NIVEUS

INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

CONTENTS

SHAREHOLDERS' DIARY

Financial year-end	31 March 2016
Annual general meeting	1 November 2016
Reports	
– Preliminary report	May
– Interim report to 30 September 2016	November
– Annual financial statements	September

CORPORATE INFORMATION

Company name and registration
Niveus Investments Limited
Registration number 1996/005744/06
("the Company" or "the Group" or "Niveus")

Registered office
La Concorde, 57 Main Street, Paarl, 7646
PO Box 6185, Paarl, 7620
Tel: 021 807 3800

Company secretary
HCI Managerial Services Proprietary Limited
4 Stirling Street, Zonnebloem, 7925

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

Auditors
Grant Thornton Johannesburg Partnership

Sponsor
PSG Capital Proprietary Limited

BOARD OF DIRECTORS

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

Non-executive directors
John Copelyn (Chairman)
Yunis Shaik

Independent non-executive directors
Moretlo Molefi
Jabu Ngcobo
Khutso Mampeule

SHAREHOLDER SNAPSHOT

ANALYSIS OF SHAREHOLDERS

Listed below are the analyses of shareholdings extracted from the register of ordinary shareholders at 31 March 2016.

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000 shares	172	26,38	64 872	0,05
1 001 – 10 000 shares	355	54,45	1 284 556	1,08
10 001 – 50 000 shares	72	11,04	1 597 632	1,34
50 001 – 100 000 shares	18	2,76	1 305 541	1,10
100 001 – 500 000 shares	13	1,99	2 755 951	2,31
500 001 – 1 000 000 shares	6	0,92	4 643 545	3,90
Over 1 000 000	16	2,45	107 510 637	90,22
	652	**100,00**	**119 162 734**	**100,00**

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Banks	3	0,46	190 279	0,16
Close corporation	18	2,76	203 733	0,17
Endowment Fund	1	0,15	10 000	0,01
Individual	461	70,71	31 860 641	26,74
Investment company	25	3,83	66 989 577	56,21
Pension fund	4	0,61	34 901	0,03
Private company	28	4,30	12 273 629	10,30
Public company	7	1,08	772 598	0,65
Trust	105	16,10	6 827 366	5,73
	652	**100,00**	**119 162 734**	**100,00**

SHAREHOLDER SNAPSHOT *(CONTINUED)*

SIGNIFICANT SHAREHOLDINGS

At 31 March 2016, as far as Niveus is aware, the following shareholders beneficially held, directly or indirectly, 5% or more of the issued shares:

Shareholder	Number of shares	% of issued capital
HCI	62 294 907	52,28
Directors as shown in Shareholders' Analysis		

SHAREHOLDER ANALYSIS

31 March 2016	Number of share-holders	% of share-holding	Number of shares	% of issued capital
Public	**644**	**98,80**	**39 875 196**	**33,46**
Non-public	**8**	**1,20**	**79 287 538**	**66,54**
HCI	1	0,15	62 294 907	52,28
JA Copelyn # (direct)	1	0,15	7 173 840	6,02
MJA Golding * (direct)	1	0,15	5 933 713	4,98
MJA Golding ^* (indirect)	1	0,15	1 813 033	1,52
KI Mampeule ^ (indirect)	1	0,15	960 250	0,81
CB Mogiba* (direct)	1	0,15	44 295	0,04
A van der Veen # (direct)	1	0,15	870 559	0,73
MM Loftie-Eaton # (direct)	1	0,15	196 941	0,16
TOTAL	**652**	**100,00**	**119 162 734**	**100,00**

Directors
* *Associates of directors*
^ *Directors of major subsidiaries of Niveus*

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements included in this report.

The annual financial statements are prepared, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act, No. 71 of 2008, as amended, on the going concern basis and incorporate full and responsible disclosure. The annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The annual financial statements were prepared under the supervision of the Financial Director, Muriel Loftie-Eaton CA(SA).

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

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

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

The annual financial statements were audited by the independent auditor, Grant Thornton Johannesburg Partnership, to whom unrestricted access was given to all financial records and related information. The report of the independent auditors is presented on page 7.

Signed on behalf of the board of directors.

André van der Veen
CHIEF EXECUTIVE OFFICER

Muriel Loftie-Eaton
FINANCIAL DIRECTOR

2 September 2016
Paarl

DECLARATION BY THE COMPANY SECRETARY

I hereby confirm, in my capacity as company secretary of Niveus Investments Limited, that for the period ended 31 March 2016, 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
COMPANY SECRETARY

2 September 2016
Cape Town

REPORT OF THE AUDIT AND RISK COMMITTEE

Members: KI Mampeule (chairman), Dr LM Molefi and JG Ngcobo

The audit and risk committee submits this report for the financial year ending 31 March 2016, as required by section 94 of the Companies Act.

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

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

Three audit and risk committee meetings are held per annum. The chairman of the committee participated in setting and agreeing the agendas to the meetings.

The chairman attended the annual general meeting held on 29 October 2015.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

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

The audit and risk committee fulfils an independent oversight role regarding the Group's integrated annual report, financial statements and the reporting process, 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 Companies 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, including as set out by section 94 of the Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report. 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;
- assessed the effectiveness and quality of the external auditor;
- confirmed no reportable irregularities were identified or reported by the external auditors;
- evaluated policies and procedures regarding internal controls as well as adequacy of and adherence to controls;
- reviewed risk registers of subsidiary companies;
- reviewed and approved the internal audit plan;
- reviewed internal audit reports;
- reviewed the board-approved internal audit charter;
- evaluated compliance with the JSE Listings Requirements;
- verified the independence of the external auditor as per section 92 of the Companies Act, and accordingly nominated Grant Thornton to continue in office as the independent auditor, and noted the appointment of Mr Rudi Huiskamp as the designated auditor for 2016;
- approved the audit fees and engagement terms of the external auditor;
- 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; and
- fulfilled its responsibility in terms of sustainability reporting.

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

CONFIDENTIAL MEETINGS

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

INTERNAL AUDIT

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

COMPETENCE OF THE FINANCIAL DIRECTOR

As required by JSE Listings Requirement 3.84(h), the committee has reviewed the performance of the Group financial director, Ms Muriel Loftie-Eaton and was satisfied that she has the necessary expertise and experience to fulfil this role and has performed appropriately during the year under review.

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

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

The 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

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

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

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

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The committee has evaluated the integrated annual report, as well as the complete annual financial statements, of the Niveus Group for the period ended 31 March 2016 and, based on the information provided, has recommended them for approval by the board.

Khutso Mampeule
CHAIRMAN: AUDIT AND RISK COMMITTEE

INDEPENDENT AUDITOR'S REPORT

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 68, which comprise the statements of financial position as at 31 March 2016, 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 about 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 2016, 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 2016, we have read the directors' report, report of the audit and risk committee and company secretary's certificate 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Grant Thornton

GRANT THORNTON JOHANNESBURG PARTNERSHIP
Registered Auditors

R M Huiskamp
Director
Registered Auditor
Chartered Accountant (SA)

2 September 2016

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

DIRECTORS' REPORT

NATURE OF THE BUSINESS AND OPERATIONS

Niveus is an investment holding company incorporated in South Africa and listed on the JSE on 10 September 2012. The Group's interests consist mainly of investments in the gaming and alcoholic beverage sectors. The main investments are Galaxy Gaming and Entertainment Proprietary Limited ("Galaxy"), Vukani Gaming Corporation Proprietary Limited ("Vukani") and KWV Holdings Limited ("KWV").

RESULTS

The Group made attributable headline earnings of R69 million (2015: R84 million) for the year.

Earnings per share decreased from 69 cents to 37,9 cents and headline earnings per share from 72,4 cents to 58,6 cents. The decline in earnings is mainly due to a R45 million settlement fee paid to Johnnic Holdings Management Services Limited in terms of the corporate action approved by shareholders at the general meeting held on 9 September 2015 and attributable foreign exchange losses of R23 million incurred by KWV Holdings Limited on its forward hedge book.

A final dividend of 10 cents per share was declared after year-end on 20 May 2016, paid on 20 June 2016, and was therefore not provided for in the annual financial statements.

