NIVEUS

INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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SHAREHOLDERS' DIARY

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CORPORATE INFORMATION

Company name and registration
Niveus Investments Limited
Registration number 1996/005744/06

Registered office
Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001
PO Box 5251, Cape Town, 8000
Tel: 021 481 7560

Company secretary
HCI Managerial Services Proprietary Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Tel: 011 370 7700

Auditors
Grant Thornton (Jhb) Inc.

Investment bank and sponsor
Investec Securities Limited

BOARD OF DIRECTORS

Executive directors
André van der Veen (Chief executive officer)
Muriel Loftie-Eaton (Financial director)

Non-executive director
John Copelyn

Independent non-executive directors
Marcel Golding (resigned on 24 May 2013)
Moretlo Molefi
Jabu Ngcobo
Yunis Shaik
Khutso Mampeule (appointed on 10 April 2013)

SHAREHOLDER SNAPSHOT

ANALYSIS OF SHAREHOLDERS

DISTRIBUTION OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2013.

		Number of shareholders	% of total	Number of shares	% of total
1	– 1 000 shares	230	44,06	89 272	0,08
1 001	– 10 000 shares	187	35,82	601 140	0,53
10 001	– 50 000 shares	60	11,49	1 451 095	1,29
50 001	– 100 000 shares	13	2,49	962 460	0,85
100 001	– 500 000 shares	13	2,49	2 870 830	2,55
500 001	– 1 000 000 shares	5	0,96	3 404 878	3,02
Over 1 000 000		14	2,68	103 239 412	91,68
		522	**100,00**	**112 619 087**	**100,00**

TYPE OF SHAREHOLDER

	Number of shares	% of issued capital	Number of shareholders	% of current shareholders
Investment company	67 731 438	60,14	15	2,87
Individual	22 106 678	19,63	382	73,18
Trust/nominee	9 333 323	8,29	67	12,83
Private company	8 900 021	7,90	12	2,30
Public company	3 891 197	3,46	7	1,34
Banks	431 844	0,38	5	0,96
Closed corporation	128 183	0,11	17	3,26
Pension fund	96 403	0,09	17	3,26
TOTAL	**112 619 087**	**100,00**	**522**	**100,00**

SHAREHOLDER SNAPSHOT *(CONTINUED)*

SIGNIFICANT SHAREHOLDINGS

At 31 March 2013, as far as Niveus Investments Limited ("Niveus") is aware, the following members beneficially held, directly or indirectly, 10% or more of the issued shares:

Shareholder	Number of shares	% of issued capital
Hosken Consolidated Investments Limited ("HCI")	58 915 498	52,31

SHAREHOLDER ANALYSIS

		Number of share-holders	% of share-holding	Number of shares	% of issued capital
Public		**517**	**99,05**	**36 469 183**	**32,38**
Non-public		**5**	**0,95**	**76 149 904**	**67,62**
HCI		1	0,19	58 915 498	52,31
Mr JA Copelyn #	(direct)	1	0,19	6 445 607	5,73
Mr MJA Golding #	(direct)	1	0,19	8 177 365	7,26
Mr MJA Golding *	(indirect)	1	0,19	1 764 283	1,57
Mr A van der Veen #	(direct)	1	0,19	847 151	0,75
TOTAL		**522**	**100,00**	**112 619 087**	**100,00**

Directors
* *Associates of directors*

ANNUAL FINANCIAL STATEMENTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of Niveus Investments Limited are responsible for the preparation, integrity and fair presentation of the annual financial statements of the company and of the group and for other information contained in this annual report. The annual financial statements for the year ended 31 March 2013 have been prepared in accordance with International Financial Reporting Standards and include amounts based on prudent judgements and estimates by management.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

These annual financial statements support the viability of the company and the group. The annual financial statements have been audited by the independent auditing firm, Grant Thornton (Jhb) Inc, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board.

The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The annual financial statements for the year ended 31 March 2013, which are available on the Niveus website, were approved by the board of directors on 16 September 2013 and are signed on its behalf by:

André van der Veen
CHIEF EXECUTIVE OFFICER

Muriel Loftie-Eaton
FINANCIAL DIRECTOR

16 September 2013
Cape Town

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 2013, the company has filed all required returns and notices in terms of the Companies Act, 71 of 2008, as amended, 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: Y Shaik (chairman), Dr LM Molefi and J Ngcobo

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

Since listing in September 2012, two audit and risk committee meetings were held during the financial year.

The audit and risk committee has pleasure in submitting this report in respect of the past financial year of the group, as required by section 94 of the Companies Act, 71 of 2008, as amended ("the Act").

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

In terms of the 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 report, annual financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and shareholders. The committee's responsibilities include the statutory duties prescribed by the Act, recommendations by King III 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, as set out by section 94 of the Act; in terms of the committee's terms of reference. In this connection, the committee has:

- reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- 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;
- evaluated policies and procedures regarding internal controls as well as adequacy and adherence to controls;
- reviewed risk registers of subsidiary companies;
- reviewed internal audit reports;
- evaluated compliance with the JSE Listings Requirements;
- verified the independence of the external auditor as per section 92 of the Act, and accordingly nominated Grant Thornton (Jhb) Inc to continue in office as the independent auditor, and noted the appointment of Mr Rudi Huiskamp as the designated auditor for 2014;
- approved the audit fees and engagement terms of the external auditor; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

The audit and risk committee fulfils an oversight role regarding the group's annual financial statements and the reporting process, including the system of internal financial control.

CONFIDENTIAL MEETINGS

Audit and risk committee agendas provide for confidential meetings between the committee members and the external auditors, which are held regularly.

INTERNAL AUDIT

The committee approved the mandate of the internal audit function for adoption by the board. The committee approved the appointment of Mr Albert Eksteen as chief audit executive, and furthermore approved the internal audit plan for the financial year ending March 2014.

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 probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risk monitoring is continuous; and
- the board should receive assurance regarding effectiveness of risk management.

The committee is accountable to the board for implementing and monitoring the processes of risk management 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 compiled on an annual basis and the most significant risks are presented to the board.

A disciplined and timeous reporting structure enables the committee to be fully appraised of group company 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 chairman of the committee reports to the board of Niveus on the most significant risks derived from the above process.

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS AND COMPETENCE OF THE FINANCIAL DIRECTOR

As required by the Listings Requirement 3.84(h), the audit and risk committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the financial director, Ms Muriel Loftie-Eaton.

The audit and risk committee has further considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Niveus finance function and the experience of the senior members of management responsible for the finance function.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the annual financial statements of the Niveus Group for the period ended 31 March 2013 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

Yunis Shaik
CHAIRMAN: AUDIT AND RISK COMMITTEE

16 September 2013

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF NIVEUS INVESTMENTS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Niveus Investments Limited set out on pages 11 to 75 which comprise the statements of financial position as at 31 March 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

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 2013, 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the Directors' Report, Audit and Risk Committee's Report and Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton (Jhb) Inc.

GRANT THORNTON (JHB) INC
Chartered Accountants (SA)
Registered Auditors
Registration No.: 1994/001166/21

Rudi Huiskamp
Director
Chartered Accountant (SA)
Registered Auditor

16 September 2013

42 Wierda Road West
Wierda Valley
2196

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' REPORT

NATURE OF THE BUSINESS

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 the gaming and alcoholic beverage sectors.

CORPORATE ACTIVITIES

During the year under review, Niveus acquired a 100% interest in Galaxy Bingo International South Africa Proprietary Limited ("Galaxy Bingo") and a 90% interest in Formex Industries Proprietary Limited ("Formex") with effect from 1 July 2012. As the acquisitions were made from Niveus's holding company Hosken Consolidated Investments ("HCI"), acquisitions were accounted for as common control acquisitions due to HCI retaining control of Niveus. The transactions included the acquisitions of shareholder loans for which Niveus shares were issued to its then wholly owned shareholder, HCI.

In September 2012, HCI repurchased some of its own shares and issued Niveus shares as consideration. This resulted in the interest in Niveus diluting from 100% to 55%. Subsequent to the repurchase and distribution, the Niveus shares were listed on the JSE.

The investment in Formex was sold back to HCI in January 2013, following a decision by HCI to consolidate its manufacturing entities to leverage its existing manufacturing skill set.

Furthermore, the interest in KWV Holdings Limited ("KWV") was increased from 35,5% to 39,9% in July 2012, subsequent to the purchase of additional KWV shares. In December 2012, Niveus obtained a controlling stake in KWV, the purchase price of which was partially settled by the issue of Niveus shares.

SHARE CAPITAL

Other than the Niveus shares which were issued in terms of the HCI restructuring and the acquisition of KWV, no Niveus shares were issued, or agreed to be issued, within the three years preceding the date of the listing, by Niveus or any of its subsidiaries to any person, other than for cash.

Subsequent to year-end, a dividend was approved by shareholders with a capitalisation alternative of one share for every 70 held. On 12 August 2013, a further 1,5 million shares were issued in this regard.

DIRECTORS' REPORT *(CONTINUED)*

MAJORITY SHAREHOLDERS

Niveus was a wholly owned subsidiary of HCI until HCI distributed 45% of its Niveus shares to shareholders as part of a share buyback and distribution transaction in September 2012. HCI's 55% shareholding diluted to 52,3% following the issue of shares as part consideration for the acquisition of control in KWV. Subsequent to year-end, the shareholding increased to 52,4% as a result of the capitalisation issue on 12 August 2013, in terms of the dividend that was approved by shareholders on 22 July 2013.

SPECIAL RESOLUTIONS

The following special resolutions have been passed during the financial year as well as subsequent to year-end:

Date	Special resolution
25 July 2012	The memorandum of incorporation was replaced by a new memorandum of incorporation.
7 November 2012	Change of name from HCI Growth Limited to Niveus Investments Limited.
26 April 2013	• Approval of authority to provide financial assistance in terms of section 45 of the Companies Act, 71 of 2008, as amended; • Approval of specific issue of shares for cash *Approval to issue up to 2 000 000 Niveus shares at market value to Johnnic Holdings Management Services Limited;* • Adoption of Niveus share scheme; • Approval of non-executive board fees; • Replacement of point 29.13 of the MOI: *A round robin resolution, inserted into the minute book, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that each Director in South Africa who is able to receive notice, has received notice of the matter to be decided upon. One or more Alternate Directors shall be entitled to sign a round robin resolution if one or more Directors are not present in South Africa to sign, and without his/their vote/s the requisite majority cannot be achieved. For the purposes hereof a round robin resolution means a resolution passed other than at a meeting of Directors, in respect of which, subject to clause 29.10, 75% of the Directors, including all Executive Directors, voted in favour by signing in Writing a resolution in counterparts, within 20 (twenty) Business Days after the resolution was submitted to them. Such a round robin resolution may consist of several documents and shall be deemed to have been passed on the date upon which it was signed or executed by the last Director required to sign or execute it. Where it states a date as being the date of its signature by any Director, that document shall be prima facie evidence that it was signed or executed by that Director on that date.*
22 July 2013	Approval of a cash dividend of 18 cents per share, together with a capitalisation issue alternative (1 share for every 70 shares held) is approved and the directors of the company are authorised to do such things as may be deemed necessary.

DIRECTORS' REPORT *(CONTINUED)*

DIRECTORATE AND COMPANY SECRETARY

The directors of the company and the company secretary's details are set out on page 1. The following changes to the board were effected subsequent to year-end:

- Mr KI Mampeule was appointed on 10 April 2013; and
- Mr MJA Golding resigned on 24 May 2013.

Details of directors' shareholdings and directors' emoluments appear on page 57. Share options on Niveus shares are granted by the administrator and details thereof are provided for disclosure purposes on pages 58 and 59.

Subsequent to year-end, on 4 July 2013, André van der Veen exercised 941 350 options at R6,16 per share and Muriel Loftie-Eaton exercised 92 985 options at R6,11 per share.

