rest of the world		-	72 553
		98 326	653 584

* Prior year revenue, expenses and gains and losses relating to current year discontinued operations were removed from the results of continuing operations and included in a single line item "Net result from discontinued operations". Refer to note 34.

31. RELATED PARTY INFORMATION

Related parties

Holding company:

Hosken Consolidated Investments Limited

Subsidiaries of holding company:

Euphorbia Proprietary Limited
 Gallagher Convention Centre Limited
 HCI Managerial Services Proprietary Limited
 HCI Coal Proprietary Limited
 Johnnic Holdings Management Services Proprietary Limited
 Limtech Biometric Solutions Proprietary Limited
 Bingo Vision Proprietary Limited
 Leithlo SPV
 Cherry Moss Trade and Invest 188 Proprietary Limited
 E-Media Holdings Limited
 Galaxy Gaming Eastern Cape Proprietary Limited
 Galaxy Gaming and Entertainment Proprietary Limited
 Tsogo Sun Alternative Gaming Proprietary Limited (Previously Niveus Invest 19 Limited)
 Niveus Managerial Services Proprietary Limited
 Vukani Gaming Corporation Proprietary Limited

Joint ventures of holding company:

Niveus Invest 15 Proprietary Limited

Subsidiaries of Niveus Group:

Betcoza Online (RF) Proprietary Limited
 La Concorde South Africa Proprietary Limited
 Niveus AG
 Niveus Invest 1 Proprietary Limited
 Niveus Invest 3 Proprietary Limited
 Niveus Invest 9 Proprietary Limited
 Niveus Invest 13 Proprietary Limited
 Niveus Invest 14 Proprietary Limited
 Niveus Managerial Services 2 Proprietary Limited
 Niveus-La Concorde Holdings Proprietary Limited
 Slots and Keno Limited
 Vbet Africa Proprietary Limited
 One Vision Investments 451 Proprietary Limited

Associates:

Paarl Valley Bottling Company Proprietary Limited
 Niveus Invest 20 Proprietary Limited

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

31. RELATED PARTY INFORMATION (continued)

Related parties (continued)

Minority shareholders of subsidiaries of holding company:

Bukiwe Ndema
Euro Blitz 1129 CC
K2011104255 Proprietary Limited
Moody Blue Trade and Invest 124 Proprietary Limited
Tuffsan Investments 1019 Proprietary Limited
Yaounde Investments Proprietary Limited
Zamori 356 Proprietary Limited

Key management:

Senior management of subsidiaries

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
31.1 RELATED PARTY TRANSACTIONS				
Management fees received from/(paid to)				
Bingo Vision Proprietary Limited		-	-	11 788
Johnnic Holdings Management Services Proprietary Limited	(3 294)	(3 099)	(3 294)	(3 099)
K2011104255 Proprietary Limited	(330)	(461)	-	-
La Concorde South Africa Proprietary Limited	-	-	3 633	3 435
Vukani Gaming Corporation Proprietary Limited	-	-	-	9 049
Yaounde Investments Proprietary Limited	(990)	(1 384)	-	-
Zamori 356 Proprietary Limited	(1 319)	(1 845)	-	-
Salary recoveries				
HCI Managerial Services Proprietary Limited	-	(258)	-	-
Bingo Vision Proprietary Limited	-	-	-	2 352
Johnnic Holdings Management Services Proprietary Limited	(4 623)	(13 638)	(4 623)	(10 083)
Vukani Gaming Corporation Proprietary Limited	-	-	-	1 204
Purchases of goods and services				
Gallagher Convention Centre Limited	-	(74)	-	-
Limtech Biometric Solutions Proprietary Limited	(60)	(167)	-	-
Rent paid/(received)				
Euphorbia Proprietary Limited	(1 330)	(2 118)	-	-
Gallagher Convention Centre Limited	-	-	-	-
La Concorde South Africa Proprietary Limited	(453)	(638)	-	-
Niveus Gaming and Entertainment Proprietary Limited	-	-	-	-
Interest received/(paid)				
Bingo Vision Proprietary Limited	-	-	-	25 751
Niveus Invest 1 Proprietary Limited	-	-	-	(1 608)
Niveus Invest 3 Proprietary Limited	-	-	2 973	2 202
Niveus Invest 9 Proprietary Limited	-	-	1 817	1 691
Niveus-La Concorde Holdings Proprietary Limited	-	-	(1 225)	-
Vukani Gaming Corporation Proprietary Limited	-	-	-	(11 234)
Dividends paid				
K2011104255 Proprietary Limited	(500)	(500)	-	-
Tuffsan Investments 1019 Proprietary Limited	(2 100)	(1 950)	-	-
Yaounde Investments Proprietary Limited	(1 500)	(1 500)	-	-
Zamori 356 Proprietary Limited	(2 000)	(2 000)	-	-
Key management compensation				
Salaries and other short-term benefits	11 112	(8 805)	-	-
Share options	3 065	(14 931)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
31. RELATED PARTY INFORMATION (continued)				
31.2 RELATED PARTY BALANCES				
<i>Year-end balances arising from sales/purchases of goods/services</i>				
Bingo Vision Proprietary Limited	-	-	-	13 439
HCI Coal Proprietary Limited	-	6	-	-
Johnnic Holdings Management Services Proprietary Limited	-	(5 658)	-	(5 442)
Niveus Invest 19 Proprietary Limited	4 465	-	-	-
La Concorde South Africa Proprietary Limited	-	-	-	1 014
<i>Loans receivable/(payable)</i>				
Cherry Moss Trade and Invest 188 Proprietary Limited (before impairment allowance of R51 177 382 (2017: R51 177 382))	-	-	65 221	57 239
Euro Blitz 1129 CC	-	12	-	-
Moody Blue Trade and Invest 124 Proprietary Limited	-	2 768	-	-
Niveus Invest 1 Proprietary Limited (before impairment allowance of Rnil (2017: Rnil))	-	-	94 521	-
Niveus Invest 3 Proprietary Limited (before impairment allowance of R19 831 494 (2017: R19 831 494))	-	-	23 561	23 088
Niveus Invest 4 Proprietary Limited	-	2 817	-	-
Niveus Invest 7 Proprietary Limited	20	-	20	-
Niveus Invest 9 Proprietary Limited (before impairment allowance of R3 462 638 (2017: R3 462 638))	-	-	19 380	17 634
Niveus Invest 14 Proprietary Limited	-	-	-	317
Niveus Invest 15 Proprietary Limited	1 469	-	1 469	-
Niveus-La Concorde Holdings Proprietary Limited	-	-	425 331	423 971
Niveus Managerial Services Proprietary Limited (before impairment allowance of Rnil (2017: R1 554 827))	-	-	-	12 041
Niveus Managerial Services 2 Proprietary Limited	-	-	1 875	-
Tsogo Sun Alternative Gaming Investments Proprietary Limited (previously Niveus Invest 19 Limited)	4 465	-	-	9 492
Tsogo Sun Alternative Gaming Investments Proprietary Limited (previously Niveus Invest 19 Limited)	(94 963)	-	(94 963)	-
Tuffsan Investments 1019 Proprietary Limited	-	871	-	-

32. CONTINGENT LIABILITIES

Group

In terms of the purchase agreement for the Kuruman Casino Licence, an additional R4 million is payable if certain performance conditions are met.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Principal activity	Date of acquisition	Proportion of shares acquired
33. BUSINESS COMBINATIONS/DISPOSALS			
33.1 SUBSIDIARIES ACQUIRED			
Slots and Keno Limited	Gaming	16/10/01	75,0%
Galaxy Bingo Butterworth Proprietary Limited	Gaming	17/09/01	Additional 8%

	Group	
	2018 R'000	2017 Restated R'000
33.2 GALAXY BINGO BUTTERWORTH PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH FLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED		
Non-current assets		
Property, plant and equipment	4 180	–
Current assets		
Trade and other receivables	45	–
Inventory	86	–
Cash and cash equivalents	968	–
Non-current liabilities		
Other non-current liabilities	(6 191)	–
Current liabilities		
Trade and other payables	(1 315)	–
Other non-current liabilities	(314)	–
Equity at acquisition	(2 541)	–
Fair value of existing interest	1 651	–
Non-controlling interest	1 092	–
Goodwill on acquisition	2 203	–
Cost of acquisition	2 405	–
Cash balances acquired	(968)	–
Net cash outflow on acquisition	1 437	–

The purchase price of the business acquired includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill recognised is expected to be deductible for income tax purposes.

33.3 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The businesses acquired during the year contributed revenues of R3,2 million and net loss after tax of R0,18 million to the group for the periods from dates of effective control to 20 November 2017. Had the acquisitions been effective on 1 April 2017 the contribution to revenue would have been R9,9 million and net loss of R0,03 million would have been the contribution to profit after tax.