BUSINESS COMBINATIONS AND DISPOSAL OF SUBSIDIARIES

During the year, the Group acquired an additional 17,6% interest in Betcoza Online (RF) Proprietary Limited for R5 million and reacquired the 100% interest in The Glen Restaurant Proprietary Limited and Red Stripe Trading 107 Proprietary Limited disposed of in the prior year. 50% of the Group's interest in Galaxy Gaming and Entertainment Lydenburg Proprietary Limited was disposed of, resulting in the loss of control. Refer to note to 33 to the annual financial statements for more details on the business combinations and disposal of subsidiaries.

STATED CAPITAL

The authorised share capital at 31 March 2016 was 500 000 000 ordinary shares of no par value.

During the year, on 15 September 2015, 1 750 000 shares were issued to Johnnic Holdings Management Services Limited for R45 million in cash as approved by shareholders at the general meeting held on 9 September 2015. On 29 September 2015, 455 964 shares were issued to Group employees in terms of the Niveus Employee Share Scheme.

At 31 March 2016, the total shares issued was 119 162 734.

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

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2016, the Group's investment in property, plant and equipment amounted R1,2 billion (2015: R1,15 billion).

MAJORITY SHAREHOLDER

HCI is the holding company of Niveus with an effective interest of 52,28%.

DIRECTORATE AND COMPANY SECRETARY

The directors of the Company and the company secretary's details are set out on page 1. No changes were effected to the directors of the Company.

Details of directors' shareholdings appear on page 3 and directors' emoluments on page 51.

Share options on Niveus' shares are granted by the administrator and details thereof are provided for disclosure purposes on pages 52 to 54.

During the year, on 17 June 2015, Muriel Loftie-Eaton exercised 92 986 options at R5,46 per share. On 23 September 2015, André van der Veen exercised 882 546 options at R5,51 and Muriel Lofie-Eaton exercised 106 757 options at R5,46.

No options were granted or exercised since 31 March 2016 to date of approval of the annual financial statements.

In accordance with the Company's memorandum of incorporation, Jabu Ngcobo, Yunis Shaik and André van der Veen will retire by rotation at the forthcoming annual general meeting. The retiring directors, being eligible, offer themselves for re-election.

GOING CONCERN

The board considers the going concern status of the Group on a bi-annual 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 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.

AUDITORS

Grant Thornton Johannesburg Partnership will continue in office in accordance with section 90 of the South African Companies Act, with Michelle da Costa as the designated auditor for the March 2017 audit following Rudi Huiskamp's mandatory rotation in terms of the Companies Act.

FINANCIAL COVENANTS

Vukani has a loan facility of R215 million from FirstRand Bank Limited to fund future capital expansion and operational requirements. In terms of the loan agreement, Niveus must maintain various financial ratios and supply FirstRand Bank Limited with a financial covenant compliance certificate every six months. During the 2016 financial year, Niveus issued two compliance certificates and did not breach the covenants.

NO MATERIAL CHANGE

There has been no material change in the financial or trading position of the Niveus Group since the publication of its provisional results for the year ended 31 March 2016.

SUBSEQUENT EVENTS

Refer to note 35 for more information. The directors are not aware of any further matter or circumstance arising since the end of the financial year, not otherwise dealt with within the annual financial statements that would affect the operations or results of the Company or the Group significantly.

PREPARER

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Assets					
Non-current assets		**1 428 016**	1 338 005	**752 078**	688 735
Property, plant and equipment	1	**1 204 622**	1 150 507	**–**	–
Investment properties	2	**6 978**	6 813	**–**	–
Goodwill	3	**57 386**	60 360	**–**	–
Intangible assets	4	**73 637**	77 279	**–**	–
Investments in associates and joint ventures	5	**35 400**	21 693	**–**	–
Investments in subsidiaries	6	**–**	–	**747 977**	688 735
Deferred taxation	7	**25 650**	16 991	**–**	–
Loans receivable	8	**24 343**	4 362	**4 101**	–
Current assets		**1 548 041**	1 514 756	**988**	11 600
Inventories	9	**1 034 797**	1 039 406	**–**	–
Derivative financial instruments	10	**19 626**	3 715	**–**	–
Trade and other receivables	11	**328 142**	320 163	**202**	11 521
Loans receivable	8	**2 839**	17 944	**229**	–
Taxation		**1 566**	1 242	**–**	54
Cash and cash equivalents	26.6	**161 071**	132 286	**557**	25
Total assets		**2 976 057**	2 852 761	**753 066**	700 335
Equity and liabilities					
Capital and reserves		**2 079 228**	1 985 645	**566 666**	639 556
Stated capital	12	**925 399**	867 756	**925 399**	867 756
Other reserves	13	**(46 183)**	(70 216)	**4 202**	3 966
Accumulated profits/(losses)		**502 051**	497 478	**(362 935)**	(232 166)
Equity attributable to equity holders of the parent		**1 381 267**	1 295 018	**566 666**	639 556
Non-controlling interest		**697 961**	690 627	**–**	–
Non-current liabilities		**245 422**	391 526	**6 932**	3 457
Operating lease equalisation liability		**5 235**	4 079	**–**	–
Borrowings	14	**92 983**	261 033	**–**	–
Other payables	16	**6 932**	5 823	**6 932**	3 457
Deferred revenue: government grant	17	**10 900**	–	**–**	–
Deferred taxation	7	**129 372**	120 591	**–**	–
Current liabilities		**651 407**	475 590	**179 468**	57 322
Trade and other payables	16	**376 396**	444 589	**8 130**	37 028
Deferred revenue: government grant	17	**1 875**	–	**–**	–
Derivative financial instruments	10	**47 424**	1 585	**–**	–
Loans from subsidiaries	6	**–**	–	**171 338**	20 294
Current portion of borrowings	14	**217 887**	17 454	**–**	–
Current portion of finance lease liabilities	15	**1 399**	2 231	**–**	–
Taxation		**6 426**	9 731	**–**	–
Total equity and liabilities		**2 976 057**	2 852 761	**753 066**	700 335

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
	Notes	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Revenue	19	1 296 205	1 205 348	–	–
Net gaming win		1 166 767	999 695	–	–
		2 462 972	2 205 043	–	–
Other income		17 852	32 603	–	–
Operating expenses		(2 144 841)	(1 917 810)	(55 006)	(20 786)
Depreciation and amortisation		(164 166)	(129 820)	–	–
Share of (losses)/profits of associates and joint ventures		(2 019)	1 474	–	–
Investment income	20	5 874	5 801	29 764	196 931
Fair value adjustment of remaining investment in associate		(1 094)	–	–	–
Impairment of assets		(9 384)	(4 837)	–	–
Impairment of goodwill	33	(8 190)	–	–	–
Impairment of investment in joint venture	5	(400)	(903)	–	–
Impairment of loans to subsidiaries	6	–	–	(60 840)	(93 461)
Loss on disposal of subsidiary	33.6	(6 781)	–	–	–
Finance costs	22	(31 609)	(24 217)	(12 378)	(6 235)
Profit/(loss) before taxation	23	118 214	167 334	(98 460)	76 449
Taxation	24	(61 607)	(73 326)	(180)	–
Profit/(loss) for the year		56 607	94 008	(98 640)	76 449
Attributable to:					
Equity holders of the parent		44 721	80 286		
Non-controlling interest		11 886	13 722		
		56 607	94 008		
Earnings per share (cents)	25	37,9	69,0		
Headline earnings per share (cents)	25	58,6	72,4		
Diluted earnings per share (cents)	25	37,8	67,8		
Diluted headline earnings per share (cents)	25	58,5	71,2		

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
	Notes	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Profit/(loss) for the year		56 607	94 008	(98 640)	76 449
Other comprehensive income net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences	13	24 213	2 875	–	–
Total comprehensive income/(loss) for the year		80 820	96 883	(98 640)	76 449
Attributable to:					
Equity holders of the parent		68 648	83 030		
Non-controlling interest		12 172	13 853		
		80 820	96 883		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Stated capital R'000	Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000
Group						
Balances as at 31 March 2014		837 002	(76 971)	413 543	728 783	1 902 357
Stated capital						
Shares issued	12	30 754	–	–	–	30 754
Current operations						
Total comprehensive income for the year		–	2 744	80 286	13 853	96 883
Equity-settled share-based payments		–	6 194	–	–	6 194
Effects of changes in holding		–	15	33 794	(46 359)	(12 550)
Capital reductions and dividends		–	–	(32 343)	(5 650)	(37 993)
Transfer of reserves		–	(2 198)	2 198	–	–
Balance as at 31 March 2015		867 756	(70 216)	497 478	690 627	1 985 645
Stated capital						
Shares issued	12	57 643	–	–	–	57 643
Current operations						
Total comprehensive income for the year		–	23 927	44 721	12 172	80 820
Equity-settled share-based payments		–	7 278	(12 493)	–	(5 215)
Non-controlling interest on acquisition of subsidiaries		–	–	–	812	812
Capital reductions and dividends		–	–	(34 827)	(5 650)	(40 477)
Transfer of reserves		–	(7 172)	7 172	–	–
Balance as at 31 March 2016		925 399	(46 183)	502 051	697 961	2 079 228