In accordance with the company's memorandum of incorporation, André van der Veen, John Copelyn and Dr Moretlo Molefi 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.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Assets					
Non-current assets		**569 750**	507 614	**505 070**	25 386
Property, plant and equipment	1	**452 170**	148 363	**–**	–
Investment properties	2	**3 700**	3 700	**–**	–
Goodwill	3	**49 730**	48 230	**–**	–
Intangible assets	4	**27 229**	7 252	**–**	–
Investments in associates and joint ventures	5	**15 141**	284 670	**–**	–
Subsidiaries	6	**–**	–	**505 070**	25 386
Deferred taxation	7	**15 553**	9 649	**–**	–
Loans receivable	8	**6 227**	5 750	**–**	–
Current assets		**1 533 308**	49 643	**84 876**	7
Inventories	9	**816 753**	865	**–**	–
Derivative financial instruments	10	**2 545**	–	**–**	–
Trade and other receivables	11	**428 221**	37 036	**2 280**	1
Loans receivable	8	**23 108**	500	**–**	–
Taxation		**2 716**	103	**54**	6
Cash and cash equivalents	27.5	**259 965**	11 139	**82 542**	–
Total assets		**2 103 058**	557 257	**589 946**	25 393
Equity and liabilities					
Capital and reserves		**1 444 738**	24 879	**579 965**	20 030
Ordinary share capital	12	**790 345**	44 888	**790 345**	44 888
Other reserves	13	**(85 093)**	170	**–**	–
Accumulated profits/(losses)		**154 989**	(19 649)	**(210 380)**	(24 858)
Equity attributable to equity holders of the parent		**860 241**	25 409	**579 965**	20 030
Non-controlling interest		**584 497**	(530)	**–**	–
Non-current liabilities		**229 528**	185 856	**–**	–
Operating lease equalisation liability		**2 038**	653	**–**	–
Borrowings	14	**185 350**	185 166	**–**	–
Finance lease liabilities	15	**7 343**	–	**–**	–
Deferred taxation	7	**34 797**	37	**–**	–
Current liabilities		**428 792**	346 522	**9 981**	5 363
Trade and other payables	16	**395 257**	49 699	**6 283**	10
Derivative financial instruments	10	**24 091**	–	**–**	–
Loans from subsidiaries	6	**–**	–	**3 698**	–
Loan from group company	17	**–**	292 097	**–**	5 353
Current portion of borrowings	14	**3 502**	4 284	**–**	–
Current portion of finance lease liabilities	15	**4 470**	–	**–**	–
Taxation		**1 472**	442	**–**	–
Total equity and liabilities		**2 103 058**	557 257	**589 946**	25 393

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Revenue	19	200 525	6 982	–	–
Net gaming win		655 611	417 982	–	–
		856 136	424 964	–	–
Depreciation and amortisation		(71 898)	(47 708)	–	–
Other operating expenses		(688 093)	(292 512)	(7 399)	(31)
Other income		9 023	977	–	–
Investment income	20	5 514	559	4 442	18 490
Share of losses of associates and joint ventures		(14 722)	(2 252)	–	–
Gain on bargain purchase	34	259 781	–	–	–
Asset impairments		(3 223)	(361)	–	–
Impairment of loans to subsidiaries	6	–	–	(43 027)	62 589
Finance costs	22	(16 273)	(21 529)	(599)	(17 205)
Profit/(loss) before taxation	23	336 245	62 138	(46 583)	63 843
Taxation	24	(30 868)	(20 743)	–	(351)
Profit/(loss) for the year from continuing operations		305 377	41 395	(46 583)	63 492
Discontinued operations	25	(16 178)	–	(138 939)	–
Profit/(loss) for the year		289 199	41 395	(185 522)	63 492
Attributable to:					
Equity holders of the parent		290 414	40 323		
Non-controlling interest		(1 215)	1 072		
		289 199	41 395		
Earnings per share (cents)	26	301,3	68,8		
Continuing operations		318,1	68,8		
Discontinued operations		(16,8)	–		
Headline earnings per share (cents)	26	44,2	68,8		
Continuing operations		50	68,8		
Discontinued operations		(5,8)	–		

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Profit/(loss) for the year		289 199	41 395	(185 522)	63 492
Other comprehensive income net of tax:					
Foreign currency translation differences	13	96	170	–	–
Total comprehensive income/(loss) for the year		289 295	41 565	(185 522)	63 492
Attributable to:					
Equity holders of the parent		290 510	40 493		
Non-controlling interest		(1 215)	1 072		
		289 295	41 565		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Share capital R'000	Share premium R'000	Stated capital R'000	Other reserves R'000	Accumu-lated profits/(losses) R'000	Non-controlling interest R'000	Total R'000
Group								
Balances as at 31 March 2011		1	44 887	–	–	(59 877)	260	(14 729)
Share capital, share premium and stated capital								
Conversion of par value to no par value shares	12	(1)	(44 887)	44 888	–	–	–	–
Current operations								
Total comprehensive income		–	–	–	170	40 323	1 072	41 565
Effects of changes in holding		–	–	–	–	(95)	85	(10)
Capital reductions and dividends		–	–	–	–	–	(1 947)	(1 947)
Balances as at 31 March 2012		**–**	**–**	**44 888**	**170**	**(19 649)**	**(530)**	**24 879**
Stated capital								
Shares issued	12	**–**	**–**	**745 457**	**–**	**–**	**–**	**745 457**
Current operations								
Total comprehensive income		**–**	**–**	**–**	**96**	**290 414**	**(1 215)**	**289 295**
Effects of changes in holding		**–**	**–**	**–**	**(208 304)**	**7 169**	**588 762**	**387 627**
Capital reductions and dividends		**–**	**–**	**–**	**–**	**–**	**(2 520)**	**(2 520)**
Transfer of reserves		**–**	**–**	**–**	**122 945**	**(122 945)**	**–**	**–**
Balances as at 31 March 2013		**–**	**–**	**790 345**	**(85 093)**	**154 989**	**584 497**	**1 444 738**

	Notes	Share capital R'000	Share premium R'000	Stated capital R'000	Accumu-lated losses R'000	Total R'000
Company						
Balances at 31 March 2011		1	44 887	–	(88 350)	(43 462)
Share capital, share premium and stated capital						
Conversion of par value to no par value shares	12	(1)	(44 887)	44 888	–	–
Current operations						
Total comprehensive income for the year		–	–	–	63 492	63 492
Balances at 31 March 2012		**–**	**–**	**44 888**	**(24 858)**	**20 030**
Stated capital						
Shares issued	12	**–**	**–**	**745 457**	**–**	**745 457**
Current operations						
Total comprehensive loss for the year		**–**	**–**	**–**	**(185 522)**	**(185 522)**
Balances at 31 March 2013		**–**	**–**	**790 345**	**(210 380)**	**579 965**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

		Group		Company	
	Notes	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Cash flows from operating activities		216 908	84 371	390	890
Cash generated by/(utilised in) operations	27.1	205 945	132 421	(7 399)	(31)
Investment income		5 514	559	4 442	18 490
Changes in working capital	27.2	59 144	(12 823)	3 994	(7)
Cash generated by operating activities		270 603	120 157	1 037	18 452
Finance costs		(19 264)	(17 209)	(599)	(17 205)
Taxation paid	27.3	(34 431)	(18 577)	(48)	(357)
Cash flows from investing activities		(37 193)	(57 239)	22 981	(1)
Business combinations	27.4	111 947	–	–	–
Investment in:					
– Subsidiary companies		–	(10)	(419)	(1)
– Associated companies and joint ventures	5	(33 196)	–	–	–
Short-term loans repayments received		2 739	–	–	–
Short-term loans advanced		(377)	(3 500)	–	–
Proceeds on disposal of investments	27.4	22 921	–	23 400	–
Intangible assets acquired		(2 714)	(3 907)	–	–
Property, plant and equipment:		–	–	–	–
– Additions		(140 976)	(50 561)	–	–
– Disposals		2 463	739	–	–
Cash flows from financing activities		69 146	(21 252)	59 171	(890)
Ordinary shares issued		236 593	–	236 593	–
Dividends paid to non-controlling shareholders		(2 520)	(375)	–	–
Long-term funding repaid		(164 927)	(20 877)	(177 422)	(890)
Cash and cash equivalents					
Movement for the year		248 861	5 880	82 542	(1)
At beginning of year		11 139	5 259	–	1
Foreign exchange difference		(35)	–	–	–
At end of year	27.5	259 965	11 139	82 542	–

1. ACCOUNTING POLICIES

This summary of the principal accounting policies of the Niveus Investments Limited group is presented to assist with the evaluation of the consolidated annual financial statements.

1.1 BASIS OF PREPARATION

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the South African Companies Act, No 71 of 2008, and the Listings Requirements of the JSE Limited. The consolidated financial statements have been 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.

The preparation of the consolidated annual financial statements in accordance with IFRS requires that certain critical accounting estimates and assumptions be used. It also requires that management use their discretion in applying the accounting policy of the group. Those areas requiring a higher level of judgement or that are more complex, or areas where assumptions and estimates have a material effect on the consolidated annual financial statements, are represented in note 2.

1.2 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker (managing director) for purposes of allocating company resources and assessing their performance. 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 which display similar economic characteristics are aggregated for reporting purposes.

1.3 BASIS OF CONSOLIDATION

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

(i) SUBSIDIARIES

Subsidiaries are entities controlled by the group, where control is the power to directly or indirectly govern the financial and operating policies of the entity so as to obtain benefit from its activities, regardless of whether this power is actually exercised. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Where the group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interest. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated annual financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

The group applies a policy of treating transactions with non-controlling interests as transactions with equity holders of the group. Disposals to non-controlling interests that do not result in the loss of control, result in gains and losses for the group that are recorded directly in the statement of changes in equity. The difference between any consideration paid and the relevant share of the net asset value acquired from non-controlling interests are recorded directly in equity.

(iii) ASSOCIATES AND JOINT VENTURES

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures are entities that are jointly controlled through contractual arrangements between the group and other parties.

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

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

The carrying amount of the group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) recognised on acquisition.

The group's share of its associates' and joint ventures' post-acquisition profits or losses are recognised in profit or loss, and its share of post-acquisition reserve movements are recognised in other comprehensive income. The cumulative post-acquisition movements are recognised against the carrying amount of the investment. When the group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

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

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

1.4 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 consolidated 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 have been 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 VENTURES – TRANSLATION

Once-off items in the income statement and statement of cash flows of foreign subsidiaries, associates and joint ventures 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 is 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.

1.5 BUSINESS COMBINATIONS

(i) SUBSIDIARIES

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

(ii) GOODWILL

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

Where a business combination occurs in several stages goodwill will be recognised on the transaction that results in the group obtaining control of the subsidiary. Goodwill, or gain on bargain purchase, will be measured as the difference between the fair value of the identifiable net assets acquired and the sum of the consideration paid, the non-controlling interest and the fair value of any previous interest held.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

(iii) *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.

1.6 PROPERTY, PLANT AND EQUIPMENT

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

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. 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.

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 note 1.15)

(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:

Computer equipment	3 years
Computer software	3 years
Plant and machinery	6 – 50 years
Buildings	40 years
Furniture and fittings	5 – 10 years
Gaming machines	6 years
Motor vehicles	4 – 15 years
Office equipment	3 years
Site data loggers and modems	6 years
Leasehold improvements	Lesser of estimated useful life or period of lease (normally 8 years)
Gaming bases and chairs	6 years
Signage	10 years
ATMs	3 years
Photoplays	3 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.

1.7 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.

1.8 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 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, including finance costs, for a gaming licence are capitalised by the group on the successful award of a gaming licence, and amortised on a straight-line basis over the exclusivity period applicable to each licence, which ranges from 10 to 12,5 years from date of commencement of those operations.

The costs associated with unsuccessful gaming licence applications, including finance costs, 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 and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives (5 to 20 years).

1.9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are initially recognised at fair value plus any directly attributable transaction costs (transaction costs are not included on initial recognition for financial instruments carried at fair value through profit or loss).