	Group	
	2018 R'000	2017 Restated R'000
33.4 PROCEEDS ON DISPOSAL, NET CASH FLOW ON DISPOSAL AND ANALYSIS OF ASSETS AND LIABILITIES DISPOSED OF VBET WESTERN CAPE PROPRIETARY LIMITED		
Net liabilities sold	–	(6 074)
Proceeds on disposal of subsidiary	–	–
Gain on disposal	–	6 074

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
34. DISCONTINUED OPERATIONS			
	Operating assets of KVV		
	During May 2016, it was decided to dispose of the operating assets of KVV to the Vasari group. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are shown as a single line item on the face of the consolidated statement of profit or loss ("Net result from discontinued operations"). The operating results of the discontinued operations and the loss on sale of assets were as follows:		
	(Loss)/profit relating to discontinued operations		
	Revenue	-	566 898
	Other income and operating costs	-	(485 173)
	Investment income	-	411
	Depreciation and amortisation	-	(3 911)
	Impairment of investment in joint venture	-	(85)
	Loss on disposal of business	-	(503 629)
	Finance costs	-	(688)
	(Loss)/profit before taxation	-	(426 177)
	Taxation	-	103 026
	(Loss)/profit from discontinued operations	-	(323 152)
	Cash flows from discontinued operations		
	Cash flows from operating activities	-	34 407
	Cash flows from investing activities	-	(16 766)
	Cash flows from financing activities	-	-
		-	17 641
	Assets of disposal group sold		
	Property, plant and equipment	-	488 060
	Intangible assets	-	56 481
	Investment in associates	-	5 463
	Inventory	-	1 052 928
	Trade and other receivables	-	212 504
	Current income taxes	-	7
	Derivative financial instruments	-	25 594
	Bank and cash balances	-	54 517
		-	1 895 554
	Liabilities of disposal group sold		
	Trade and other payables	-	(205 637)
	Derivative financial instruments	-	(5 992)
	Other	-	(51)
		-	(211 680)
	Net asset value of disposal group	-	1 683 874
	Cash disposed of	-	(54 517)
	Net cash received as consideration	-	520 483
	Cash received as consideration	-	575 000
	Promissory notes receivable as consideration	-	605 245
	Total consideration received	-	1 180 245