	Notes	Stated capital R'000	Other reserves R'000	Accumulated losses R'000	Total R'000
Company					
Balances at 31 March 2014		837 002	3 321	(278 786)	561 537
Stated capital					
Shares issued	12	30 754	–	–	30 754
Current operations					
Total comprehensive income for the year		–	–	76 449	76 449
Equity-settled share-based payments		–	3 159	–	3 159
Transfer of reserves		–	(2 514)	2 514	
Capital reductions and dividends		–	–	(32 343)	(32 343)
Balances at 31 March 2015		867 756	3 966	(232 166)	639 556
Capital reductions and dividends					
Shares issued	12	57 643	–	–	57 643
Current operations					
Total comprehensive loss for the year		–	–	(98 640)	(98 640)
Equity-settled share-based payments		–	2 934	–	2 934
Transfer of reserves		–	(2 698)	2 698	–
Capital reductions and dividends		–	–	(34 827)	(34 827)
Balances at 31 March 2016		925 399	4 202	(362 935)	566 666

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
	Notes	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Cash flows from operating activities		162 849	130 264	(53 401)	(18 765)
Cash generated by/(utilised in) operations	26.1	386 550	331 113	(51 676)	(13 672)
Investment income		6 054	5 600	14	79
Changes in working capital	26.2	(135 612)	(133 030)	(1 613)	(5 172)
Cash generated by/(utilised in) operating activities		256 992	203 683	(53 275)	(18 765)
Finance costs		(30 476)	(22 042)	–	–
Taxation paid	26.3	(63 667)	(51 377)	(126)	–
Cash flows from investing activities		(182 357)	(292 620)	(4 324)	(19 431)
Business combinations	26.4	(2 868)	(1 067)	–	–
Investment in:					
– Subsidiary companies	26.5	–	(11 874)	–	(19 424)
– Associated companies and joint ventures	5	(21 196)	(6 648)	–	–
Dividends received		255	236	–	–
Disposal of subsidiaries	26.4	(449)	(1 227)	–	–
Loans receivable: repayments received		–	9 849	–	–
Loans receivable: advances made		(11 187)	(8 009)	(4 324)	(7)
Intangible assets: additions		(3 243)	(3 337)	–	–
Investment property: additions		(165)	–	–	–
Property, plant and equipment:					
– Additions		(151 242)	(274 404)	–	–
– Disposals		7 738	3 861	–	–
Cash flows from financing activities		48 293	71 202	58 257	32 102
Treasury shares acquired	26.5	–	(4 315)	–	–
Capital reduction		(12 452)	–	(12 452)	–
Dividends paid to shareholders		(27 803)	(7 230)	(22 376)	(1 590)
Government grant received		16 395	–	–	–
Proceeds from share issue		45 150	–	45 150	–
Loans from subsidiary companies		–	–	47 935	33 692
Long-term funding received		50 000	105 544	–	–
Long-term funding repaid		(22 997)	(22 797)	–	–
Cash and cash equivalents					
Movement for the year		28 785	(91 154)	532	(6 094)
At beginning of the year		132 286	223 440	25	6 119
At end of the year	26.6	161 071	132 286	557	25

1. ACCOUNTING POLICIES

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

The annual financial statements were prepared under the historical cost convention, as modified by the revaluation to fair value of investment properties and certain financial instruments as described in the accounting policies below. The accounting policies are consistent with those applied in the previous year, except for the effect of the new standards and interpretations, effective for the financial year ended 31 March 2016, as presented in note 3.

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

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

1.1 SEGMENTAL REPORTING

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

1.2 CONSOLIDATION AND EQUITY ACCOUNTING

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

(i) SUBSIDIARIES

Subsidiaries are all entities (including structured entities) controlled by the Group. Control exists where the Group is exposed to, or has rights to, variable returns from its involvement with that entity and where the Group has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date control ceases.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit or loss.

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

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

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

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the annual financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

(ii) TRANSACTIONS AND NON-CONTROLLING INTERESTS

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

(iii) JOINT ARRANGEMENTS

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

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

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

(iv) ASSOCIATES

Associated companies are all entities over which the Group has significant influence but not control, general accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of associates" in the statement of profit or loss.

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

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

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

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

(v) COMMON CONTROL TRANSACTIONS

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

1.3 FOREIGN EXCHANGE

(i) FUNCTIONAL AND PRESENTATION CURRENCY

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

(ii) TRANSACTIONS AND BALANCES

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

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

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

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

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses. 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 1.11)

(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 and office equipment	3 years
Plant and machinery	6 – 50 years
Buildings	40 years
Furniture and fittings	5 – 10 years
Art	10 years
Gaming machines	6 years
Motor vehicles	4 – 15 years
Gaming equipment and signage	3 – 10 years
Site leasehold improvements	Lesser of estimated useful life or period of lease (normally 8 years)

(ii) PROFIT OR LOSS ON DISPOSAL

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

1.5 INVESTMENT PROPERTIES

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

Investment properties are valued by external independent professional valuers every third year.

1.6 INTANGIBLE ASSETS

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

Amortisation is recognised together with depreciation in profit or loss.

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

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

(i) COMPUTER SOFTWARE

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

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group that will probably generate future economic benefits are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives (five to eight years) that are reassessed on an annual basis.

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

(ii) BID COSTS AND GAMING LICENCES

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

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

(iii) TRADEMARKS

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

1.7 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

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

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

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

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

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

(ii) HELD-TO-MATURITY INVESTMENTS

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

(iii) LOANS AND RECEIVABLES

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

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

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

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

(iv) FINANCIAL LIABILITIES AT AMORTISED COST

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

(v) AVAILABLE-FOR-SALE INVESTMENTS

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

(vi) CASH AND CASH EQUIVALENTS

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

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

(vii) FAIR VALUE

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

1.8 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.

1.9 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.

1.10 STATED CAPITAL

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

1.11 IMPAIRMENT OF ASSETS

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

(i) GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

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

(ii) OTHER ASSETS

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

Subsidiaries, joint ventures and associated companies

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

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

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

Financial instruments carried at amortised cost

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

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

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

Financial assets carried at fair value

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

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

1.12 NON-CURRENT ASSETS HELD FOR SALE

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

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

1.13 PROVISIONS

Provisions are measured at the present value of the expected expenditure required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.14 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.

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

(ii) RENDERING OF SERVICES

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

(iii) INTEREST INCOME

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

(iv) DIVIDEND INCOME

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

(v) NET GAMING WIN

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

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

1.15 LEASES

(i) THE GROUP IS THE LESSEE

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

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

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

The difference between the amounts recognised as an expense and the contractual payments is 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

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

1.16 BORROWING COSTS

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

1.17 TAX

(i) INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

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

(ii) DIVIDENDS TAX

Dividends paid by the Company to shareholders that are not exempt are subject to dividends tax at a rate of 15%.

1.18 DIVIDEND DISTRIBUTIONS

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

1.19 EMPLOYEE BENEFITS

(i) DEFINED-CONTRIBUTION PLANS

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

(ii) TERMINATION BENEFITS

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

(iii) BONUS PLANS

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

(iv) SHARE-BASED PAYMENTS

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

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

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

1.20 EARNINGS PER SHARE

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

1.21 CURRENT/NON-CURRENT DISTINCTION

Items are classified as current when it is expected to be realised, traded, consumed or settled within 12 months after the reporting date, or the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

1.22 GOVERNMENT GRANTS

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred revenue government grants and are credited to profit or loss over the expected lives of the related assets. The portion of the government grant which will be realised within 12 months after year-end is disclosed under current liabilities.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

2.1 ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

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

2.2 TAXATION

Judgement is required in determining the provision for income taxes due to the complexity of legislation. 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.