Financial assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

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 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.

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

Financial assets at fair value through profit or loss are non-derivative financial assets held for trading and/or designated by the entity upon initial recognition as fair value through profit or loss.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Gains or losses arising from changes in the fair value of the “financial assets at fair value though profit or loss” category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the group’s right to receive payments is established.

(ii) HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group’s management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are initially recognised at fair value plus transaction costs. Held-to-maturity investments are subsequently carried at amortised cost using the effective-interest 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 FAIR VALUE THROUGH PROFIT OR LOSS

Non-derivative financial liabilities are measured initially and subsequently at fair value by discounting the future cash payments using the market rate applicable at statement of financial position date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(v) FINANCIAL LIABILITIES AT AMORTISED COST

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective-yield method; any difference between proceeds and the redemption value is recognised in the profit or loss over the period of the borrowings.

(vi) AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified as any of the above. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

(vii) 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.

(viii) FAIR VALUE

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs.

(ix) IMPAIRMENT

The group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. Impairment testing of trade receivables is described in note (iii) above.

1.10 DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the statement of financial position, depending on when they are expected to mature. For derivatives that are not designated to have a hedging relationship, all fair value movements thereon are recognised immediately in profit or loss.

1.11 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.

1.12 SHARE 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.

1.13 TRADE PAYABLES

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables are analysed between current and non-current liabilities on the face of the statement of financial position, depending on when the obligation to settle will be realised.

1.14 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

1.15 IMPAIRMENT

This policy covers all assets except inventories (see note 1.11), financial assets (see note 1.9) and non-current assets classified as held for sale (see note 1.16). Impairment reviews are performed by comparing the carrying value of the asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market-based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets the group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

For the purpose of conducting impairment reviews, CGUs are considered to be the lowest level of groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When an impairment is recognised, the impairment loss is held firstly against any specifically impaired assets of the CGU, then recognised against goodwill balances. Any remaining loss is set against the remaining intangible and tangible assets on a pro rata basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in profit or loss in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

1.16 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 which is expected to qualify for recognition as a completed sale within one year from date of classification.

1.17 PROVISIONS

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within interest costs.

Provisions are not recognised for future operating losses; however, provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

1.18 REVENUE RECOGNITION

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

(i) SALE OF GOODS

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) RENDERING OF SERVICES

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(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. 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 limited payout route operations, all income is recognised immediately in profit and loss at fair value.

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

1.19 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 income statement 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.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

(ii) THE GROUP IS THE LESSOR

The group recognises finance lease receivables on its statement of financial position. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease. 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 on a straight-line basis over the lease term.

1.20 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

1.21 TAX

(i) INCOME TAX

The tax expense for the period comprises current, deferred tax and secondary tax on companies. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised 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 consolidated 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) SECONDARY TAX ON COMPANIES

South African residential companies are subject to a two-pronged tax system. Firstly, tax is payable on taxable income and secondly, tax is payable on distributed income profit. A company has to pay STC on dividends declared or deemed to have been declared (as defined in the Income Tax Act) to its shareholders.

STC payable on dividends is recognised as a tax expense in the income statement in the year in which the company recognises the relevant dividends payable as a liability. Any dividends received in the relevant dividend cycle decrease the STC payable. If the dividends declared exceed the dividends received, STC is payable on the net amount at the applicable STC rate. If dividends received exceed the dividends declared, no STC is payable. The amount by which the dividends received exceed the dividends declared is carried over to the following dividend cycle as an STC credit.

Secondary tax on companies was abolished on dividends effective 1 April 2012 and was replaced by a dividend withholding tax. STC credits will not directly benefit the company because the new withholding tax is levied on the shareholder and not the company, with exception of non-cash dividends. The company will only carry STC deferred tax assets to the extent that they will be utilised against cash dividends paid prior to 1 April 2012, or future non-cash dividends.

Existing STC credits will expire on 1 April 2015 if not utilised.

1.22 DIVIDEND DISTRIBUTIONS

Dividend distributions to equity holders of the parent are recognised as a liability in the consolidated 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.

1.23 EMPLOYEE BENEFITS

(i) DEFINED-CONTRIBUTION PLANS

A defined-contribution plan is a pension or provident plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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.

(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 a cash-settled share appreciation rights scheme (KWV Holdings Limited). The cost of cash-settled transactions is measured initially at fair value at the grant date, taking into account the terms and conditions upon which the instruments were granted. The fair value of employee services received is recognised as an expense over the vesting period, with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in the fair value recognised in profit or loss.

1.24 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 03/2012 issued by SAICA.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 1.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

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

2.2 INCOME TAXES

The group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

2.3 DEFERRED TAX ASSETS

The group recognises the 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 group 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.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

2.4 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.

2.5 INVENTORY VALUATION

The group manufactures and trades with perishable products. Judgement is required to determine the saleability of these products. In addition, a significant portion of the group's matured wines and brandies have a lengthy production cycle. The saleability and valuation of work-in-progress inventories are dependent on market and consumer trends. Stringent quality control, detailed sales planning and forecasting and procurement planning are key factors in ensuring that the valuation of the group's inventory is reasonable.

2.6 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.

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

3.1 Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 April 2013 or later periods which the group has not early adopted:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 7: Financial Instruments: Disclosures	• Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
IFRS 9: Financial Instruments	• New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2015
IFRS 10: Consolidated Financial Statements	• New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2013
IFRS 12: Disclosure of Interests in other Entities	• New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.	1 January 2013
IFRS 13: Fair Value Measurement	• New guidance on fair value measurement and disclosure requirements.	1 January 2013
IAS 1: Presentation of Financial Statements	• New requirements to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.	1 July 2012
IAS 27: Consolidated and Separate Financial Statements	• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 28: Investments in Associates	• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 32: Financial Instruments: Presentation	• Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the net related credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013

		Group	
		2013 R'000	2012 R'000
1.	PROPERTY, PLANT AND EQUIPMENT		
	Cost		
	Computer equipment	11 096	4 442
	Plant and machinery	405 544	–
	Plant under construction	1 565	–
	Land and buildings	46 068	–
	Furniture and fittings	89 480	8 856
	Gaming machines	263 541	210 082
	Motor vehicles	14 829	6 957
	Motor vehicles under finance lease	14 002	–
	Office equipment	3 863	3 441
	Site data loggers and modems	7 309	5 544
	Site leasehold improvements	49 959	13 264
	Gaming bases	6 686	6 686
	Gaming chairs	9 268	6 922
	Signage	6 324	4 571
	ATMs	4 845	4 845
	Photoplays	10 728	10 728
		945 107	286 338
	Accumulated depreciation		
	Computer equipment	5 850	3 553
	Plant and machinery	256 034	–
	Plant under construction	–	–
	Land and buildings	14 133	–
	Furniture and fittings	53 646	5 486
	Gaming machines	106 782	90 897
	Motor vehicles	9 710	4 728
	Motor vehicles under finance lease	2 438	–
	Office equipment	3 212	2 656
	Site data loggers and modems	5 166	4 415
	Site leasehold improvements	9 043	3 937
	Gaming bases	4 999	4 022
	Gaming chairs	4 122	2 812
	Signage	2 229	1 167
	ATMs	4 845	4 845
	Photoplays	10 728	9 457
		492 937	137 975

	Group 2013 R'000	Group 2012 R'000
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
Carrying value		
Computer equipment	5 246	889
Plant and machinery	149 510	–
Plant under construction	1 565	–
Land and buildings	31 935	–
Furniture and fittings	35 834	3 370
Gaming machines	156 759	119 185
Motor vehicles	5 119	2 229
Motor vehicles under finance lease	11 564	–
Office equipment	651	785
Site data loggers and modems	2 143	1 129
Site leasehold improvements	40 916	9 327
Gaming bases	1 687	2 664
Gaming chairs	5 146	4 110
Signage	4 095	3 404
ATMs	–	–
Photoplays	–	1 271
	452 170	148 363
Movements in property, plant and equipment		
Balance at beginning of year		
Computer equipment	889	1 192
Furniture and fittings	3 370	4 222
Gaming machines	119 185	86 018
Motor vehicles	2 229	2 225
Office equipment	785	1 167
Site data loggers and modems	1 129	2 818
Site leasehold improvements	9 327	4 934
Gaming bases	2 664	3 711
Gaming chairs	4 110	3 136
Signage	3 404	1 424
ATMs	–	1 376
Photoplays	1 271	4 283
	148 363	116 506

	Group 2013 R'000	2012 R'000
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
Additions		
Computer equipment	3 280	587
Plant and machinery	14 851	–
Plant under construction	215	–
Land and buildings	302	–
Furniture and fittings	5 678	444
Gaming machines	82 238	63 839
Motor vehicles	551	1 420
Motor vehicles under finance lease	14 002	–
Office equipment	296	257
Site data loggers and modems	1 765	1 133
Site leasehold improvements	12 145	6 102
Gaming bases	–	18
Gaming chairs	2 346	1 974
Signage	1 753	2 864
	139 422	78 638
Additions and disposals through business combinations		
Computer equipment	3 514	–
Plant and machinery	144 504	–
Plant under construction	1 356	–
Land and buildings	32 174	–
Furniture and fittings	32 120	–
Motor vehicles	3 920	–
Office equipment	144	–
Site leasehold improvements	26 547	–
	244 279	–
Disposals		
Computer equipment	(54)	–
Plant and machinery	(1 936)	–
Plant under construction	(6)	–
Furniture and fittings	(18)	(25)
Gaming machines	(23)	(28)
Motor vehicles	(658)	(423)
Office equipment	(6)	(4)
ATMs	–	72
	(2 701)	(408)

	Group 2013 R'000	2012 R'000
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
Depreciation		
Computer equipment	(2 383)	(890)
Plant and machinery	(7 909)	–
Land and buildings	(541)	–
Furniture and fittings	(5 312)	(1 366)
Gaming machines	(42 571)	(30 520)
Motor vehicles	(923)	(993)
Motor vehicles under finance lease	(2 438)	–
Office equipment	(568)	(635)
Site data loggers and modems	(751)	(2 822)
Site leasehold improvements	(6 297)	(1 456)
Gaming bases	(977)	(1 065)
Gaming chairs	(1 310)	(1 000)
Signage	(1 062)	(884)
ATMs	–	(1 448)
Photoplays	(1 271)	(2 933)
	(74 313)	(46 012)
Transfers		
Furniture and fittings	–	95
Site leasehold improvements	–	(95)
	–	–
Impairments		
Furniture and fittings	(4)	–
Gaming machines	(2 070)	(124)
Site leasehold improvements	(806)	(158)
Photoplays	–	(79)
	(2 880)	(361)

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	Group 2013 R'000	Group 2012 R'000
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
Balances at end of year		
Computer equipment	5 246	889
Plant and machinery	149 510	–
Plant under construction	1 565	–
Land and buildings	31 935	–
Furniture and fittings	35 834	3 370
Gaming machines	156 759	119 185
Motor vehicles	5 119	2 229
Motor vehicles under finance lease	11 564	–
Office equipment	651	785
Site data loggers and modems	2 143	1 129
Site leasehold improvements	40 916	9 327
Gaming bases	1 687	2 664
Gaming chairs	5 146	4 110
Signage	4 095	3 404
ATMs	–	–
Photoplays	–	1 271
	452 170	148 363

A register of land and buildings is available for inspection at the registered office of the company.

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 15.

	Group 2013 R'000	Group 2012 R'000
2. INVESTMENT PROPERTIES		
Investment properties consist of:		
Erf 1282 Middelburg, Mpumalanga, in extent 1 788 m²	3 700	3 700
	3 700	3 700

Investment properties are stated at fair value.

The fair value of the investment property is determined by using external valuations, contracts and taking credit risk into account.

The fair value of investment properties, totalling R3,7 million, has been arrived at on the basis of an external valuation. The valuation was performed by Elmine Grobler Valuators on 28 February 2011 based on a property rental capitalisation rate of 11,3%. The directors are satisfied that the value has not changed materially.