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group	
		2018 R'000	2017 R'000
34. DISCONTINUED OPERATIONS	<i>(continued)</i>		
	Shares in gaming businesses		
	During March 2017, it was contracted to dispose of subsidiaries Jacaranda Royal Casino Limited, VSlots Lesotho (Proprietary) Limited and VSlots Swaziland (Proprietary) Limited. The disposal was concluded in June 2017. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are included in a single line item on the face of the consolidated statement of profit or loss ("Net result from discontinued operations"). The operating results of the discontinued operations and the loss on sale of assets were as follows:		
	Loss relating to discontinued operations		
	Revenue	882	47
	Net gaming win	–	4 000
	Other income and operating costs	9 699	(5 846)
	Depreciation and amortisation	(13)	(1 301)
	Foreign currency translation reserves reclassified to profit and loss on disposal	(18 454)	
	Finance costs	(2)	(3)
	Loss from discontinued operations	(7 888)	(3 103)
	Remeasurement of disposal group	–	–
	Net result from discontinued operations	(7 888)	(3 103)
	Cash flows from discontinued operations		
	Cash flows from operating activities	447	(2 216)
	Cash flows from investing activities	–	1 571
		447	(645)
	Assets of disposal group sold		
	Property, plant and equipment	1 503	1 718
	Intangible assets	1 187	1 335
	Other financial assets	42	–
	Trade and other receivables	834	1 261
	Bank and cash balances	189	1 105
		3 755	5 419
	Liabilities of disposal group sold		
	Trade and other payables	(1 650)	(2 419)
	Other financial liabilities	(13 231)	(40)
		(14 881)	(2 459)
	Net asset value of disposal group	(11 126)	2 960
	Non-controlling interest	6 041	
	Loss on disposal	(18 454)	
	Cash and cash equivalents at date of disposal	(189)	
	Net cash outflow	(23 728)	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Group	
	2018 R'000	2017 R'000
34. DISCONTINUED OPERATIONS (continued)		
Unbundling of shares in gaming businesses		
During June 2017, Niveus accepted an indicative offer from Tsogo Sun Holdings Limited for the sale of all its interests in Vukani Gaming Corporation Proprietary Limited ("Vukani"), Galaxy Gaming and Entertainment Proprietary Limited ("Galaxy") and all their associated entities, trusts and businesses (collectively the "Gaming Businesses") to Tsogo subject to certain conditions precedent. These conditions were met in November 2017 and the sale became effective. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are shown as a single line item on the face of the consolidated statement of profit or loss ("Net result from discontinued operations"). The operating results of the discontinued operations and the loss on sale of assets were as follows:		
Profit relating to discontinued operations		
Revenue	54 836	68 120
Net gaming win	865 097	1 269 924
Other income and operating costs	(702 086)	(888 799)
Share of losses of associates and joint ventures	(4 882)	(7 081)
Investment income	3 561	4 357
Depreciation and amortisation	(55 288)	(91 027)
Asset impairments	(17 394)	(1 767)
Fair value adjustments of investment properties	(1 426)	403
Loss on disposal of business	86 050	–
Finance costs	(15 384)	(31 479)
Profit from discontinued operations	<u>213 084</u>	<u>322 651</u>
Taxation	(40 689)	(64 703)
Net result from discontinued operations	<u>172 395</u>	<u>257 948</u>
Cash flows from discontinued operations		
Cash flows from operating activities	418 039	229 539
Cash flows from investing activities	(485 729)	(97 948)
Cash flows from financing activities	170 644	(64 325)
	<u>102 954</u>	<u>67 266</u>
Assets of disposal group sold		
Property, plant and equipment and investment property	418 957	
Goodwill	50 433	
Intangible assets	10 381	
Investments in associates and joint arrangements	76 243	
Other financial assets	35 769	
Deferred tax asset	31 481	
Other non-current assets	12 027	
Inventories	8 385	
Trade and other receivables	116 085	
Cash and cash equivalents	181 154	
	<u>940 915</u>	
Liabilities of disposal group classified as held for sale		
Trade and other payables	(349 528)	
Current income tax liabilities	(14 659)	
	<u>(364 187)</u>	
Net asset value of disposal group	576 728	
Non-controlling interest	12 443	
Disposal proceeds set off against repurchase consideration	(134 538)	
Dividend in specie	(540 683)	
Profit on disposal	86 050	
Cash and cash equivalents at date of disposal	(181 154)	
Net cash outflow	<u>(181 154)</u>	
Assets held for distribution		
The current year assets of disposal group classified as held for sale balance represents the 38% shareholding in Hosken Passenger Logistics and Rail Limited ("HPL&R"), which is held for distribution – refer subsequent events note.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

35. FINANCIAL RISK MANAGEMENT

35.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

35.1.1 MARKET RISK

Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, US dollar, Canadian dollar, Japanese yen, Swiss franc and the British pound. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency. There is a translation risk arising from the consolidation of the results of foreign subsidiaries in South African rand, the holding company's reporting currency.

Foreign currency forward contracts are entered into to protect existing assets and liabilities against movements in exchange rates or to hedge future cash flows of high probability. Although hedge accounting is not applied, Group policy provides that all transactions of the South African operating subsidiaries are hedged as soon as any material foreign currency exposure arises.

Foreign currency forward contracts or other appropriate derivatives are also entered into when management considers it appropriate to establish economic hedges for future sales transactions. Forward contracts are not entered into for speculative purposes.

	Contracted foreign amount FC'000	Average exchange rate	Total contracted amount R'000	Foreign currency payable R'000	Uncovered as at 31 March R'000
Group 2018					
Contracts and options to buy foreign currency:					
Euro	-	-	-	-	-
			-	-	-
Group 2017					
Euro	-	-	-	738	(738)
			-	738	(738)

	Average rate		Reporting date	
	2018	2017	2018	2017
The following significant exchange rates applied during the year:				
Euro	15,21	15,48	14,54	14,33
Swiss franc	13,38	14,19	12,50	13,40

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2018 compared to 2017.

	Group Profit/(loss)	
	2018 R'000	2017 R'000
Euro	(4 247)	(1 378)
Swiss franc	244	136
US dollar	(7 956)	1 659

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		Group Profit/(loss)	
		2018 R'000	2017 R'000
35. FINANCIAL RISK MANAGEMENT	<i>(continued)</i>		
35.1 FINANCIAL RISK FACTORS	<i>(continued)</i>		
35.1.1 MARKET RISK	<i>(continued)</i>		
	<i>Currency risk (continued)</i>		
	A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.		
	The following carrying amounts were exposed to foreign currency exchange risk:		
	Trade and other receivables		
	Euro	–	72
	Swiss franc	1 796	247
		1 796	319
	Bank and cash balances		
	Euro	42 467	10 827
	Swiss franc	355	313
	US dollar	79 559	16 593
		122 381	27 733
	Trade and other payables		
	Euro	–	35 161
	Tanzanian shilling	5 577	–
		5 577	35 161

Interest rate risk

Due to significant cash investments, movements in market interest rates influence income. Interest rate risk is managed by the Group treasury function by using approved counterparties that offer the best rates.

