NIVEUS
INVESTMENTS LIMITED

Reg. no: 1996/005744/06

UNAUDITED
GROUP INTERIM RESULTS
for the six months ended 30 September 2012

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2012 R'000 (Unaudited)	30 September 2011 R'000 (Unaudited)	31 March 2012 R'000 (Audited)
ASSETS			
Non-current assets	**660 420**	200 577	507 614
Property, plant and equipment	**290 940**	132 399	150 019
Investment properties	**3 700**	3 700	3 700
Goodwill	**49 730**	48 240	48 230
Interest in associates	**294 122**	–	284 670
Other intangible assets	**5 423**	2 587	5 596
Deferred taxation	**9 412**	11 401	9 649
Non-current receivables	**7 093**	2 250	5 750
Current assets	**265 777**	41 172	49 643
Other	**127 265**	33 420	38 504
Cash and cash equivalents	**138 512**	7 752	11 139
Non-current assets held for sale	**1 982**	–	–
Total assets	**928 179**	241 749	557 257
EQUITY AND LIABILITIES			
Equity	**475 724**	5 388	24 879
Equity attributable to equity holders of the parent	**500 645**	5 752	25 409
Non-controlling interests	**(24 921)**	(364)	(530)
Non-current liabilities	**263 385**	619	185 856
Deferred taxation	**37**	28	37
Borrowings	**262 676**	–	185 166
Operating lease equalisation liability	**672**	591	653
Current liabilities	**185 301**	235 742	346 522
Non-current liabilities held for sale	**3 769**	–	–
Total equity and liabilities	**928 179**	241 749	557 257
Net asset value per share (cents)	**467**	10	43
Net tangible asset value per share (cents)	**416**	(77)	(48)

ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 September 2012 R'000 (Unaudited)	Six months ended 30 September 2011 R'000 (Unaudited)	Year ended 31 March 2012 R'000 (Audited)
Profit for the period	**9 523**	20 117	41 395
Other comprehensive income:			
Foreign currency translation differences	**30**	–	170
Total comprehensive income	**9 553**	20 117	41 565
Attributable to:			
Equity holders of the parent	**8 821**	20 741	40 493
Non-controlling interest	**732**	(624)	1 072
	9 553	20 117	41 565

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 September 2012 R'000 (Unaudited)	Six months ended 30 September 2011 R'000 (Unaudited)	Year ended 31 March 2012 R'000 (Audited)
Balance at beginning of year	**24 879**	(14 729)	(14 729)
Share capital and premium			
Shares issued	**673 958**	–	–
Current operations			
Total comprehensive income	**9 553**	20 117	41 565
Common control reserve	**(207 543)**	–	–
Effects of changes in holding			(10)
Minority interest on acquisition of subsidiaries	**(25 123)**	–	–
Capital reductions and dividends	**–**	–	(1 947)
Balance at end of period	**475 724**	5 388	24 879

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 September 2012 R'000 (Unaudited)	30 September 2011 R'000 (Unaudited)	31 March 2012 R'000 (Audited)
Cash flows from operating activities	**96 074**	50 380	84 371
Cash flows from investing activities	**(66 661)**	(47 887)	(57 614)
Cash flows from financing activities	**97 942**	–	(20 877)
Increase in cash and cash equivalents	**127 355**	2 493	5 880
Cash and cash equivalents			
At beginning of period	**11 139**	5 259	5 259
Foreign exchange difference	**18**	–	–
At end of period	**138 512**	7 752	11 139

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Six months ended 30 September 2012 R'000 (Unaudited)	Six months ended 30 September 2011 R'000 (Unaudited)	Year ended 31 March 2012 R'000 (Audited)
Revenue	**92 542**	3 300	6 982
Net gaming win	**292 742**	196 065	417 982
Group revenue	**385 284**	199 365	424 964
Other income	**–**	–	977
Other operating expenses	**(303 833)**	(136 085)	(292 984)
EBITDA	**81 451**	63 280	132 957
Depreciation and amortisation	**(31 376)**	(23 129)	(47 597)
EBIT	**50 075**	40 151	85 360
Investment income	**1 132**	166	559
Finance costs	**(10 447)**	(11 839)	(21 529)
Share of losses of associates	**(16 305)**	–	(2 252)
Impairment of goodwill	**(757)**	–	–
Profit before taxation	**23 698**	28 478	62 138
Taxation	**(14 070)**	(8 361)	(20 743)
Profit for the year from continuing operations	**9 628**	20 117	41 395
Discontinued operations	**(105)**	–	–
Profit for the year	**9 523**	20 117	41 395
Attributable to:			
Equity holders of the parent	**8 791**	20 741	40 323
Non-controlling interests	**732**	(624)	1 072
	9 523	20 117	41 395