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

2.3 ASSET LIVES AND RESIDUAL VALUES

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

2.4 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 has 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.

2.5 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

The International Accounting Standards Board issued a number of standards, amendments to standards, and interpretations during the financial year ended 31 March 2016.

3.1 The new standards and amendments to existing standards that have been adopted by the Group and were applicable for the first time during the year ended 31 March 2016 had no significant impact on the annual financial statements.

3.2 The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2016. The Group is currently evaluating the effects of these standards and interpretations that have not been early adopted:

Standard/ interpretation	Title	Effective for annual period ending
IFRS 9	Financial Instruments	March 2018
IFRS 10/IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 11	Acquisition of an Interest in a Joint Operation	March 2017
IFRS 15	Revenue from Contracts with Customers	March 2019
IFRS 16	Leases	March 2019
IAS 1	Disclosure Initiative	March 2017
IAS 38/IAS 16	Clarification of Acceptable Methods of Depreciation and Amortisation	March 2017
Various	Annual improvements to IFRS 2012 – 2014 Cycle	March 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

		Group	
		2016 R'000	2015 R'000
1.	**PROPERTY, PLANT AND EQUIPMENT**		
	Cost		
	Computer and office equipment	42 152	33 780
	Plant and machinery	515 249	514 987
	Plant under construction	2 666	1 275
	Land and buildings	485 052	475 821
	Furniture and fittings	144 310	125 622
	Art	40 580	40 580
	Gaming machines	562 818	432 806
	Motor vehicles	30 144	27 435
	Motor vehicles under finance lease	4 063	12 630
	Gaming equipment and signage	48 679	43 517
	Site leasehold improvements	143 248	128 436
		2 018 961	1 836 889
	Accumulated depreciation		
	Computer and office equipment	28 799	19 397
	Plant and machinery	309 134	299 801
	Land and buildings	18 810	17 212
	Furniture and fittings	102 378	83 504
	Art	89	86
	Gaming machines	246 240	182 964
	Motor vehicles	15 231	12 183
	Motor vehicles under finance lease	2 703	10 622
	Gaming equipment and signage	30 229	25 669
	Site leasehold improvements	60 726	34 944
		814 339	686 382
	Carrying value		
	Computer and office equipment	13 353	14 383
	Plant and machinery	206 115	215 186
	Plant under construction	2 666	1 275
	Land and buildings	466 242	458 609
	Furniture and fittings	41 932	42 118
	Art	40 491	40 494
	Gaming machines	316 578	249 842
	Motor vehicles	14 913	15 252
	Motor vehicles under finance lease	1 360	2 008
	Gaming equipment and signage	18 450	17 848
	Site leasehold improvements	82 522	93 492
		1 204 622	1 150 507
	Movements in property, plant and equipment		
	Balance at beginning of the year		
	Computer and office equipment	14 383	10 159
	Plant and machinery	215 186	207 217
	Plant under construction	1 275	1 311
	Land and buildings	458 609	408 064
	Furniture and fittings	42 118	42 178
	Art	40 494	40 497
	Gaming machines	249 842	216 164
	Motor vehicles	15 252	8 707
	Motor vehicles under finance lease	2 008	6 690
	Gaming equipment and signage	17 848	13 817
	Site leasehold improvements	93 492	69 041
		1 150 507	1 023 845

	Group	
	2016 R'000	2015 R'000
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
Additions		
Computer and office equipment	6 690	11 388
Plant and machinery	30 136	30 771
Plant under construction	1 391	–
Land and buildings	9 236	52 082
Furniture and fittings	12 307	18 694
Gaming machines	107 099	88 845
Motor vehicles	3 928	9 171
Motor vehicles under finance lease	4 142	–
Gaming equipment and signage	7 324	9 580
Site leasehold improvements	19 066	51 176
	201 319	271 707
Additions through business combinations		
Computer and office equipment	262	–
Plant and machinery	37	683
Furniture and fittings	2 485	–
Site leasehold improvements	3 800	–
	6 584	683
Disposal of businesses		
Computer and office equipment	(343)	(860)
Plant and machinery	(88)	(7)
Furniture and fittings	(434)	(5 026)
Site leasehold improvements	(3 091)	(7 853)
	(3 956)	(13 746)
Disposals		
Computer and office equipment	(597)	(127)
Plant and machinery	(2 596)	(2 017)
Land and buildings	(5)	–
Furniture and fittings	(489)	(451)
Gaming machines	(1 217)	(938)
Motor vehicles	(489)	(18)
Motor vehicles under finance lease	(649)	(396)
Site leasehold improvements	(111)	(9)
	(6 153)	(3 956)
Depreciation		
Computer and office equipment	(7 639)	(4 923)
Plant and machinery	(19 267)	(22 660)
Land and buildings	(1 598)	(1 537)
Furniture and fittings	(14 248)	(13 609)
Art	(3)	(3)
Gaming machines	(77 051)	(55 149)
Motor vehicles	(3 691)	(2 608)
Motor vehicles under finance lease	(4 141)	(4 286)
Gaming equipment and signage	(5 964)	(5 210)
Site leasehold improvements	(25 107)	(14 578)
	(158 709)	(124 563)

	Group 2016 R'000	Group 2015 R'000
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
Transfers		
Computer and office equipment	724	(1 217)
Plant and machinery	(17 274)	1 199
Plant under construction	–	(36)
Furniture and fittings	1 566	459
Gaming machines	14 692	–
Motor vehicles	95	–
Gaming equipment and signage	(737)	–
Site leasehold improvements	934	(405)
	–	–
Exchange differences		
Computer and office equipment	2	–
Furniture and fittings	(228)	(127)
Gaming machines	23 326	1 476
Gaming equipment and signage	(14)	9
Site leasehold improvements	–	16
	23 086	1 374
Impairments		
Computer and office equipment	(129)	(37)
Plant and machinery	(19)	–
Furniture and fittings	(1 145)	–
Gaming machines	(113)	(556)
Motor vehicles	(182)	–
Gaming equipment and signage	(7)	(348)
Site leasehold improvements	(6 461)	(3 896)
	(8 056)	(4 837)
Balances at end of the year		
Computer and office equipment	13 353	14 383
Plant and machinery	206 115	215 186
Plant under construction	2 666	1 275
Land and buildings	466 242	458 609
Furniture and fittings	41 932	42 118
Art	40 491	40 494
Gaming machines	316 578	249 842
Motor vehicles	14 913	15 252
Motor vehicles under finance lease	1 360	2 008
Gaming equipment and signage	18 450	17 848
Site leasehold improvements	82 522	93 492
	1 204 622	1 150 507

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

The Group recognised impairments of property, plant and equipment with a net book value of R8 million (2015: R4,8 million) due to scrapping of assets not being in use anymore.

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

		Group	
		2016 R'000	2015 R'000
2.	**INVESTMENT PROPERTIES**		
	Investment properties consist of:		
	Erf 1282, Middelburg, Mpumalanga, in extent 1 788 m^2	3 900	3 900
	Erf 5530, Grahamstown, Eastern Cape, in extent of 578 m^2	3 078	2 913
		6 978	6 813

Investment properties are stated at fair value.

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

The fair value of the Middelburg property, totalling R3,9 million, was calculated based on an external valuation. The valuation was performed by Elmine Grobler Valuators on 10 February 2014, based on a property rental capitalisation rate of 10,5%. The fair value of the Grahamstown property is deemed to be the cost price as the property was purchased at a market-related price during February 2015. No indicators of changes in the fair value were identified between the date of purchase and 31 March 2016.

	2016 R'000	2015 R'000
At beginning of the year	6 813	3 900
Additions	165	2 913
At end of the year	6 978	6 813
Rental income from investment properties	901	820
Direct operating expenses relating to rental income from investment properties	(254)	(192)

		Group	
		2016 R'000	2015 R'000
3.	**GOODWILL**		
	Arising on acquisition of shares in subsidiaries	57 386	60 360
	Reconciliation of carrying value		
	At beginning of the year	60 360	49 730
	– Cost	60 703	50 073
	– Accumulated impairment	(343)	(343)
	Addition through business combination	15 846	10 630
	Disposal of subsidiary	(10 630)	–
	Impairment of goodwill	(8 190)	–
	At end of the year	57 386	60 360
	– Cost	65 919	60 703
	– Accumulated impairment	(8 533)	(343)

Goodwill relates mainly to the Group's limited payout gaming (R48,2 million; 2015: R49,7 million), sports betting (R9,2 million; 2015: Rnil) and bingo (Rnil million; 2015: R10,6 million) operations.