Details of investment properties are available at the registered office of the company.

	Group 2013 R'000	Group 2012 R'000
At beginning of year	3 700	3 700
At end of year	3 700	3 700
Rental income from investment property	538	544
Direct operating expenses relating to rental income from investment property	133	107
3. GOODWILL		
Arising on acquisition of shares in subsidiaries	49 730	48 230
Reconciliation of carrying value		
At beginning of year	48 230	48 230
– Cost	48 230	48 230
– Accumulated impairment	–	–
Addition through business combination	343	–
Acquisition of subsidiary	1 500	–
Impairment of goodwill	(343)	–
At end of year	49 730	48 230
– Cost	48 573	48 230
– Accumulated impairment	(343)	–

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3. GOODWILL *(continued)*

Goodwill relates mainly to the group's limited payout gaming operations.

The recoverable amount of the cash-generating units has been determined on a value-in-use calculation, using cash flow projections which cover a five-year period.

A growth rate of 4,5% has been applied and cash flows have been discounted at 16%.

The following assumptions have been applied when reviewing goodwill impairment :

– Asset values have been based on the carrying amounts for the financial period;
– Future expected profits have been 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; and
– Cash flows have been extended into perpetuity as management have no reason to believe that the group will not continue past the budget period.

The recoverable amounts of the cash-generating units, except Niveus Gaming and Entertainment Proprietary Limited, were determined to be higher than the relevant portion of goodwill and therefore no impairment was necessary.

	Computer software R'000	Trademarks R'000	Bid costs R'000	Total R'000
4. INTANGIBLE ASSETS				
Group 2013				
Carrying value at beginning of year	**1 656**	**–**	**5 596**	**7 252**
Additions	**1 214**	**–**	**1 500**	**2 714**
Business combinations	**2 708**	**16 620**	**–**	**19 328**
Amortisation	**(1 433)**	**(248)**	**(384)**	**(2 065)**
Carrying value at end of year	**4 145**	**16 372**	**6 712**	**27 229**
Cost	**21 495**	**35 293**	**7 407**	**64 195**
Accumulated amortisation	**(17 350)**	**(18 921)**	**(695)**	**(36 966)**
	4 145	**16 372**	**6 712**	**27 229**
Group 2012				
Carrying value at beginning of year	1 898	–	1 800	3 698
Additions	1 343	–	3 907	5 250
Amortisation	(1 585)	–	(111)	(1 696)
Carrying value at end of year	1 656	–	5 596	7 252
Cost	7 134	–	5 907	13 041
Accumulated amortisation	(5 478)	–	(311)	(5 789)
	1 656	–	5 596	7 252

The amortisation expense has been included in the line item depreciation and amortisation in the income statement.

The following useful lives were used in the calculation of amortisation:

Bid costs	10 to 12,5 years
Computer software	5 to 8 years
Trademark	5 to 20 years

Impairment testing

Trademarks

The recoverable amount of a trademark is determined based on value-in-use calculations. As a rule, these calculations use cash flow projections based on financial budgets covering a three-year period.

However, for brands that are newly acquired or in a strong growth phase, the budgeted cash flows are amended by the relevant brand director, and extended to cover a five-year period.

Cash flows beyond these periods, as detailed above, are extrapolated at a growth rate of 5%; and cash flows are discounted at a rate of 14,5%.

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.

5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

			Group		Company	
	Group's interest		Carrying value		Carrying value	
Name of associates and joint ventures	2013	2012	2013 R'000	2012 R'000	2013 R'000	2012 R'000
The following are the group's principal associates and joint ventures:						
Incorporated in South Africa						
KWV Holdings Limited	–[1]	36%	–	284 670	–	–
Paarl Valley Bottling Company Proprietary Limited	28%	–	10 258	–	–	–
Solamoya Processing Company Proprietary Limited	40%	–	4 883	–	–	–
			15 141	284 670	–	–

	2013 R'000	2012 R'000
Equity interest		
– Unlisted shares at cost less impairment	3 500	286 752
– Interest in post-acquisition reserves/(losses)	6 203	(2 082)
Loan		
– Solamoya Processing Company Proprietary Limited	5 438	–
	15 141	284 670

The loan is unsecured, interest-free and has no fixed terms of repayment.

Reconciliation of investment in associates and joint ventures	2013 R'000	2012 R'000
At beginning of year	284 670	–
Acquired through business combination	15 297	286 752
Share of net loss of associates and joint ventures	(14 722)	(2 252)
Share of other comprehensive income of associates and joint ventures	46	170
Change in control from associate to subsidiary	(303 346)	–
Acquisition of additional interest	33 090	–
Additional loans made	106	–
	15 141	284 670

[1] Effective 1 January 2013, the company acquired an additional 15,6% of the ordinary share capital of KWV Holdings Limited, increasing its shareholding to 51,6% and obtained the control of KWV Holdings Limited.

Refer to note 34 for details.

The summarised financial information in respect of the group's principal associates and joint ventures are set out below:

	Beverages	Beverages[2]
Total assets	68 560	1 509 594
Total liabilities	33 427	(250 741)
Net assets	101 987	1 258 853
Revenue	13 118	426 075
Group's share of associates' and joint ventures' losses for the year	(14 722)	(2 252)
Group's share of associates' and joint ventures' other comprehensive income for the year	46	170

[2] As per the unaudited interim results of KWV Holdings Limited for the six months ended 31 December 2011.

	2013 R'000	2012 R'000
Group's share of associates and joint ventures:		
– Contingent commitments	–	46
– Capital commitments	–	–

	Country of incorporation	Ownership interest held		Company	
		2013	2012	**2013 R'000**	2012 R'000
6. PRINCIPAL SUBSIDIARY COMPANIES					
Shares					
Cherry Moss Trade and Invest 188 Proprietary Limited	South Africa	**100%**	100%	**–**	–
HCI-KWV Holdings Proprietary Limited	South Africa	**100%**	100%	**1**	1
Niveus AG	Switzerland	**100%**	0%	**419**	–
Niveus Gaming and Entertainment Proprietary Limited	South Africa	**100%**	0%	**–**	–
Vukani Gaming Corporation Proprietary Limited	South Africa	**100%**	100%	**5 107**	5 107
– At cost				**5 527**	5 108
– Impairment provisions				**–**	–
				5 527	5 108
Loans to subsidiaries					
– Amount receivable				**562 029**	39 737
– Impairment provisions				**(62 486)**	(19 459)
				499 543	20 278
Loans from subsidiaries					
– Amount payable				**(3 698)**	–
				501 372	25 386
Non-current assets				**505 070**	25 386
Current liabilities				**(3 698)**	–
				501 372	25 386

These loans are unsecured, interest free and have no set repayment dates, with the exception of the loans with Galaxy Gaming Eastern Cape Proprietary Limited and Vukani Gaming Corporation Proprietary Limited which bear interest at 4,8% and prime plus 2% per annum respectively.

Loans to subsidiaries amounting to R62 485 842 (2012: R19 459 000) have been subordinated in favour of other creditors, until such time that the subsidiaries' assets, fairly valued, exceed their liabilities.

Details of loans to and from subsidiaries are set out in note 32.

		Group	
		2013 R'000	2012 R'000
7.	**DEFERRED TAX**		
	Movements in deferred taxation		
	At beginning of year	9 612	11 374
	Income statement charge	2 253	(1 762)
	Acquired through business combinations	(31 109)	–
	At end of year	(19 244)	9 612
	Analysis of deferred taxation		
	Accelerated tax allowances	(43 476)	–
	Provisions and accruals	12 014	1 885
	Prepayments	(21)	–
	Assets revaluations	(36 588)	(37)
	Finance lease	70	–
	Assessed losses	48 381	7 632
	Straight-lining of leases	376	132
		(19 244)	9 612
	Disclosed as follows		
	Deferred taxation assets	15 553	9 649
	Deferred taxation liabilities	(34 797)	(37)
		(19 244)	9 612
8.	**LOANS RECEIVABLE**		
	Moody Blue Trade and Invest 124 Proprietary Limited	2 264	2 250
	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	1 563	–
	The loan receivable is unsecured, interest-free and repayable through the offset of dividends declared by Vukani Gaming Limpopo Proprietary Limited.		
	Eggers and Franke GmbH and Co. KG	1 208	–
	The loan amounts to EUR102 003, is unsecured and bears interest at average European Central Bank interest rate of 2,625%. It is repayable in quarterly instalments of EUR62 500.		
	Freewheel Trade and Invest 23 Proprietary Limited	19 000	–
	The loan is secured by a mortgage of R38 million over property held by Freewheel. Interest is charged at a fixed amount of R150 000 per month and the loan is repayable in June 2013.		
	Orange River Wine Cellar Co-op Limited	2 000	–
	This loan is unsecured and bears interest at prime rate less 2% per annum. The capital portion of the loan is repayable in annual instalments of R2 million at the end of March. The accrued interest is also paid annually at the end of March.		
	Unsecured loan	3 300	4 000
	The loan receivable is unsecured, interest-free, and is repayable in monthly instalments of R100 000.		
		29 335	6 250
	Less: Current portion of loans receivable	(23 108)	(500)
		6 227	5 750

8. **LOANS RECEIVABLE** *(continued)*

Analysis of credit risk	Impaired R'000	Fully performing R'000	Total R'000
Group – 2013			
Gross amounts owing	2 014	28 127	30 141
Less: Provision for impairment	(806)	–	(806)
Net amount owing	1 208	28 127	29 335
Security for amounts owing	–	(19 000)	(19 000)
Unsecured debt/Exposure to credit risk	1 208	9 127	10 335
Credit rating on unsecured debt:	1 208	9 127	10 335
Ba: Capable of meeting normal commitments	1 208	–	1 208
C: Good for the amount quoted	–	9 127	9 127
Group – 2012			
Gross amounts owing	–	6 250	6 250
Less: Provision for impairment	–	–	–
Net amount owing	–	6 250	6 250
Security for amounts owing	–	–	–
Unsecured debt/Exposure to credit risk	–	6 250	6 250
Credit rating on unsecured debt:	–	6 250	6 250
C: Good for the amount quoted	–	6 250	6 250

	Group 2013 R'000	Group 2012 R'000
9. INVENTORIES		
Liquid inventory	747 535	–
Auxiliary material	67 078	–
Consumables and spares	2 140	865
	816 753	865
Inventories stated at net realisable value	5 956	–
Cost of inventories recognised as an expense and included in other operating expenses	366 442	–
10. DERIVATIVE FINANCIAL INSTRUMENTS		
Foreign exchange options	18 198	–
Forward exchange contracts	3 348	–
	21 546	–
The amounts disclosed in the statement of financial position are as follows:		
Current assets	2 545	–
Foreign exchange options	451	–
Forward exchange contracts	2 094	–
Current liabilities	24 091	–
Foreign exchange options	18 649	–
Forward exchange contracts	5 442	–

Refer to note 35 for detailed disclosure on derivative financial instruments.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
11. TRADE AND OTHER RECEIVABLES				
Trade receivables	215 728	16 966	1 639	–
Trade receivables – Provision for impairment	(6 537)	(3 643)	–	–
Net trade receivables	209 191	13 323	1 639	–
Short-term loans	32 464	16 891	–	–
Short-term loans – Provision for impairment	(10 370)	(642)	–	–
Net short-term loans	22 094	16 249	–	–
Prepayments	10 703	6 160	141	–
Deposits and guarantees	5 506	–	–	–
Other receivables	6 739	550	–	–
Excise receivable	162 966	–	–	–
Value added taxation	11 022	754	500	1
	428 221	37 036	2 280	1

Fair value of trade receivables and short-term loans

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 are 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 2013, trade receivables and short-term loans of R33,6 million (2012: R2,4 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 is as follows:

	Group 2013 R'000	Group 2012 R'000
Amounts in 14 to 21 days	282	18
Amounts in 21 to 28 days	22 010	111
Amounts in 28 to 36 days	419	20
Amounts in 36 days plus	10 946	2 259
	33 657	2 408