The company and its subsidiary companies are exposed to interest rate risk due to long-term debt.

At 31 March the interest rate profile of the Group's interest-bearing financial instruments was:

	Group Carrying amount		Company Carrying amount	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Variable rate instruments				
Bank balances	259 534	708 734	1 385	319
Loans receivable	–	5	–	5
Borrowings	–	244 135	–	–
Finance lease liabilities	–	532	–	–
	259 534	953 406	1 385	324

Fair value sensitivity analysis for variable-rate instruments:

Group

A change of 100 basis points in interest rates would have increased or decreased profit after tax by R6,7 million (2017: R7,7 million).

Company

A change of 100 basis points in interest rates would have increased or decreased profit after tax by R77 729 (2017: R296 000 million).

Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group is not exposed to significant price risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 FINANCIAL RISK FACTORS (continued)

35.1.2 CREDIT RISK

The Group has no significant concentrations of credit risk. Overall credit risk is managed at subsidiary level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to the Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only Group audit committee approved parties are accepted. The Group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the Group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer to notes 9 and 11 for further credit risk analysis in respect of loans receivable and trade and other receivables. No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

35.1.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury functions of the major subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flows and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year-end for five years into the future in terms of the Group's long-term planning process.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Group			
At 31 March 2018			
Trade and other payables	58 318	–	–
Other financial liabilities	94 963	–	–
	153 281	–	–
At 31 March 2017			
Bank and other borrowings	40 876	206 250	–
Trade and other payables	193 184	–	–
	234 060	206 250	–
Company			
At 31 March 2018			
Bank and other borrowings	17 232	–	–
Trade and other payables	94 963	–	–
	112 195	–	–
At 31 March 2017			
Trade and other payables	39 125	–	–
	39 125	–	–

35.2 CAPITAL RISK MANAGEMENT

The Group manages its shareholders' equity, defined as its issued capital, reserves and treasury shares, as capital. The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders in the form of dividends and capital appreciation. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

	Group	
	2018 R'000	2017 Restated R'000
The own capital ratios are as follows:		
Total capital and reserves	1 400 212	1 881 755
Total assets	1 627 613	2 378 154
Own capital ratio	86%	79%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

35. FINANCIAL RISK MANAGEMENT (continued)

35.3 FAIR VALUE ESTIMATION

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities

Level 2 – Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data

The following assets and liabilities are measured at fair value:

Group 2018	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Equity securities	38 779	–	855 273	894 053
<i>Investment properties</i>	–	–	262 758	262 758
Total assets	38 779	–	1 118 031	1 156 811
Group 2017				
Assets				
Investment properties	–	–	28 638	28 638
Total assets	–	–	28 638	28 638

The following table presents the changes in level 3 financial instruments for the year:

Group 2018	Equity securities R'000	Other R'000	Investment property R'000	Total R'000
Assets				
Carrying value at the beginning of the year	–	–	28 638	28 638
Business combinations	–	–	(6 100)	(6 100)
Additions	855 273	–	3 938	859 211
Improvements	–	–	52	52
Transfer to property, plant and equipment	–	–	189 537	189 537
Profits recognised in profit and loss	–	–	46 693	46 693
Carrying value at the end of the year	855 273	–	262 758	1 118 031
Group 2017				
Assets				
Carrying value at the beginning of the year	–	–	6 978	6 978
Additions	–	–	92	92
Transfer to property, plant and equipment	–	–	21 164	21 164
Profits recognised in profit and loss	–	–	404	404
Carrying value at the end of the year	–	–	28 638	28 638

36. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to year-end, La Concorde unbundled the shares it acquired in HPL&R to La Concorde shareholders by way of a distribution in specie. On 30 April 2018, the Company distributed the shares, received from La Concorde, to its shareholders. The condition precedent for the transfer of the Kuruman Casino to Tsogo was met on 15 June 2018. The shares in the casino were transferred in exchange for settlement of the loan account.