Reconciliation of headline earnings	Six months ended 30 September 2012 R'000 (Unaudited) Gross	Net	Six months ended 30 September 2011 R'000 (Unaudited) Gross	Net	Year ended 31 March 2012 R'000 (Audited) Gross	Net
Earnings attributable to equity holders of the parent		**8 791**		20 741		40 323
IAS 16 (gains)/losses on disposal of plant and equipment	**1 186**	**1 096**	(84)	(60)	(331)	(238)
IAS 16 impairment of plant and equipment	**–**	**–**	–	–	361	260
IFRS 3 Impairment of goodwill	**757**	**757**	–	–	–	–
Re-measurements included in equity-accounted earnings of associates	**–**	**(136)**	–	–	–	–
Headline profit		**10 508**		20 681		40 345

	Six months ended 30 September 2012 (Unaudited)	Six months ended 30 September 2011 (Unaudited)	Year ended 31 March 2012 (Audited)
Earnings per share (cents)			
Basic and diluted	**10.60**	**35.37**	68.77
– Continuing operations	**10.73**	**35.37**	68.77
– Discontinued operations	**(0.13)**	**–**	–
Headline and diluted headline	**12.68**	**35.27**	68.81
– Continuing operations	**12.81**	**35.27**	68.81
– Discontinued operations	**(0.13)**	**–**	–
– Basic and diluted	**10.60**	**35.37**	68.77
– Headline and diluted headline	**12.68**	**35.27**	68.81
Weighted average number of shares in issue ('000)	**82 876**	**58 633**	58 633
Actual number of share in issue at end of period ('000)	**107 119**	**58 633**	58 633

SEGMENTAL ANALYSIS

	Six months ended 30 September 2012 R'000 (Unaudited)	Six months ended 30 September 2011 R'000 (Unaudited)	Year ended 31 March 2012 R'000 (Audited)
Revenue			
Vehicle component manufacturing	**85 073**	–	–
Other	**7 469**	3 300	6 982
Total	**92 542**	3 300	6 982
Net gaming win			
Gaming and Entertainment	**292 742**	196 065	417 982
Total	**292 742**	196 065	417 982
EBITDA			
Gaming and Entertainment	**86 134**	63 309	132 987
Vehicle component manufacturing	**(2 920)**	–	–
Other	**(1 763)**	(29)	(30)
Total	**81 451**	63 280	132 957
Profit before taxation			
Gaming and Entertainment	**48 849**	40 344	81 625
Vehicle component manufacturing	**(7 177)**	–	–
Beverages	**(16 305)**	–	(2 252)
Other	**(1 669)**	(11 866)	(17 235)
Total	**23 698**	28 478	62 138

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation and accounting policies

The results for the six months ended 30 September 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 34: Interim Financial Reporting, the AC 500 series of interpretation as issued by the Accounting Practices Board, the requirements of the South African Companies Act, 2008 and the Listings Requirements of the JSE Limited. The accounting policies of the group are consistent with those applied for the year ended 31 March 2012. As required by the Listings Requirements of the JSE Limited, the group reports headline earnings in accordance with Circular 3/2012: Headline Earnings as issued by the South African Institute of Chartered Accountants. The interim financial statements have not been audited or independently reviewed and were prepared under the supervision of the Chief Financial Officer, Ms Muriel Loftie-Eaton CA(SA).

Acquisitions

During the period under review, Niveus acquired a 100% interest in the Galaxy Bingo Group and a 90% interest in Formex Industries with effect from 1 July 2012. As the acquisitions were made from Niveus' holding company, Hosken Consolidated Investments ("HCI") Limited, acquisitions were accounted for as common control acquisitions. The transactions were made at nominal values and therefore resulted in debit entries of R84m and R226m to the common control reserve for Galaxy Bingo and Formex respectively due to their negative equity positions at the date of acquisition. Furthermore, a R102,5m shareholders' loan to Formex was acquired from HCI at a nominal value due to the loan being impaired to zero. This resulted in a credit to the common control reserve of R102,5m.