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
11. TRADE AND OTHER RECEIVABLES ***(continued)***				
Impairment of trade receivables and short-term loans				
At 31 March 2013, trade receivables of R6,5 million (2012: R3,6 million) and short-term loans of R10,4 million (2012: R0,6 million) were impaired. Impaired trade receivables and short-term loans relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for longer than the agreed credit terms.				
Movements on the provision for impairment of trade receivables and short-term loans are as follows:				
At beginning of year	4 285	3 366		
Business combination	5 501	–		
Impairments recognised in profit and loss	14 286	1 557		
Reversals of impairments recognised in profit and loss	(5 539)	(638)		
Disposal of subsidiary	(1 626)	–		
At end of year	16 907	4 285		
For both trade and other receivables the creation and release of provision for impaired receivables have been included in other operating expenses and income in the income statement. Amounts charged to the provision account are written off when there is no expectation of recovery.				
The carrying amounts of the group's trade and other receivables are denominated in the following currencies:				
SA rand	359 862	37 036	2 280	1
US dollar	14 703	–	–	–
EUR	42 650	–	–	–
British pound	2 184	–	–	–
Canadian dollar	6 389	–	–	–
Japan yen	2 398	–	–	–
Swiss franc	35	–	–	–
	428 221	37 036	2 280	1

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

11. TRADE AND OTHER RECEIVABLES *(continued)*

Credit risk **Trade receivables and short-term loans: 2013**	Group Impaired R'000	 Past due, but not impaired R'000	 Fully performing R'000	 Total R'000
Gross amounts owing	16 907	33 657	197 628	248 192
Less: Provision for impairment	(16 907)	–	–	(16 907)
Net amount owing	–	33 657	197 628	231 285
Credit insurance for amounts owing	–	(26 150)	(124 366)	(150 516)
Unsecured debt/Exposure to credit risk	–	7 507	73 262	80 769
Credit rating on unsecured debt:	–	7 507	73 262	80 769
Aa: No caution needed for credit transaction	–	445	2 313	2 758
Ba: Capable of meeting normal commitments	–	3 177	23 958	27 135
B: Good for the amount quoted	–	2 071	30 726	32 797
C: Good for the amount quoted – if strictly in the way of business	–	1 814	16 265	18 079
Credit risk Trade receivables and short-term loans: 2012				
Gross amounts owing	4 285	2 408	27 164	33 857
Less: Provision for impairment	(4 285)	–	–	(4 285)
Net amount owing	–	2 408	27 164	29 572
Credit insurance for amounts owing	–	–	–	–
Unsecured debt/Exposure to credit risk	–	2 408	27 164	29 572
Credit rating on unsecured debt:	–	2 408	27 164	29 572
B: Good for the amount quoted	–	2 408	27 164	29 572

Credit risk **Trade receivables: 2013**	Company Impaired R'000	 Past due, but not impaired R'000	 Fully performing R'000	 Total R'000
Gross amounts owing	–	–	1 639	1 639
Less: Provision for impairment	–	–	–	–
Net amount owing	–	–	1 639	1 639
Credit insurance for amounts owing	–	–	–	–
Unsecured debt/Exposure to credit risk	–	–	1 639	1 639
Credit rating on unsecured debt:	–	–	1 639	1 639
B: Good for the amount quoted	–	–	1 639	1 639

12. STATED CAPITAL

	Company			
	2013 Number of shares ’000	2012 Number of shares ’000	**2013 Stated capital R’000**	2012 Stated capital R’000
Authorised				
Ordinary shares of no par value	**500 000**	500 000	**–**	–
Issued				
In issue in company at year end	**112 619**	58 633	**790 345**	44 888
Details of the issued share capital and changes during the current and prior year are as follows:				
At beginning of year	**58 633**	58 633	**44 888**	44 888
Cash proceeds received from shares issued	**17 021**	–	**236 593**	–
Loan claims received from shares issued	**31 465**	–	**437 364**	–
Acquisition of subsidiary (note 27.4)	**5 500**	–	**71 500**	–
At end of year	**112 619**	58 633	**790 345**	44 888

17 021 072 shares were issued to Hosken Consolidated Investments Limited for cash.

22 481 174 shares were issued to Hosken Consolidated Investments Limited as consideration for a loan of R312 488 814 to HCI-KWV Holdings Proprietary Limited.

8 983 842 shares were issued to Hosken Consolidated Investments Limited as consideration for a loan of R124 875 601 to Niveus Gaming and Entertainment Proprietary Limited.

5 500 000 shares were issued to the shareholders of KWV Holdings Limited on 11 December 2012 as part of the purchase price consideration for an additional 15,6% of its ordinary share capital. The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares amounted to R71 500 000 (R13 per share).

Details of options over shares are set out in note 30.

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

13. OTHER RESERVES

	FCTR R'000	Common control reserve R'000	Equity reserve R'000	Total R'000
Group 2013				
At beginning of year	170	–	–	170
Exchange differences on translation of foreign subsidiaries	96	–	–	96
Transfers to accumulated profits	(217)	123 423	(261)	122 945
Effects of changes in holding	–	(208 304)	–	(208 304)
At end of year	49	(84 881)	(261)	(85 093)
Group 2012				
At beginning of year	–	–	–	–
Current revaluations	170	–	–	170
At end of year	170	–	–	170

14. BORROWINGS

	Group 2013 R'000	Group 2012 R'000
Bank borrowings		
Capital and capitalised raising fee	186 054	186 054
Interest capitalised	3 502	4 284
Unamortised raising fee	(704)	(888)
	188 852	189 450
Current portion of borrowings	(3 502)	(4 284)
	185 350	185 166
Secured	188 852	189 450

A loan facility of R185 million was obtained from Investec Bank Limited on 19 December 2011. The facility bears interest at the 3-month Johannesburg Interbank Agreed Rate (JIBAR) plus a margin of 2,55% (2012: 2,5%). Investec is 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 is calculated on a daily basis and compounded quarterly. The facility and interest thereon is payable on the following basis:

1) Interest is payable semi-annually in arrears, with the first payment date being 2 July 2012.
2) Capital repayments on the facility will commence on 1 July 2014 with five equal semi-annual capital payments of R11,1 million and a final bullet payment of R130 million on 19 December 2016.
3) The loan/facility is secured by a R185 million guarantee from the company's ultimate holding company, Hosken Consolidated Investments Limited, and HCI Securities Proprietary Limited, a fellow subsidiary.

As at 31 March 2013, the carrying value of borrowings approximates their fair value.

	Group 2013 R'000	Group 2012 R'000
Maturity of these borrowings is as follows:		
Due within one year	3 502	4 284
Due within two – five years	185 350	185 166
Due after five years	–	–
	188 852	189 450
Weighted average effective interest rate	7,91%	8,08%

	Group	
	2013 R'000	2012 R'000
15. FINANCE LEASE LIABILITIES		
Due within one year	5 304	–
Due within two to five years	7 840	–
Less future finance charges	(1 331)	–
Present value of finance lease liabilities	11 813	–
Due within one year	4 470	–
Due within two to five years	7 343	–
	11 813	–
Included in financial statements as:		
Current	4 470	–
Non-current	7 343	–
	11 813	–

A finance lease was entered into with Fleet Africa Proprietary Limited during the current financial year by one of the group's subsidiaries. The average lease term of the finance lease contracts are three years and the effective borrowing rate is 8,5% per annum. The obligations under the finance leases are secured by the lessor's charge over the leased assets. The carrying amount of the motor vehicles purchased under the finance lease is R11 563 383. Refer to note 1 for further details. The monthly payment amounts to R619 000.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
16. TRADE AND OTHER PAYABLES				
Trade creditors	219 760	38 113	3 704	–
Payroll accruals	7 332	4 138	2 510	–
Other accruals	40 487	6 813	69	10
Excise duty	123 506	–	–	–
Value added taxation	4 172	635	–	–
	395 257	49 699	6 283	10
Fair value of trade and other payables				
The carrying value approximates fair value due to the short period to settlement of these obligations.				
17. LOAN FROM GROUP COMPANY				
HCI Treasury Proprietary Limited	–	5 353	–	5 353
The loan was unsecured, bore interest at prime plus 2% and had no fixed terms of repayment.				
HCI Treasury Proprietary Limited	–	286 744	–	–
The loan was unsecured, interest-free and had no fixed terms of repayment.				
	–	292 097	–	5 353
18. COMMITMENTS				
Operating lease arrangements where the group is a lessee				
Future operating lease charges for premises:				
– Payable within one year	15 993	9 083		
– Payable within two to five years	38 251	7 684		
– Payable after five years	7 421	–		
	61 665	16 767		
Capital expenditure				
Authorised by directors but not yet contracted for:				
– Property, plant and equipment	210 915	–		
Authorised by directors and contracted to be expended:				
– Property, plant and equipment	4 434	–		

It is intended that this expenditure will be funded from bank finance and operating cash flows.

The above values approximate fair value.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
19. REVENUE				
Sale of goods	200 277	6 982		
Machine rental	248	–		
	200 525	6 982		
20. INVESTMENT INCOME				
Interest				
Holding company	2 393	–	2 393	–
Subsidiaries	–	–	2 048	18 490
Financial institutions	3 121	559	1	–
	5 514	559	4 442	18 490
21. STAFF COSTS				
Salaries and wages	82 342	56 486	–	–
Retirement benefits – defined contribution	6 413	4 832	–	–
Other	71	–	–	–
	88 826	61 318	–	–
22. FINANCE COSTS				
Bank loans and finance leases	15 657	4 320	–	–
Holding company	599	17 205	599	17 205
Other	17	4	–	–
	16 273	21 529	599	17 205

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
23. PROFIT/(LOSS) BEFORE TAXATION				
The following items have been included in arriving at profit/(loss) before taxation:				
Auditor's remuneration				
– Audit fees – current year	2 010	972	57	13
Consultancy fees	6 110	2 418	191	12
Depreciation and amortisation	71 898	47 708	–	–
Operating lease charges				
– Premises	15 932	5 114	–	–
– Plant and equipment	1 367	197	–	–
Profit on disposal of property, plant and equipment	(314)	(331)	–	–
Gaming levies	105 419	69 123	–	–
Excise recovered in excess of excise paid	(5 448)	–	–	–
Foreign currency gains	(16 140)	–	–	–
VAT on net gaming win	68 788	43 011	–	–
Impairment of property, plant and equipment	2 880	361	–	–
Impairment of loans from subsidiaries	–	–	43 027	(62 589)
Impairment of trade receivables – charged to provision	14 286	1 557	–	–
Reversal of impairment of trade receivables	(5 539)	(638)	–	–
Impairment of goodwill	343	–	–	–
Staff costs (note 21)	88 826	61 318	–	–
Repairs and maintenance	4 988	–	–	–
Raw materials and consumables	105 800	–	–	–
Inventory written off	5 016	–	–	–
Advertising and promotions	30 329	3 552	–	–