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

A growth rate of 4,5% was applied and cash flows were discounted at 16% (2015: 15%) due to the cash-generating units being in the gambling industry with similar growth and risk profiles. The discount rate includes a risk premium adjustment to the risk-free rate to reflect the higher expected returns of the gambling industry.

The following assumptions were applied when reviewing goodwill impairment:

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

The impairment of R8,2 million related mainly to the subsidiaries acquired during the year as per note 33. The recoverable amounts of the cash-generating units were determined to be lower than the relevant portion of goodwill and were therefore impaired.

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

	Computer software R'000	Trademarks R'000	Bid costs R'000	Casino licence R'000	Total R'000
4. INTANGIBLE ASSETS					
Group 2016					
Carrying value at beginning of the year	**2 459**	**58 620**	**10 355**	**5 845**	**77 279**
Additions	**576**	**–**	**1 917**	**–**	**2 493**
Business combinations	**650**	**–**	**–**	**–**	**650**
Amortisation	**(1 135)**	**(3 487)**	**(835)**	**–**	**(5 457)**
Impairment	**–**	**–**	**(1 328)**	**–**	**(1 328)**
Carrying value at end of the year	**2 550**	**55 133**	**10 109**	**5 845**	**73 637**
Cost	**24 260**	**85 138**	**13 998**	**5 845**	**129 241**
Accumulated amortisation and impairments	**(21 710)**	**(30 005)**	**(3 889)**	**–**	**(55 604)**
	2 550	**55 133**	**10 109**	**5 845**	**73 637**
Group 2015					
Carrying value at beginning of the year	3 177	62 107	7 321	5 845	78 450
Additions	486	–	3 600	–	4 086
Amortisation	(1 204)	(3 487)	(566)	–	(5 257)
Carrying value at end of the year	2 459	58 620	10 355	5 845	77 279
Cost	22 477	85 138	12 081	5 845	125 541
Accumulated amortisation	(20 018)	(26 518)	(1 726)	–	(48 262)
	2 459	58 620	10 355	5 845	77 279

Refer to note 32 for contingent consideration payable on the casino licence.

The amortisation expense was included in the line item depreciation and amortisation in the statements of profit or loss.

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

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

The remaining amortisation period on the trademarks is 16,75 years (2015: 17,75 years).

The bid costs relating to the gaming operations in Lesotho were impaired due to the recoverable amount being less than the carrying value.

The recoverable amount of the casino licence was determined by a value-in-use calculation, using cash flow projections covering a five-year period. A growth rate of 4,5% was applied and cash flows were discounted at 16% (2015: 15%). The discount rate includes a risk premium adjustment to the risk-free rate to reflect the higher expexted returns of the gambling industry. Future expected profits were estimated using historical information and approved budgets extending over five years. Cash flows were extended into perpertuity as manangement have no reason to believe that the casino will not continue past the budget period.

No intangible assets were pledged as security.

		Group				Company	
		Group's interest		Carrying value		Carrying value	
		2016	2015	2016 R'000	2015 R'000	2016 R'000	2015 R'000
5.	**INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**						
	The following are the Group's principal associates and joint ventures, all incorporated in South Africa:						
	Associates						
	Betcoza Online (RF) Proprietary Limited [1]	–	25%	–	4 895	–	–
	Brannas Draught Proprietary Limited	25%	–	1 099	–	–	–
	EC Gaming Uitenhage Proprietary Limited	29%	–	31	–	–	–
	Galaxy Bingo Butterworth Proprietary Limited	49%	–	8 923	–	–	–
	Galaxy Bingo KWT Proprietary Limited	40%	–	4	–	–	–
	Galaxy Gaming and Entertainment Lydenburg Proprietary Limited	50%	–	7 589	–	–	–
	Galaxy Gaming Zone 4 EC Proprietary Limited	49%	–	246	–	–	–
	Newtown Grill Proprietary Limited	29%	–	430	–	–	–
	Paarl Valley Bottling Company Proprietary Limited	31%	31%	12 734	12 097	–	–
	Joint ventures						
	Red Dawn IP Holdings Proprietary Limited	50%	50%	–	–	–	–
	Red Dawn Wine Licensing Proprietary Limited	50%	–	4	–	–	–
	Solamoyo Processing Company Proprietary Limited	40%	40%	4 340	4 701	–	–
				35 400	21 693	–	–

Galaxy Gaming and Entertainment Lydenburg Proprietary Limited is classified as an associate due to the Group not being able to appoint 50% or more of the directors of the company.

	2016 R'000	2015 R'000
Equity interest		
– Unlisted shares at cost less impairment	25 116	9 245
– Interest in post-acquisition reserves	5 298	7 572
	30 414	16 817
Loans		
– Solamoya Processing Company Proprietary Limited	4 986	4 876
	35 400	21 693

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

Reconciliation of investments in associates and joint ventures		
At the beginning of the year	21 693	15 272
Share of net (losses)/profits of associates and joint ventures	(2 019)	1 474
Dividends received from associates	(255)	(236)
Change in control from associate to subsidiary	(4 758)	–
Acquisition of additional interest	21 029	6 648
Impairment of investment in joint venture	(400)	(903)
Loans advanced/(repaid)	110	(562)
	35 400	21 693

(1) *Effective 1 December 2015, an additional 25,1% of the ordinary share capital of Betcoza Online (RF) Proprietary Limited, was acquired by a Group subsidiary increasing its shareholding to 50,1% and obtained control of Betcoza Online (RF) Proprietary Limited. The effective shareholding held by the Group is 42,59%.*

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

Total assets	100 656	76 591
Total liabilities	(79 450)	(34 202)
Net assets	21 206	42 389
Reconciliation to carrying amount		
Opening net assets – 1 April	42 389	35 980
Associates and joint ventures acquired	(16 238)	3 343
Associate acquired as subsidiary	(1 412)	–
(Loss)/profit for the year	(2 709)	3 906
Dividends declared	(824)	(840)
Closing net assets – 31 March	21 206	42 389
Group share of net assets of associates and joint ventures	2 432	12 439
Goodwill	27 982	4 378
Carrying amount	30 414	16 817
Revenue	134 743	117 833
Group's share of associates' and joint ventures' (losses)/profits for the year	(2 019)	1 474
Group's share of associates' and joint ventures' other comprehensive income	–	–

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

	Country of incorporation	Ownership interest held		Company	
		2016	2015	2016 R'000	2015 R'000
6. INVESTMENTS IN SUBSIDIARIES					
6.1 COMPOSITION OF THE GROUP (MATERIAL SUBSIDIARIES)					
Shares					
Cherry Moss Trade and Invest 188 Proprietary Limited	South Africa	100%	100%	–	–
Niveus AG	Switzerland	100%	100%	60 124	60 124
Galaxy Gaming and Entertainment Proprietary Limited	South Africa	100%	100%	–	–
Niveus Invest 1 Proprietary Limited	South Africa	100%	100%	–	–
Niveus-KWV Holdings Proprietary Limited	South Africa	100%	100%	1	1
Vukani Gaming Corporation Proprietary Limited	South Africa	100%	100%	5 107	5 107
– At cost				65 232	65 232
Loans to subsidiaries					
– Amount receivable				921 150	801 068
– Provision for impairment				(238 405)	(177 565)
				682 745	623 503
Loans from subsidiaries					
– Amount payable				(171 338)	(20 294)
				576 639	668 441
Non-current assets				747 977	688 735
Current liabilities				(171 338)	(20 294)
				576 639	668 441

These loans are unsecured, interest-free and payable on demand, with the exception of the loans with Galaxy Gaming Eastern Cape Proprietary Limited, Bingo Vision Proprietary Limited, Niveus Invest 1 Proprietary Limited, Niveus Invest 3 Proprietary Limited and Niveus Invest 9 Proprietary Limited, which bear interest at prime plus 2% (2015: prime plus 2%) and Vukani Gaming Corporation Proprietary Limited, which bears interest at the three-month JIBAR plus a margin of 2,9% (2015: three-month JIBAR plus a margin of 2,9%) per annum.