37. CHANGE IN USE

The change in use of certain properties resulted in its reclassification from property, plant and equipment to investment property. These properties were fair valued through other comprehensive income prior to being transferred to investment property. The effect of the change in use was R40 million, net of deferred tax, recognised in the statement of other comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

38. FINANCIAL INSTRUMENTS

An analysis of the Group's assets and liabilities, classified by financial instrument, are set out below:

Group	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments		Fair value through profit or loss		Total	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Assets										
Non-current assets	8 062	447 506	-	-	437 823	868 222	38 779	-	484 664	1 315 728
Property, plant and equipment	-	-	-	-	114 159	659 202	-	-	114 159	659 202
Investment properties	-	-	-	-	262 758	28 638	-	-	262 758	28 638
Goodwill	-	-	-	-	11 714	59 944	-	-	11 714	59 944
Intangible assets	-	-	-	-	12 830	18 480	-	-	12 830	18 480
Investments in associates and joint ventures	-	-	-	-	35 322	73 707	-	-	35 322	73 707
Deferred taxation	-	-	-	-	1 040	28 251	-	-	1 040	28 251
Other financial assets	-	-	-	-	-	-	38 779	-	38 779	-
Loans receivable	8 062	447 506	-	-	-	-	-	-	8 062	447 506
Current assets	284 474	1 029 821	-	-	3 202	27 186	-	-	287 676	1 057 007
Inventories	-	-	-	-	332	6 285	-	-	332	6 285
Trade and other receivables	24 940	102 140	-	-	2 866	20 450	-	-	27 806	122 590
Other financial assets	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	218 947	-	-	-	-	-	-	-	218 947
Taxation	-	-	-	-	4	451	-	-	4	451
Cash and cash equivalents	259 534	708 734	-	-	-	-	-	-	259 534	708 734
Non-current assets held for sale	-	2 366	-	-	-	3 053	855 273	-	855 273	5 419
Total assets	292 536	1 479 693	-	-	441 025	898 461	894 052	-	1 627 613	2 378 154
Liabilities										
Non-current liabilities	-	-	-	205 623	44 088	25 721	-	-	44 088	231 344
Operating lease equalisation liability	-	-	-	-	-	4 373	-	-	-	4 373
Borrowings	-	-	-	205 623	-	-	-	-	-	205 623
Deferred taxation	-	-	-	-	44 088	21 348	-	-	44 088	21 348
Current liabilities	-	-	153 281	232 228	30 032	30 368	-	-	183 313	262 596
Trade and other payables	-	-	58 318	193 184	2 880	13 526	-	-	61 198	206 710
Current portion of borrowings	-	-	-	38 512	-	-	-	-	-	38 512
Other financial liabilities	-	-	94 963	-	-	-	-	-	94 963	-
Current portion of finance lease liabilities	-	-	-	532	-	-	-	-	-	532
Taxation	-	-	-	-	27 152	16 842	-	-	27 152	16 842
Non-current liabilities held for sale	-	-	-	2 459	-	-	-	-	-	2 459
Total liabilities	-	-	153 281	440 310	74 120	56 089	-	-	227 401	496 399

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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38. FINANCIAL INSTRUMENTS (continued)

Company Assets	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments		Fair value through profit or loss		Total	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Non-current assets	1 778	467 754	-	-	577 403	4 662 154	38 779	-	617 960	5 129 908
Investment in associates and joint ventures	-	-	-	-	24 201	2 029	-	-	24 200	2 029
Investments in subsidiaries	-	467 754	-	-	553 202	4 660 125	-	-	553 202	5 127 879
Other financial assets	-	-	-	-	-	-	38 779	-	38 779	-
Loans receivable	1 778	-	-	-	-	-	-	-	1 778	-
Current assets	12 107	15 261	-	-	-	-	-	-	12 107	15 261
Trade and other receivables	10 722	14 642	-	-	-	-	-	-	10 722	14 642
Loans receivable	-	300	-	-	-	-	-	-	-	300
Cash and cash equivalents	1 385	319	-	-	-	-	-	-	1 385	319
Total assets	13 885	483 015	-	-	577 403	4 662 154	38 779	-	630 067	5 145 169
Non-current liabilities	-	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-
Current liabilities	-	-	112 196	39 125	-	-	-	-	112 196	39 125
Trade and other payables	-	-	17 232	39 125	-	-	-	-	17 232	39 125
Other financial liabilities	-	-	94 963	-	-	-	-	-	94 963	-
Total liabilities	-	-	112 196	39 125	-	-	-	-	112 196	39 125

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