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
24. TAXATION				
South African taxes				
Current normal tax	33 270	18 920	–	351
Current normal tax – Overprovision prior years	(149)	(134)	–	–
Deferred tax – Current year	(1 955)	1 762	–	–
Deferred tax – Overprovision prior years	(298)	–	–	–
Secondary tax on companies	–	195	–	–
	30 868	20 743	–	351
Various subsidiaries have incurred operating losses which result 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.				
Assessed losses for tax purposes available for set-off against future taxable income for which deferred tax assets have not been raised at 28%:				
– Normal tax	206 179	131 611	260	–
Tax relief at current rates:				
– Normal tax	57 263	36 851	73	–
Reconciliation of tax rate	%	%	%	%
Normal tax rate	28,0	28,0	28,0	28,0
Deferred tax not raised on losses	0,8	3,6	(0,5)	–
Utilisation of deferred tax assets not previously raised	(0,5)	–	–	–
Capital losses and non-deductible expenses	1,2	0,6	(27,5)	–
Non-taxable income	(21,6)	1,0	–	(27,5)
Losses from associates	1,2	–	–	–
Prior year charges	0,1	(0,2)	–	–
Secondary tax on companies	–	0,3	–	–
Effective rate	9,2	33,3	–	0,5
25. DISCONTINUED OPERATIONS				
25.1 LOSS FOR THE YEAR RELATING TO FORMEX INDUSTRIES PROPRIETARY LIMITED				
Revenue	161 240	–	–	–
Operating costs	(163 690)	–	–	–
Loss on disposal of subsidiary	(9 555)	–	(138 939)	–
Finance charges	(4 173)	–	–	–
Loss before tax	(16 178)	–	(138 939)	–
Taxation	–	–	–	–
	(16 178)	–	(138 939)	–
Cash flows from discontinued operations				
Cash flows from operating activities	14 527	–		
Cash flows from investing activities	(5 966)	–		
Cash flows from financing activities	(10 288)	–		
	(1 727)	–		

	Group 2013 R'000	Group 2012 R'000
26. EARNINGS AND DIVIDENDS PER SHARE		
26.1 Basic and diluted earnings per share as presented on the income statement is based on the weighted average number of 96 372 565 ordinary shares in issue (2012: 58 632 999).		
26.2 HEADLINE EARNINGS PER SHARE (CENTS)	44,2	68,8
– Continuing operations	50	68,8
– Discontinued operations	(5,8)	–

Reconciliation of headline earnings:

	2013 Gross R'000	2013 Net R'000	2012 Gross R'000	2012 Net R'000
Earnings attributable to equity holders of the parent		290 414		40 323
IAS 16 losses/(gains) on disposal of plant and equipment	238	107	(331)	(238)
IAS 16 impairment of plant and equipment	2 880	2 074	361	260
IAS 36 impairment of goodwill	343	343	–	–
IFRS 3 gain on bargain purchase	(259 781)	(259 781)	–	–
IAS 27 loss from disposal of subsidiary	9 555	9 555	–	–
Re-measurements included in equity-accounted earnings of associates	(147)	(147)	–	–
Headline earnings attributable to equity holders of the parent		42 565		40 345

	2013	2012
26.3 DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	44,2	68,8
– Continuing operations	50	68,8
– Discontinued operations	(5,8)	–

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
27. NOTES TO THE CASH FLOW STATEMENT				
27.1 CASH GENERATED BY/(UTILISED IN) OPERATIONS				
Profit/(loss) after taxation for the year	289 199	41 395	(185 522)	63 492
Taxation	30 868	20 743	–	351
Depreciation	69 833	46 012	–	–
Amortisation of intangibles	2 065	1 696	–	–
Gain on bargain purchase	(259 781)	–	–	–
Profit on disposal of property, plant and equipment	(314)	(331)	–	–
Asset impairments	2 880	361	–	–
Goodwill impairment	343	–	–	–
Equity-accounted losses of associates	14 722	2 252	–	–
Unrealised foreign exchange differences	19 249	(943)	–	–
Investment income	(5 514)	(559)	(4 442)	(18 490)
Finance charges	16 273	21 529	599	17 205
Loss on disposal of subsidiary	9 555	–	138 939	–
Movement in operating lease equalisation liability	(1 385)	(653)	–	–
Impairment of loans to subsidiaries	–	–	43 027	(62 589)
Impairment of trade receivables – charged to provision	14 286	1 557	–	–
Reversal of impairment of trade receivables	(5 539)	(638)	–	–
Discontinued operations				
– Depreciation	4 480	–	–	–
– Finance costs	4 173	–	–	–
– Loss on disposal of property, plant and equipment	552	–	–	–
	205 945	132 421	(7 399)	(31)
27.2 CHANGES IN WORKING CAPITAL				
Increase in Inventory	(87 254)	(152)	–	–
Increase in Trade and other receivables	(42 914)	(11 600)	(2 280)	–
Increase/(decrease) in Trade and other payables	189 312	(1 071)	6 274	(7)
	59 144	(12 823)	3 994	(7)
27.3 TAXATION PAID				
Receivable/(Unpaid) at beginning of year	(339)	65	6	–
Charged to the income statement	(33 121)	(18 981)	–	(351)
Acquired through business combination	273	–	–	–
(Receivable)/Unpaid at end of year	(1 244)	339	(54)	(6)
	(34 431)	(18 577)	(48)	(357)

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
27. NOTES TO THE CASH FLOW STATEMENT *(continued)*				
27.4 BUSINESS COMBINATIONS/DISPOSALS				
27.4.1 ACQUISITIONS				
Property, plant and equipment	(328 012)	–		
Goodwill	(343)	–		
Intangible assets	(19 328)	–		
Loans and receivables	(25 030)	–		
Interest in associates and joint ventures	(15 297)	–		
Trade and other receivables	(378 050)	–		
Inventory	(764 193)	–		
Other current assets	(273)	–		
Cash and cash equivalents	(113 447)	–		
Deferred tax liability	31 109	–		
Long-term loans	310 515	–		
Non-current liabilities held for disposal	2 837	–		
Trade and other payables	203 214	–		
Derivative financial instruments	6 785	–		
Current portion of long-term borrowings	21 661	–		
Other current liabilities	173 862	–		
	(893 990)	–		
Non-controlling interest	570 167	–		
Common control reserve	(208 304)	–		
Non-cash acquisition of shareholders loan	(102 500)	–		
Goodwill	(1 500)	–		
Gain on bargain purchase	259 781	–		
Cost of acquisition	(376 346)	–		
5 500 000 shares issued to gain control	71 500	–		
Interest already owned	303 346	–		
Cash and cash equivalents at date of acquisition	113 447	–		
Net cash inflow	111 947	–		

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
27. NOTES TO THE CASH FLOW STATEMENT *(continued)*				
27.4 BUSINESS COMBINATIONS/DISPOSALS (continued)				
27.4.2 DISPOSALS				
The disposal comprises the sale of the group's 90% share in Formex Industries Proprietary Limited.				
Property, plant and equipment	83 733	–		
Non-current assets held for disposal	1 951	–		
Inventories	35 557	–		
Trade and other receivables	27 212	–		
Cash and cash equivalents	479	–		
Long-term borrowings	(176 684)	–		
Non-current liabilities held for sale	(2 724)	–		
Trade and other payables	33 004	–		
Current portion of long-term borrowings	(19 091)	–		
Other current liabilities	(175 078)	–		
	(257 649)	–		
Non-controlling interest	25 765	–		
	(231 884)	–		
Loss on disposal of subsidiaries	(9 555)	–		
Intergroup loans	264 839	–		
Consideration received in cash	23 400	–		
Less: Cash and cash equivalents disposed of	(479)	–		
Net cash inflow	22 921	–		
27.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	244 965	11 139	82 542	–
Restricted cash	15 000	–	–	–
	259 965	11 139	82 542	–

Restricted cash

Certain companies are required to furnish the Eastern Cape Gambling Board with a guarantee in respect of development cost for licence applications. Bank guarantees were issued in favour of the Eastern Cape Gambling Board and are secured by Absa Bank Limited as collateral for these bank guarantees. Subsequent to the year-end, R9 million of these guarantees were released.

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.

28. DIRECTORS' INTEREST

31 March	2013 Direct and indirect beneficial Number	2013 Direct and indirect beneficial Percentage holding %	2012 Direct and indirect beneficial Number	2012 Direct and indirect beneficial Percentage holding %
Executive directors				
A van der Veen	847 151	0,8	–	–
Non-executive directors				
JA Copelyn	6 980 946	6,20	–	–
MJA Golding	10 476 987	9,30	–	–

29. DIRECTORS' EMOLUMENTS

Year ended 31 March 2013	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
Executive directors							
A van der Veen	–	–	3 340	273	883	2 171	6 667
MM Loftie-Eaton	–	–	850	–	111	650	1 611
Non-executive directors							
JA Copelyn **	60	–	5 145	1 091	3 682	3 858	13 386
JG Ngcobo	60	275	–	–	–	–	335
LM Molefi	60	293	–	–	–	–	353
MJA Golding **	43	–	5 145	1 084	3 682	3 858	13 812
Y Shaik	60	289	–	–	–	–	349
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the Niveus Group	–	(857)	(12 100)	(2 448)	(8 358)	(7 716)	(31 479)
	283	–	2 380	–	–	2 821	5 484
Year ended 31 March 2012							
Executive directors							
A van der Veen [#]	–	–	1 003	–	1 350	511	2 864
MM Loftie-Eaton [&]	–	–	120	–	217	45	382
Non-executive directors							
JA Copelyn	–	–	4 839	–	2 928	3 629	11 396
MJA Golding	–	–	4 839	–	2 928	3 629	11 396
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the Niveus Group	–	–	(10 801)	–	(7 423)	(7 814)	(26 038)
	–	–	–	–	–	–	–

@ *Effective 1 October 2012*
** *Niveus board fees ceded to HCI*
# *Disclosure pro rata from date of appointment 14 December 2011*
& *Disclosure pro rata from date of appointment 25 January 2012*

30. SHARE OPTIONS

Year ending 31 March 2013

	Opening balance		Options granted			Options exercised			Options lapsed		Closing balance	
	Number	Strike price	Number	Strike price	Vesting date	Number	Exercise date	Share price on exercise date	Number	Strike price	Number	Strike price
A van der Veen												
HCI shares	99 184	70,00									99 184	70,00
HCI shares	249 434	37,80				(249 434)	11-Jun-12	85			–	–
HCI shares	78 769	71,52							(78 769)	71,52	–	–
HCI shares	74 142	72,32							(74 142)	72,32	–	–
HCI shares			73 848	77,24	29-Aug-15				(73 848)	77,24	–	–
Niveus shares *			941 356	6,16	16-Jun-13						941 356	6,16
Niveus shares #			886 059	6,16	15-Mar-15						886 059	6,16
Niveus shares #			882 546	6,16	29-Aug-15						882 546	6,16
JA Copelyn												
HCI shares	308 571	70,00									308 571	70,00
HCI shares	460 952	37,80				(460 952)	26-Mar-13 and 11-Jun-12	R82 and R85			–	–
HCI shares	145 565	71,52									145 565	71,52
HCI shares	137 015	72,32									137 015	72,32
HCI shares			136 471	77,24	29-Aug-15						136 471	77,24
MJA Golding												
HCI shares	308 571	70,00									308 571	70,00
HCI shares	460 952	37,80				(460 952)	28-Mar-13 and 11-Jun-12	R82,99 and R85			–	–
HCI shares	145 565	71,52									145 565	71,52
HCI shares	137 015	72,32									137 015	72,32
HCI shares			136 471	77,24	29-Aug-15						136 471	77,24
MM Loftie-Eaton												
HCI shares	23 342	71,52							(23 342)	71,52	–	–
HCI shares	2 636	72,32							(2 636)	72,32	–	–
HCI shares			8 933	77,24	29-Aug-15				(8 933)	77,24	–	–
Niveus shares *			92 986	6,11	16-Jun-13						92 986	6,11
Niveus shares *			92 986	6,11	16-Jun-14						92 986	6,11
Niveus shares #			31 502	6,11	15-Mar-15						31 502	6,11
Niveus shares *			92 986	6,11	16-Jun-15						92 986	6,11
Niveus shares #			106 757	6,11	29-Aug-15						106 757	6,11

* Share options may be gross or net equity-settled. The share price on exercise date for purposes of calculating the number of shares is not limited to a maximum amount. The option strike price reduces by the amount of dividend declared per share between grant date and exercise date. A three-year interest free loan is offered to settle the strike price.

\# Share options may only be net equity-settled. A maximum share price of R17,52 per share is applicable for purposes of calculating the number of shares that will vest. The option strike price reduces with the amount of dividend per share declared between grant date and exercise date.