Loans to subsidiaries amounting to R238 403 129 (2015: R178 666 588) have been subordinated in favour of other creditors, until such time as the subsidiaries' assets, fairly valued, exceed its liabilities, or 1 April 2017.

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

6. **INVESTMENTS IN SUBSIDIARIES** *(continued)*

6.2 ***SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST***

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

	Proportion of NCI ownership		Profit/(loss) allocated to NCI		Accumulated NCI	
Name	2016	2015	2016 R'000	2015 R'000	2016 R'000	2015 R'000
KWV Holdings Limited	42,87%	42,87%	10 315	19 046	728 114	717 837

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

	2016 R'000	2015 R'000
Non-current assets	754 765	743 760
Current assets	1 314 254	1 320 089
Total assets	2 069 019	2 063 849
Non-current liabilities	140 182	120 517
Current liabilities	230 415	268 887
Total liabilities	370 597	389 404
Equity attributable to equity holders of the parent	970 308	956 608
Non-controlling interest	728 114	717 837
Revenue	1 224 214	1 155 385
Profit for the year attributable to equity holders of the parent	13 747	25 198
Profit for the year attributable to non-controlling interest	10 315	19 046
Other comprehensive income attributable to equity holders of the parent	(48)	30
Other comprehensive income attributable to non-controlling interest	(38)	22
Total comprehensive income for the year	23 976	44 296
Cash flows from operating activities	3 353	(20 555)
Cash flows from investing activities	(46 128)	(35 603)
Cash flows from financing activities	16 395	–
Net cash flow	(26 380)	(56 158)

KWV Holdings Limited's figures include acquisition accounting entries.

	Group	
	2016 R'000	2015 R'000
7. **DEFERRED TAX**		
Movements in deferred taxation		
At beginning of the year	(103 600)	(89 633)
Charge to statement of profit or loss	(1 571)	(15 084)
Accelerated tax allowances	(1 319)	1 015
Provisions and accruals	(5 973)	(19)
Prepayments	(441)	(77)
Assets revaluations	9 747	–
Finance leases	(30)	53
Assessed losses	(3 884)	(16 143)
Straight-lining of leases	329	87
Recognised directly in equity – share-based payment accruals	1 449	1 117
At end of the year	(103 722)	(103 600)
Analysis of deferred taxation		
Accelerated tax allowances	(121 767)	(118 702)
Provisions and accruals	12 160	16 684
Prepayments	(604)	(163)
Assets revaluations	(23 109)	(34 602)
Finance leases	172	202
Assessed losses	28 607	32 491
Straight-lining of leases	819	490
	(103 722)	(103 600)
Disclosed as follows:		
Deferred taxation assets	25 650	16 991
Deferred taxation liabilities	(129 372)	(120 591)
	(103 722)	(103 600)

		Group		Company	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
8.	**LOANS RECEIVABLE**				
	Moody Blue Trade and Invest 124 Proprietary Limited	2 768	2 768	–	–
	The loan receivable is unsecured, interest-free and repayable through the offset of dividends declared by Vukani Gaming Gauteng Proprietary Limited.				
	Tuffsan Investments 1019 Proprietary Limited	1 071	1 294	–	–
	The loan receivable is unsecured, interest-free and repayable through the offset of dividends declared by Vukani Gaming Limpopo Proprietary Limited.				
	K2013049718 Proprietary Limited	–	–	–	–
	The loan receivable of R4,35 million is unsecured, bears interest at prime and is repayable on demand. The full loan balance was impaired at 31 March 2016.				
	Unsecured loans				
	The loans receivable are unsecured, interest-free, and repayable in monthly instalments of R230 000.	5 983	1 500	–	–
	The loans receivable are unsecured, interest-free and payable on demand.	4 330	–	4 330	–
	The Bridge Grill Proprietary Limited	12 567	8 480	–	–
	The loan receivable is unsecured, interest-free and payable on demand.				
	Nivest Invest 4 Proprietary Limited	35	35	–	–
	The loan receivable is unsecured, interest-free and payable on demand.				
	Galaxy Gaming Limpopo Proprietary Limited	416	–	–	–
	The loan is unsecured, interest free and has no fixed terms of repayment. As at year-end R360 618 was subordinated.				
	Euro Blitz 1129 CC	12	–	–	–
	The loan is unsecure, interest free and has no fixed terms of repayment.				
	The following entities were acquired during the year, with the loans eliminating on consolidation:				
	Red Stripe Trading 107 Proprietary Limited	–	5 968	–	–
	The Glen Restaurant Proprietary Limited	–	2 261	–	–
		27 182	22 306	4 330	–
	Less: Current portion of loans receivable	(2 839)	(17 944)	(229)	–
		24 343	4 362	4 101	–

		Impaired R'000	Fully performing R'000	Total R'000
8.	**LOANS RECEIVABLE** *(continued)*			
	Analysis of credit risk			
	Group – 2016			
	Gross amounts owing	4 353	27 182	31 535
	Less: Allowance for impairment	(4 353)	–	(4 353)
	Net amount owing	–	27 182	27 182
	Security for amounts owing	–	–	–
	Unsecured debt/Exposure to credit risk	–	27 182	27 182
	Credit rating on unsecured debt:	–	27 182	27 182
	C: Good for the amount quoted	–	27 182	27 182
	Group – 2015			
	Gross amounts owing	25 067	14 077	39 144
	Less: Allowance for impairment	(16 838)	–	(16 838)
	Net amount owing	8 229	14 077	22 306
	Security for amounts owing	–	–	–
	Unsecured debt/Exposure to credit risk	8 229	14 077	22 306
	Credit rating on unsecured debt:	8 229	14 077	22 306
	Ba: Capable of meeting normal commitments	–	–	–
	C: Good for the amount quoted	8 229	14 077	22 306
	Company – 2016			
	Gross amounts owing	–	4 330	4 330
	Less: Allowance for impairment	–	–	–
	Net amount owing	–	4 330	4 330
	Unsecured debt/Exposure to credit risk	–	4 330	4 330
	Credit rating on unsecured debt:	–	4 330	4 330
	C: Good for the amount quoted	–	4 330	4 330

		Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
9.	**INVENTORIES**				
	Liquid inventory	979 777	994 079		
	Auxiliary material	49 339	41 414		
	Consumables and spares	5 681	3 913		
		1 034 797	1 039 406		
	Cost of inventories recognised as an expense includes the writedown of inventories to net realisable value of R20 million (2015: R21,9 million)	854 017	806 392		
	Inventories stated at net realisable value	4 008	12 547		
10.	**DERIVATIVE FINANCIAL INSTRUMENTS**				
	Foreign exchange options	(28 044)	(76)		
	Forward exchange contracts	246	2 206		
		(27 798)	2 130		
	The amounts disclosed in the statement of financial position are as follows:				
	Current assets	19 626	3 715		
	Foreign exchange options	18 155	901		
	Forward exchange contracts	1 471	2 814		
	Current liabilities	47 424	1 585		
	Foreign exchange options	46 199	977		
	Forward exchange contracts	1 225	608		

The fair value of the forward exchange contracts is determined using forward exchange rates at the reporting date.

Refer to note 34 for detailed disclosure on derivative financial instruments.

		Group		Company	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
11.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	249 592	222 400	23	11 324
	Trade receivables – Allowance for impairment	(9 711)	(10 623)	–	–
	Net trade receivables	239 881	211 777	23	11 324
	Short-term loans	57 240	50 848	–	–
	Short-term loans – Allowance for impairment	(26 904)	(21 026)	–	–
	Net short-term loans	30 336	29 822	–	–
	Prepayments	15 292	18 329	179	193
	Deposits and guarantees	26 620	23 240	–	–
	Other receivables	7 504	12 426	–	4
	Value-added taxation	8 509	24 569	–	–
		328 142	320 163	202	11 521

Fair value of trade and other receivables

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

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

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

At 31 March 2016, trade receivables and short-term loans of R10,8 million (2015: R 10,7 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The aging of these trade receivables and short-term loans is as follows:

	Group 2016 R'000	Group 2015 R'000
Amounts in 7 to 21 days	41	347
Amounts in 21 to 28 days	7 197	5 081
Amounts in 28 to 36 days	–	122
Amounts in 36 days plus	3 584	5 152
	10 822	10 702

Impairment of trade receivables and short-term loans

At 31 March 2016, trade receivables of R9,7 million (2015: R10,6 million) and short-term loans of R26,9 million (2015: R21 million) were impaired. Impaired trade receivables and short-term loans relate to debtors that have been handed over to attorneys for collection and certain debtors that have been outstanding for longer than the agreed credit terms.