The acquired entities contributed revenue of R128,3m and loss before tax of R6,7m since the date of acquisition. If these acquisitions occurred on 1 April 2012 the contribution to revenue would have been R253,8m and to loss before tax R4,3m.

Shares issued

The company issued 8,98m shares at R13,90 per share for the acquisition of a R124,8m loan claim against Galaxy Bingo at face value, issued 22,48m shares at R13,90 per share for the acquisition of a R312,5m loan claim against HCI-KWV Holdings at face value and 17,02m shares at R13,90 per share for R236,6m cash. All of the aforementioned share issues were done in terms of the group restructuring as preparation for the listing. On 10 September 2012 the company listed its 107m issued shares on the main board of the JSE Limited under the Investment Entities sector.

Comparative figures

The comparative figures are not comparable to the results for this period due to the acquisition of interest in Galaxy Bingo and Formex. Furthermore, KWV Holdings Limited was equity accounted from December 2011 and there was a further increase in shareholding from 35,5% to 39,9% effective July 2012.

COMMENTARY ON RESULTS

The shares commenced trading on 10 September 2012 and the interim results contain six months trading for Vukani, six months for KWV and the trading results for Galaxy Bingo and Formex for three months from July 2012. The KWV results, accounted for as an associate, are for the period 1 January 2012 to 30 June 2012.

Vukani

EBITDA for the six months was R82,5m (12 months ended March 2012: R133m). This is a pleasing performance with gross gambling revenue ("GGR") for the six months increasing to R252,6m from R196m for the six months ending September 2011. The year-to-date average GGR per machine per month amounted to R15 679 (R13 606 in 2011) with a closing number of machines of 4 293. Machines rolled out remains disappointing, especially in Gauteng where the gaming board was dismissed in March and still has not been replaced. In Limpopo progress is also frustratingly slow despite numerous discussions with the board and the executive. The group is considering other options to resolve the slow progress in this province.

Galaxy Bingo

The business continues to improve on a month-to-month basis with the group producing a positive EBITDA of R3,6m for the three months ending September 2012. Had the business been acquired on 1 March, the EBITDA would have amounted to R6,7m. The improvement is driven by better management practices and by an increased number of electronic bingo terminals ("EBTs"). The group opened its first site in KwaZulu-Natal where it will only offer paper bingo and limited payout machines ("LPMs"). The roll-out of EBTs in provinces other than Gauteng has not been approved and the respective gaming boards appear to be waiting for the National Gaming Board to make a policy decision on the regulation of EBTs.

KWV

The results reflect the group's last published results for the year ended June 2012, of which the last six months were reflected in Niveus as losses from associates, amounting to R16,3m.

Formex

The business remains under pressure producing a negative EBITDA of R2,9m for the three months its results were included. The negative EBITDA mainly resulted from inventory provisions and provisions for bad debts. Had the business been consolidated from 1 March, the EBITDA would have amounted to R3,9m. The automotive industry, especially in the component supply sector, remains under pressure as cost-cutting initiatives from the brand owners are forced down the supply chain with limited ability to recover margin erosion by the component manufacturers.

Financing costs

Financing costs mainly reflects borrowing costs of subsidiaries. Formex incurred interest costs of R2,1m for the three months and Vukani R7,8m for the six months.

Cash resources

The group ended the period with R138,5m in cash.

André van der Veen

19 November 2012

Cape Town

GREYMATTER & FINCH # 6861

Niveus Investments Limited Incorporated in the Republic of South Africa Registration number: 1996/005744/06 **JSE share code:** NIV **ISIN code:** ZAE000169553 **Directors:** JA Copelyn†, MJA Golding#, MM Loftie-Eaton*, ML Molefi#, JG Ngcobo#, Y Shaik#, A van der Veen* *(* executive † non-executive # independent non-executive)* **Company Secretary:** HCI Managerial Services Proprietary Limited, Block B, Longkloof Studios, Darters Road, Gardens 8001, PO Box 5251 Cape Town 8000 **Transfer secretaries:** Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001, PO Box 61051, Marshalltown 2107 **Sponsor:** Investec Securities Limited **Website:** www.niveus.co.za