30. SHARE OPTIONS *(continued)*

Year ending 31 March 2012

	Opening balance		Options granted			Options exercised			Options lapsed		Closing balance	
	Number	Strike price	Number	Strike price	Vesting date	Number	Exercise date	Share price on exercise date	Number	Strike price	Number	Strike price
A van der Veen												
HCI shares	99 184	70,00									99 184	70,00
HCI shares	249 434	37,80									249 434	37,80
HCI shares	78 769	71,52									78 769	71,52
HCI shares			74 142	72,32	15-Mar-15						74 142	72,32
JA Copelyn												
HCI shares	308 571	70,00									308 571	70,00
HCI shares	460 952	37,80									460 952	37,80
HCI shares	145 565	71,52									145 565	71,52
HCI shares			137 015	72,32	15-Mar-15						137 015	72,32
MJA Golding												
HCI shares	308 571	70,00									308 571	70,00
HCI shares	460 952	37,80									460 952	37,80
HCI shares	145 565	71,52									145 565	71,52
HCI shares			137 015	72,32	15-Mar-15						137 015	72,32
MM Loftie-Eaton												
HCI shares	23 342	71,52									23 342	71,52
HCI shares			2 636	72,32	15-Mar-15						2 636	72,32

The 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.

	Group 2013 R'000	Group 2012 R'000
31. SEGMENT INFORMATION		
The following are the summarised results for the various reportable operating segments:		
	Revenue	
Continuing operations		
Gaming and entertainment	24 960	6 982
Beverages	175 565	–
	200 525	6 982
	Net gaming win	
Continuing operations		
Gaming and entertainment	655 611	417 982
EBITDA		
Gaming and entertainment	188 345	132 987
Beverages	(4 496)	–
Other	(10 047)	(30)
Total	173 802	132 957
	Segment result (profit/(loss) before tax)	
Continuing operations		
Gaming and entertainment	106 541	81 625
Beverages	(23 873)	(2 252)
Other	253 577	(17 235)
	336 245	62 138
	Segment result (loss after tax)	
Discontinued operations		
Industrial	(16 178)	–
	Assets	
Gaming and entertainment	449 826	557 250
Beverages	1 568 356	–
Other	84 876	7
	2 103 058	557 257
	Liabilities	
Gaming and entertainment	307 219	527 015
Beverages	344 817	–
Other	6 284	5 363
	658 320	532 378
	Fixed asset additions	
Gaming and entertainment	122 703	78 638
Beverages	9 779	–
Industrial	6 940	–
	139 422	78 638

	Group 2013 R'000	Group 2012 R'000
31. SEGMENT INFORMATION ***(continued)***		
	Depreciation and amortisation	
Gaming and entertainment	65 828	47 708
Beverages	6 070	–
	71 898	47 708
Headline profit – continuing operations		
Gaming and entertainment	73 630	60 183
Beverages	(18 105)	(2 252)
Head office	(7 357)	17 586
Total	48 168	40 345
Headline profit – discontinued operations		
Vehicle component manufacturing	(5 603)	–
Total	42 565	40 345
Group revenue is attributable to the following geographical areas:		
	Revenue	
Republic of South Africa	118 916	6 982
International	81 609	–
Total	200 525	6 982

32. RELATED-PARTY TRANSACTIONS

Related-parties

Holding company:	Hosken Consolidated Investments Limited
Subsidiaries of holding company:	Euphorbia Proprietary Limited
	Gallagher Convention Centre Limited
	HCI Managerial Services Proprietary Limited
	Johnnic Holdings Management Services Limited
	Limtech Biometric Solutions Proprietary Limited
	Three Blind Mice Communications Proprietary Limited
Principal subsidiaries of the Niveus Group:	Bingo Vision Proprietary Limited
	Cherry Moss Trade and Invest 188 Proprietary Limited
	HCI-KWV Holdings Proprietary Limited
	KWV South Africa Proprietary Limited
	Niveus Gaming and Entertainment Proprietary Limited
	Vukani Gaming Corporation Proprietary Limited
	Galaxy Gaming Eastern Cape Proprietary Limited
Associate:	Paarl Valley Bottling Company Proprietary Limited
Joint venture:	Solamoyo Processing Company Proprietary Limited
Minority shareholders of subsidiaries:	Moody Blue Trade and Invest 124 Proprietary Limited
	Yaounde Investments Proprietary Limited
	Tuffsan Investments 1019 Proprietary Limited
	Zamori 356 Proprietary Limited
	K 2011104255 Proprietary Limited

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
32. RELATED-PARTY TRANSACTIONS *(continued)*				
32.1 The group entered into transactions in the ordinary course of business with various owned subsidiaries and associated companies.				
Related-party transactions				
Management fees received from/(paid to) related parties				
HCI Managerial Services Proprietary Limited	**(3 242)**	(4 364)	**–**	–
Bingo Vision Proprietary Limited	**–**	–	**292**	–
Vukani Gaming Corporation Proprietary Limited	**–**	–	**1 459**	–
Johnnic Holdings Management Services Limited	**(3 786)**	–	**(3 786)**	–
KWV South Africa Proprietary Limited	**–**	–	**1 642**	–
Yaounde Investments Proprietary Limited	**(1 328)**	–	**–**	–
Zamori 356 Proprietary Limited	**(443)**	–	**–**	–
K2011104255 Proprietary Limited	**(1 771)**	–	**–**	–
Acquisition of Formex Industries Proprietary Limited and Niveus Gaming and Entertainment Proprietary Limited and disposal of Formex Industries Proprietary Limited to Hosken Consolidated Investments Limited	**Refer to note 34 for details**		**Refer to note 34 for details**	
Sale of goods and services				
Bingo Vision Proprietary Limited (salaries recovered)	**–**	–	**990**	–
Vukani Gaming Corporation Proprietary Limited (salaries recovered)	**–**	–	**1 972**	–
Purchases of goods and services				
HCI Managerial Services Proprietary Limited (salaries recovered)	**(2 849)**	(8 037)	**–**	–
Johnnic Holdings Management Services Limited	**(5 343)**	–	**(5 343)**	–
Limtech Biometric Solutions Proprietary Limited	**(124)**	(215)	**–**	–
Three Blind Mice Communications Proprietary Limited	**–**	(2)	**–**	–
HCI Managerial Services Proprietary Limited	**(1 214)**	–	**–**	–
Rent received/(paid)				
Gallagher Convention Centre Limited	**(22)**	(43)	**–**	–
Euphorbia Proprietary Limited	**(282)**	(464)	**–**	–
KWV South Africa Proprietary Limited	**–**	–	**(11)**	–
Niveus Gaming and Entertainment Proprietary Limited	**–**	95	**–**	–
Consulting fees paid				
Johnnic Holdings Management Services Limited	**(308)**	–	**(308)**	–

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
32. RELATED-PARTY TRANSACTIONS *(continued)*				
32.1 The group entered into transactions in the ordinary course of business with various owned subsidiaries and associated companies. *(continued)*				
Interest received/(paid)				
Vukani Gaming Corporation Proprietary Limited	–	–	1 857	18 490
Bingo Vision Proprietary Limited	–	–	191	–
HCI Treasury Proprietary Limited	2 392	–	2 392	–
HCI Treasury Proprietary Limited	(599)	(17 205)	(599)	(17 205)
Dividends paid				
Tuffsan Investments 1019 Proprietary Limited	–	375	–	–
Yaounde Investments Proprietary Limited	2 520	1 572	–	–
Related-party balances				
Receivable/(Payable)				
Yaounde Investments Proprietary Limited	1 251	1 275	–	–
HCI Managerial Services Proprietary Limited	–	660	–	–
Limtech Biometric Solutions Proprietary Limited	–	12	–	–
Niveus Gaming and Entertainment Proprietary Limited (before impairment provision of R42 076 786)	–	–	124 876	–
Moody Blue Trade and Invest 124 Proprietary Limited	2 264	2 250	–	–
Bingo Vision Proprietary Limited	–	–	6 024	–
Galaxy Gaming Eastern Cape Proprietary Limited	–	–	15 061	–
HCI-KWV Holdings Proprietary Limited	–	–	391 532	–
Vukani Gaming Corporation Proprietary Limited	–	–	(3 698)	18 236
Cherry Moss Trade and Invest 188 Proprietary Limited (before impairment provision of R20 409 056)	–	–	24 535	21 500
HCI Treasury Proprietary Limited	82 172	(292 097)	82 172	(5 353)
32.2 Key management compensation was paid as follows:				
Salaries and other short-term employees benefits	7 864	5 536	–	–

33. CONTINGENT LIABILITIES

Group

A subsidiary of the group provides an unlimited guarantee to various financial institutions in respect of any claims against KWV South Africa Proprietary Limited.

Company

Bank deposits of R2 million (2012: RNil) have been pledged to support guarantees issued by the company's bankers in favour of a certain South African provincial gaming board for the due and punctual fulfilment of the licence obligations under which certain group subsidiaries operate.

34. BUSINESS COMBINATIONS

34.1 SUBSIDIARIES ACQUIRED

Year ended 31 March 2013

	Principal activity	Date of acquisition	Proportion of shares acquired
KWV Holdings Limited	Beverages	2012/12/11	51,6%
Formex Industries Proprietary Limited	Industrial	2012/07/01	90,0%
Niveus Gaming and Entertainment Proprietary Limited	Gaming	2012/07/01	100,0%
Easiwin Lottery Proprietary Limited	Gaming	2012/08/30	100,0%

34.2 KWV HOLDINGS LIMITED – COST OF ACQUISITION, NET CASH OUTFLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED

	2013 R'000	2012 R'000
Non-current assets		
Property, plant and equipment	201 222	
Intangible assets	19 328	
Investment in associates and joint ventures	15 297	
Loans and receivables	2 000	
Current assets		
Trade and other receivables	333 760	
Inventory	719 628	
Cash and cash equivalents	102 686	
Loans and receivables	23 030	
Current income tax assets	273	
Non-current liabilities		
Deferred tax liability	(31 109)	
Current liabilities		
Trade and other payables	(149 433)	
Derivative financial instruments	(6 785)	
Equity at acquisition	1 229 897	
Non-controlling interests	(595 270)	
Gain on bargain purchase	(259 781)	
Cost of acquisition	374 846	
5 500 000 shares issued to gain control	(71 500)	
Derecognition of fair value of associate	(303 346)	
Cash balances acquired	102 686	
Net cash inflow on acquisition	102 686	

In terms of IFRS 3: Business Combinations, Niveus Investments Limited has a maximum of 12 months from the acquisition date to complete the acquisition accounting of KWV Holdings Limited. The allocation of the purchase consideration to the identifiable assets and subsequent amendment to the recorded goodwill will therefore be reported in the following year, retrospectively for the year ending 31 March 2013.

	2013 R'000	2012 R'000
34. BUSINESS COMBINATIONS *(continued)*		
34.3 FORMEX INDUSTRIES PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH OUTFLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED		
COMMON CONTROL TRANSACTION		
Non-current assets		
Property, plant and equipment	82 800	
Current assets		
Trade and other receivables	37 760	
Inventory	44 107	
Cash and cash equivalents	2 205	
Non-current liabilities		
Long-term borrowings	(182 030)	
Current liabilities		
Trade and other payables	(37 543)	
Other current liabilities	(162 338)	
Current portion of long-term liabilities	(21 661)	
Bank overdraft	(11 489)	
Non-current assets held for disposal	(2 837)	
Equity at acquisition	(251 026)	
Non-controlling interests	25 103	
Common control reserve	123 423	
Acquisition of impaired intergroup loan for no consideration	102 500	
Cost of acquisition	–	
Cash balances acquired	2 205	
Net cash inflow on acquisition	2 205	

	2013 R'000	2012 R'000
34. BUSINESS COMBINATIONS *(continued)*		
34.4 NIVEUS GAMING AND ENTERTAINMENT PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH OUTFLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED		
COMMON CONTROL TRANSACTION		
Non-current assets		
Property, plant and equipment	43 990	
Goodwill	343	
Current assets		
Trade and other receivables	6 530	
Inventory	458	
Cash and cash equivalents	8 864	
Non-current liabilities		
Long-term borrowings	(128 485)	
Current liabilities		
Trade and other payables	(16 238)	
Other current liabilities	(35)	
Bank overdraft	(308)	
Equity at acquisition	(84 881)	
Common control reserve	84 881	
Cost of acquisition	–	
Cash balances acquired	8 556	
Net cash inflow on acquisition	8 556	
34.5 EASIWIN LOTTERY PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH OUTFLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED		
Goodwill	1 500	
Cost of acquisition	(1 500)	
Net cash outflow on acquisition	(1 500)	

34.6 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The businesses acquired during the year contributed revenues of R323 million and net losses before tax of R19 million to the group for the periods from dates of effective control to 31 March 2013. Had the acquisitions been effective on 1 April 2012 the contribution to revenue would have been R967 million and a loss before tax of R26 million.