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

	Group 2016 R'000	Group 2015 R'000
At beginning of the year	31 649	20 118
Impairments recognised in profit and loss	6 981	14 049
Allowance utilised	(2 015)	(2 518)
At end of the year	36 615	31 649

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

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
11. TRADE AND OTHER RECEIVABLES *(continued)*				
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:				
SA rand	**198 978**	230 573	**202**	11 521
US dollar	**89 196**	13 725	**–**	–
Euro	**1 176**	60 021	**–**	–
British pound	**8 691**	3 105	**–**	–
Canadian dollar	**8 169**	4 922	**–**	–
Japan yen	**3 390**	6 958	**–**	–
Swiss franc	**18 542**	859	**–**	–
	328 142	320 163	**202**	11 521

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

Credit risk **Trade receivables and short-term loans: 2016**	Group Impaired R'000	Past due, but not impaired R'000	Fully performing R'000	Total R'000
Gross amounts owing	**36 615**	**10 822**	**259 395**	**306 832**
Less: Allowance for impairment	**(36 615)**	**–**	**–**	**(36 615)**
Net amount owing	**–**	**10 822**	**259 395**	**270 217**
Credit insurance for amounts owing	**–**	**(7 640)**	**(187 662)**	**(195 302)**
Unsecured debt/Exposure to credit risk	**–**	**3 182**	**71 733**	**74 915**
Credit rating on unsecured debt:	**–**	**3 182**	**71 733**	**74 915**
Ba: Capable of meeting normal commitments	**–**	**810**	**5 741**	**6 551**
B: Good for the amount quoted	**–**	**1 678**	**57 450**	**59 128**
C: Good for the amount quoted – if strictly in the way of business	**–**	**694**	**8 542**	**9 236**
Trade receivables and short-term loans: 2015				
Gross amounts owing	31 649	10 702	230 897	273 248
Less: Allowance for impairment	(31 649)	–	–	(31 649)
Net amount owing	–	10 702	230 897	241 599
Credit insurance for amounts owing	–	(7 586)	(176 807)	(184 393)
Unsecured debt/Exposure to credit risk	–	3 116	54 090	57 206
Credit rating on unsecured debt:	–	3 116	54 090	57 206
Ba: Capable of meeting normal commitments	–	937	3 855	4 792
B: Good for the amount quoted	–	1 079	46 441	47 520
C: Good for the amount quoted – if strictly in the way of business	–	1 100	3 794	4 894

		Company			
		Impaired R'000	Past due, but not impaired R'000	Fully performing R'000	Total
11.	**TRADE AND OTHER RECEIVABLES** *(continued)*				
	Credit risk				
	Trade receivables: 2016				
	Gross amounts owing	–	–	23	23
	Less: Allowance for impairment	–	–	–	–
	Net amount owing	–	–	23	23
	Credit insurance for amounts owing	–	–	–	–
	Unsecured debt/Exposure to credit risk	–	–	23	23
	Credit rating on unsecured debt:	–	–	23	23
	B: Good for the amount quoted	–	–	23	23
	Trade receivables: 2015				
	Gross amounts owing	–	–	11 324	11 324
	Less: Allowance for impairment	–	–	–	–
	Net amount owing	–	–	11 324	11 324
	Credit insurance for amounts owing	–	–	–	–
	Unsecured debt/Exposure to credit risk	–	–	11 324	11 324
	Credit rating on unsecured debt:	–	–	11 324	11 324
	B: Good for the amount quoted	–	–	11 324	11 324

		Group and Company			
		2016 Number of shares '000	2015 Number of shares '000	2016 Stated capital R'000	2015 Stated capital R'000
12.	**STATED CAPITAL**				
	Authorised				
	Ordinary shares of no par value	500 000	500 000	–	–
	Issued				
	In issue in Company at year-end	119 163	116 957	925 399	867 756
	Details of the issued stated capital and changes during current and prior the year are as follows:				
	At beginning of the year	116 957	115 512	867 756	837 002
	Capitalisation issued in respect of dividend declared	–	1 445	–	30 754
	Shares issued in respect of share options exercised	456	–	12 493	–
	Shares issued in respect of spesific issue	1 750	–	45 150	–
	At end of the year	119 163	116 957	925 399	867 756

1 445 185 shares were issued to shareholders who elected to receive a capitalisation issue in respect of the dividend declared on 22 May 2014.

On 15 September 2015, 1 750 000 shares were issued to JHMS for R45 million in cash as approved by shareholders at the general meeting held on 9 September 2015.

On 29 September 2015, 455 964 shares were issued to Group employees in terms of the Niveus Employee Share Scheme.

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

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

	FCTR R'000	General reserve R'000	Common control reserve R'000	Equity reserve R'000	Share-based payment reserve R'000	Total R'000
13. OTHER RESERVES						
Group 2016						
At beginning of the year	4 761	–	(84 881)	577	9 327	(70 216)
Equity-settled share-based payments	–	–	–	–	7 278	7 278
Exchange differences on translation of foreign subsidiaries	23 927	–	–	–	–	23 927
Transfers from/(to) accumulated profits	–	307	–	222	(7 701)	(7 172)
At end of the year	28 688	307	(84 881)	799	8 905	(46 183)
Group 2015						
At beginning of the year	2 453	–	(84 881)	(190)	5 647	(76 971)
Equity-settled share-based payments	–	–	–	–	6 194	6 194
Exchange differences on translation of foreign subsidiaries	2 744	–	–	–	–	2 744
Transfers from accumulated profits	(451)	–	–	767	(2 514)	(2 198)
Effects of changes in holding	15	–	–	–	–	15
At end of the year	4 761	–	(84 881)	577	9 327	(70 216)
Company 2016						
At beginning of the year					3 966	3 966
Equity-settled share-based payments					2 933	2 933
Transfer to retained earnings					(2 697)	(2 697)
At end of the year					4 202	4 202
Company 2015						
At beginning of the year					3 321	3 321
Equity-settled share-based payments					3 159	3 159
Transfer to retained earnings					(2 514)	(2 514)
At end of the year					3 966	3 966

		Group	
		2016 R'000	2015 R'000
14.	**BORROWINGS**		
	Bank borrowings		
	Capital and capitalised commitment fee	305 148	273 929
	Interest capitalised	5 586	4 862
	Unamortised raising fee	136	(304)
		310 870	278 487
	Current portion of borrowings	(217 887)	(17 454)
		92 983	261 033
	Secured	310 870	278 487

A loan facility of R185 million was obtained from Investec Bank Limited on 19 December 2011. The facility bears interest at the three-month Johannesburg Interbank Agreed Rate (JIBAR) plus a margin of 2,6% (2015: 2,6%). 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) In November 2014, the settlement terms of the facility was renegociated. It was agreed that the liability will not be repaid in semi-annual instalments, but with a final bullet payment of R174 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.

A loan facility of R215 million was obtained from FirstRand Bank Limited on 8 August 2014. The facility bears interest at the three-month JIBAR plus a margin of 2,9% (2015: 2,9%). FirstRand 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 monthly. The facility and interest thereon is payable on the following basis:

1) Interest is payable quarterly in arrears, with the first payment date being 11 November 2014.
2) Capital repayments on the facility will commence on 11 November 2015 with 16 equal quarterly capital payments of R13,4 million.
3) The investment in KWV Holdings Limited is pledged as security. Guarantees are provided jointly and severally by the following companies:
   - Bingo Vision Proprietary Limited
   - Galaxy Bingo Developments Proprietary Limited
   - Luck At It KZN Proprietary Limited
   - Galaxy Bingo Greenstone Proprietary Limited
   - Niveus Investments Limited
   - Niveus–KWV Holdings Limited
   - Vukani Gaming Corporation Proprietary Limited
   - Vukani Gaming KwaZulu-Natal Proprietary Limited
   - Vukani Gaming Mpumalanga Proprietary Limited
   - Vukani Gaming Western Cape Proprietary Limited

As at 31 March 2016, the carrying value of borrowings approximates their fair value.