	2013 R'000	2012 R'000
34. BUSINESS COMBINATIONS *(continued)*		
34.7 PROCEEDS ON DISPOSAL, NET CASH INFLOW ON DISPOSAL AND ANALYSIS OF ASSETS AND LIABILITIES DISPOSED OF		
Disposals consist of the sale of the group's 90% interest in Formex Industries Proprietary Limited.		
Non-current assets		
Property, plant and equipment	83 733	
Non-current assets held for disposal	1 951	
Inventories	35 557	
Trade and other current receivables	27 212	
Cash and cash equivalents	479	
Long-term borrowings	(176 684)	
Non-current liabilities held for sale	(2 724)	
Current portion of long-term borrowings	(19 091)	
Other current liabilities	(208 082)	
Equity at disposal	(257 649)	
Non-controlling interests	25 765	
	(231 884)	
Loss on disposal of subsidiaries	(9 555)	
Intergroup loans	264 839	
Consideration received in cash	23 400	
Less: Cash and cash equivalents disposed of	(479)	
Net cash inflow	22 921	

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 UK 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.

35. FINANCIAL RISK MANAGEMENT *(continued)*

35.1 FINANCIAL RISK FACTORS (continued)

35.1.1 MARKET RISK (continued)

Management decided to hedge a significant portion of the 2014 budgeted sales of KWV Holdings Limited during 2013 as detailed below:

Group 2013	Contracted foreign amount FC'000	Average exchange rate	Total contracted amount R'000	Foreign currency receivables and cash balances R'000	Contracts to cover cash balances/ (uncovered receivables) as at 31 March 2013 R'000
Contracts and options to sell foreign currency					
EUR	8 289	10,80	89 493	83 660	5 833
CAD	843	8,36	7 047	7 054	(7)
USD	1 784	8,55	15 253	15 369	(116)
GBP	257	13,75	3 539	3 499	40
JPY	36 039	0,10	3 732	3 600	132
			119 064	113 182	5 882
Hedging in respective of future sales					
EUR	25 297	11,61	293 791	–	293 791
CAD	697	8,26	5 752	–	5 752
USD	13 314	9,05	120 463	–	120 463
GBP	84	13,07	1 103	–	1 103
JPY	33 750	0,11	3 606	–	3 606
			424 715	–	424 715
Total for 2013			543 779	113 182	430 597

	Contracted foreign amount FC'000	Average exchange rate	Total contracted amount R'000	Foreign currency payable R'000	Uncovered as at 31 March 2013 R'000
Contracts to buy foreign currency					
EUR	–	–	–	6 342	(6 342)
CAD	–	–	–	1 983	(1 983)
USD	–	–	–	88	(88)
GBP	–	–	–	2 939	(2 939)
JPY	–	–	–	1 302	(1 302)
Total for 2013			–	12 654	(12 654)

35. FINANCIAL RISK MANAGEMENT *(continued)*

35.1 FINANCIAL RISK FACTORS (continued)

35.1.1 MARKET RISK (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting rate	
	2013	2012	2013	2012
EUR	11,14	10,4	11,8	10,34
CAD	8,6	–	9,06	–
USD	8,63	–	9,21	–
GBP	13,63	–	13,99	–
JPY	0,103	–	0,098	–
CHF	9,05	–	9,71	–

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit and 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 2012.

	Profit/(loss)	
	2013 R'000	2012 R'000
Local currency:		
EUR	6 641	2 032
CAD	413	–
USD	1 352	–
GBP	342	–
JPY	231	–
CHF	(64)	–

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:

	2013 R'000	2012 R'000
Non-current receivables		
EUR	1 208	–
CHF	1 280	–
	2 488	–
Trade and other receivables		
EUR	42 650	–
CAD	6 389	–
USD	14 703	–
GBP	2 184	–
JPY	2 398	–
CHF	35	–
	68 359	–

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 FINANCIAL RISK FACTORS (continued)

35.1.1 MARKET RISK (continued)

	Profit/(loss) 2013 R'000	Profit/(loss) 2012 R'000
Bank and cash balances		
EUR	**42 939**	–
CAD	**665**	–
USD	**665**	–
GBP	**1 315**	–
JPY	**1 202**	–
CHF	**410**	–
	47 196	–
Hedging instruments		
EUR	**383**	–
CAD	**13**	–
USD	**136**	–
GBP	**5**	–
JPY	**7**	–
CHF	**446**	–
	990	–
Trade and other payables		
EUR	**20 769**	20 323
CAD	**2 939**	–
USD	**1 983**	–
GBP	**88**	–
JPY	**1 302**	–
CHF	**387**	–
	27 468	20 323

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.

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 FINANCIAL RISK FACTORS (continued)

35.1.1 MARKET RISK (continued)

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

	Group		Company	
	Carrying amount		Carrying amount	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Variable rate instruments				
Bank balances	**259 965**	11 139	**82 542**	–
Loans receivable	**3 208**	–	**–**	–
Borrowings	**188 852**	189 450	**–**	–
Financial liabilities	**11 813**	–	**–**	–
	463 838	200 589	**82 542**	–

Fair value sensitivity analysis for fixed rate instruments:

Group
A change of 100 basis points in interest rates would have increased or decreased profit after tax by R1,7 million (2012: R59 000).

Company
A change of 100 basis points in interest rates would have increased or decreased profit after tax by R594 000 (2012: RNil).

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.

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 note 11 for further credit risk analysis in respect of 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 flow 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.

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 FINANCIAL RISK FACTORS (continued)

35.1.3 LIQUIDITY RISK (continued)

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 balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 March 2013			
Bank and other borrowings	**19 813**	**245 031**	**–**
Derivative financial instruments	**24 091**	**–**	**–**
Trade and other payables	**267 579**	**–**	**–**
	311 483	**245 031**	**–**
At 31 March 2012			
Bank and other borrowings	15 815	239 569	–
Trade and other payables	49 064	–	–
	64 879	239 569	–
Company			
At 31 March 2013			
Trade and other payables	**6 283**	**–**	**–**
Loans from subsidiary	**3 698**	**–**	**–**
	9 981	**–**	**–**
At 31 March 2012			
Trade and other payables	10	–	–
Loans from group company	5 353	–	–
	5 363	–	–

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.

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

35. FINANCIAL RISK MANAGEMENT (continued)

35.3 FAIR VALUE ESTIMATION (continued)

The following financial instruments are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group 2013				
Assets				
Financial assets at fair value through profit or loss				
Derivative financial instruments	–	2 545	–	2 545
Total assets	–	2 545	–	2 545
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	24 091	–	24 091
Total liabilities	–	24 091	–	24 091

36. POST BALANCE SHEET EVENTS

Subsequent to year-end, a dividend was approved by shareholders with a capitalisation alternative of one share for every 70 held. On 12 August 2013, a further R1,5 million shares were issued in this regard.

Niveus shareholders approved the Niveus Employee Share Scheme, which is a net equity-settled incentive scheme. In terms of this scheme, share options are granted to senior group staff members. Share options are allocated to participants at a 10% discount to the 30-day volume weighted average market price as at date of grant.

No other material events which may have a significant influence on the financial position of the group occurred between the date of the financial period-end and the date of approval of the financial statements.

37. FINANCIAL INSTRUMENTS

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

	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments		Fair value through profit or loss		Total	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Group										
Assets										
Non-current assets	11 665	5 750	–	–	558 085	501 864	–	–	569 750	507 614
Property, plant and equipment	–	–	–	–	452 170	148 363	–	–	452 170	148 363
Investment properties	–	–	–	–	3 700	3 700	–	–	3 700	3 700
Goodwill	–	–	–	–	49 730	48 230	–	–	49 730	48 230
Intangible assets	–	–	–	–	27 229	7 252	–	–	27 229	7 252
Investments in associates and joint ventures	5 438	–	–	–	9 703	284 670	–	–	15 141	284 670
Deferred taxation	–	–	–	–	15 553	9 649	–	–	15 553	9 649
Loans receivable	6 227	5 750	–	–	–	–	–	–	6 227	5 750
Current assets	537 306	47 921	–	–	993 457	1 722	2 545	–	1 533 308	49 643
Inventories	–	–	–	–	816 753	865	–	–	816 753	865
Derivative financial instruments	–	–	–	–	–	–	2 545	–	2 545	–
Trade and other receivables	254 233	36 282	–	–	173 988	754	–	–	428 221	37 036
Loans receivable	23 108	500	–	–	–	–	–	–	23 108	500
Taxation	–	–	–	–	2 716	103	–	–	2 716	103
Cash and cash equivalents	259 965	11 139	–	–	–	–	–	–	259 965	11 139
Total assets	548 971	53 671	–	–	1 551 542	503 586	2 545	–	2 103 058	557 257
Liabilities										
Non-current liabilities	–	–	192 693	185 166	36 835	690	–	–	229 528	185 856
Operating lease equalisation liability	–	–	–	–	2 038	653	–	–	2 038	653
Borrowings	–	–	185 350	185 166	–	–	–	–	185 350	185 166
Finance lease liabilities	–	–	7 343	–	–	–	–	–	7 343	–
Deferred taxation	–	–	–	–	34 797	37	–	–	34 797	37
Current liabilities	–	–	275 552	53 348	129 149	293 174	24 091	–	428 792	346 522
Trade and other payables	–	–	267 580	49 064	127 677	635	–	–	395 257	49 699
Derivative financial instruments	–	–	–	–	–	–	24 091	–	24 091	
Current portion of borrowings	–	–	3 502	4 284	–	–	–	–	3 502	4 284
Current portion of finance lease liabilities	–	–	4 470	–	–	–	–	–	4 470	–
Loans from group company	–	–	–	–	–	292 097	–	–	–	292 097
Taxation	–	–	–	–	1 472	442	–	–	1 472	442
Total liabilities	–	–	468 245	238 514	165 984	293 864	24 091	–	658 320	532 378

37. FINANCIAL INSTRUMENTS (*continued*)

	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments		Fair value through profit or loss		Total	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Company										
Assets										
Non-current assets	499 543	20 278	–	–	5 527	5 108	–	–	505 070	25 386
Subsidiary companies	499 543	20 278	–	–	5 527	5 108	–	–	505 070	25 386
Current assets	84 322	–	–	1	554	6	–	–	84 876	7
Tax	–	–	–	–	54	6	–	–	54	6
Trade and other receivables	1 780	–	–	1	500	–	–	–	2 280	1
Bank balances and deposits	82 542	–	–	–	–	–	–	–	82 542	–
Total assets	583 865	20 278	–	1	6 081	5 114	–	–	589 946	25 393
Liabilities										
Current liabilities	–	–	9 981	5 363	–	–	–	–	9 981	5 363
Trade and other payables	–	–	6 283	10	–	–	–	–	6 283	10
Loans from subsidiaries	–	–	3 698	–	–	–	–	–	3 698	–
Loans from group company	–	–	–	5 353	–	–	–	–	–	5 353
Taxation	–	–	–	–	–	–	–	–	–	–
Total liabilities	–	–	9 981	5 363	–	–	–	–	9 981	5 363

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