	2016 R'000	2015 R'000
Maturity of these borrowings is as follows:		
Due within one year	217 887	17 454
Due within two to five years	92 983	261 033
	310 870	278 487
Weighted average effective interest rates	9,06%	8,75%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
15.	**FINANCE LEASE LIABILITIES**				
	Due within one year	1 429	2 291		
	Less future finance charges	(30)	(60)		
	Present value of finance lease liabilities	1 399	2 231		
	Due within one year	1 399	2 231		
	Included in financial statements as:				
	Current	1 399	2 231		
	Non-current	–	–		
		1 399	2 231		

Finance leases were entered into with Fleet Africa Proprietary Limited during the 2013 financial year, and amended in subsequent years, by one of the Group's subsidiaries. The average lease term of the finance lease contracts is three years and the effective borrowing rate is 10,5% (2015: 9%) per annum. The obligations under the finance leases are secured by the motor vehicles. The carrying amount of the motor vehicles purchased under the finance lease is R1,4 million (2015: R2 million). Refer to note 1 for further details. The monthly repayment amounts to R390 811 (2015: R400 800).

		Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
16.	**TRADE AND OTHER PAYABLES**				
	Trade creditors	250 072	233 546	6 176	35 797
	Short-term loans	4 612	4 008	–	–
	Payroll accruals	14 725	16 865	–	184
	Other accruals	62 972	64 044	7 326	4 269
	Excise duty	45 422	124 654	–	–
	Value-added taxation	5 525	7 295	1 560	235
		383 328	450 412	15 062	40 485
	Non-current portion of accruals	(6 932)	(5 823)	(6 932)	(3 457)
		376 396	444 589	8 130	37 028

Fair value of trade and other payables

The carrying value approximates fair value due to the short period to settlement of these obligations.

		Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
17.	**DEFERRED REVENUE: GOVENMERNT GRANT**				
	During the current year a Department of Trade and Industry grant of R16,4 million (2015: Rnil) was received in terms of the Manufacturing Competitiveness Enhancement Programme of the South African government.	12 775	–		
	Included in financial statements as:				
	Current: Revenue to be recognised within 12 months	1 875	–		
	Non-current	10 900	–		
		12 775	–		
18.	**COMMITMENTS**				
	Operating lease arrangements where the Group is a lessee:				
	Future operating lease charges for premises:				
	– Payable within one year	30 914	31 024		
	– Payable within two to five years	87 966	94 704		
	– Payable after five years	9 259	3 046		
		128 139	128 774		
	Capital expenditure				
	Authorised by directors but not yet contracted for:				
	– Property, plant and equipment	123 837	166 223		
	Authorised by directors and contracted to be expended:				
	– Property, plant and equipment	107 633	54 962		

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

		Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
19.	**REVENUE**				
	Sale of goods	1 294 061	1 204 323	–	–
	Machine rental	2 144	1 025	–	–
		1 296 205	1 205 348	–	–
20.	**INVESTMENT INCOME**				
	Dividends				
	Subsidiaries	–	–	–	180 000
	Interest				
	Subsidiaries	–	–	29 352	16 607
	Financial institutions	5 874	5 801	412	324
		5 874	5 801	29 764	16 931
		5 874	5 801	29 764	196 931
21.	**STAFF COSTS**				
	Salaries and wages	293 231	280 136	–	–
	Retirement benefits – defined contribution	19 570	19 144	–	–
	Share-based payments	4 702	3 863	–	–
		317 503	303 143	–	–
22.	**FINANCE COSTS**				
	Bank loans and finance leases	31 609	24 211	–	–
	Subsidiaries	–	–	12 378	6 235
	Other	–	6	–	–
		31 609	24 217	12 378	6 235
23.	**PROFIT/(LOSS) BEFORE TAXATION**				
	The following items have been included in arriving at profit/(loss) before taxation:				
	Advertising and promotions	109 932	118 892	–	62
	Auditors' remuneration				
	– Audit fees – current year	8 529	7 502	430	588
	Consultancy fees	7 355	11 361	1 770	580
	Depreciation, amortisation and asset impairments	173 550	134 657	–	–
	Foreign currency gains	–	(31 318)	–	–
	Foreign currency losses	49 620	38	–	–
	Gaming levies	179 252	157 683	–	–
	Government grant income	(3 620)	–	–	–
	Impairment of goodwill	8 190	–	–	–
	Impairment of investment in joint venture	400	903	–	–
	Impairment of loan receivables	397	6 998	397	3 955
	Impairment of loans to subsidiaries	–	–	60 840	93 461
	Impairment of trade receivables – charged to allowance	4 966	11 531	–	–
	Inventory written off	20 951	21 900	–	–
	Loss on disposal of subsidiary	6 781	–	–	–
	Manangement fee buy-out	45 150	–	–	–
	Operating lease charges				
	– Plant and equipment	3 364	5 009	–	–
	– Premises	48 035	40 949	–	42
	Operating lease income	(4 941)	(3 908)	–	–
	Loss on disposal of property, plant and equipment	1 622	76	–	–
	Raw materials and consumables	833 066	784 492	–	–
	Remeasurement of remaining investment in associate	1 094	–	–	–
	Repairs and maintenance	18 368	22 378	–	–
	Staff costs	317 503	303 143	–	–
	VAT on net gaming win	117 684	102 917	–	–

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
24. TAXATION				
Current normal tax	59 781	59 046	–	–
Current normal tax – Under-/(over)provision prior years	255	(804)	180	–
Deferred tax – Current year	1 571	15 153	–	–
Deferred tax – Under-/(over)provision prior years	–	(69)	–	–
	61 607	73 326	180	–
Various subsidiaries have incurred operating losses, which resulted in losses for tax purposes. Deferred tax assets have not been raised unless it is probable that future taxable profits will be available against which the unused tax losses can be utilised.				
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	361 784	212 169	45 254	–
Tax relief at current rates:				
– Normal tax	101 524	59 561	12 671	–
Reconciliation of tax rate	%	%	%	%
Normal tax rate	28,0	28,0	28,0	28,0
Adjustment for foreign taxation	(4,8)	(1,7)	–	–
Capital losses and non-deductible expenses	10,7	6,0	(23,5)	35,8
Change in capital gains tax rate	1,5	–	–	–
Deferred tax not raised on losses	31,4	19,7	(12,9)	2,1
Losses/(income) from associates and joint ventures	0,5	(0,3)	–	–
Non-taxable income	(1,8)	(0,2)	8,4	(65,9)
Prior year charges	0,3	(0,5)	(0,2)	–
Raising of deferred tax assets not previously raised and utilising of tax losses	(13,7)	(7,2)	–	–
Effective rate	52,1	43,8	(0,2)	–

	2016 Number of shares '000	2015 Number of shares '000
25. EARNINGS PER SHARE		
25.1 WEIGHTED AVERAGE NUMBER OF SHARES		
Basic earnings	118 133	116 402
Adjustment for:		
Share options	258	1 965
Diluted earnings	118 390	118 367

	2016		2015	
	Gross R'000	Net R'000	Gross R'000	Net R'000
25. EARNINGS PER SHARE *(continued)*				
25.2 RECONCILIATION OF HEADLINE EARNINGS				
Earnings attributable to equity holders of the parent		44 721		80 286
IAS 12 Change in tax rate	1 747	998	–	–
IAS 16 Losses/(gains) on disposal of plant and equipment	1 622	473	76	(37)
IAS 16 Impairment of assets	9 384	6 767	4 837	3 585
IAS 27 Loss from disposal of subsidiaries	6 781	6 781	–	–
IAS 28 Impairment of investment in joint venture	400	177	903	419
IAS 36 Impairment of goodwill	8 190	8 190	–	–
IFRS 3 Fair value adjustment of remaining investment	1 094	1 094	–	–
Headline earnings attributable to equity holders of the parent		69 201		84 253

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
26. NOTES TO THE STATEMENTS OF CASH FLOWS				
26.1 CASH GENERATED BY/(UTILISED IN) OPERATIONS				
Profit/(loss) after taxation for the year	56 607	94 008	(98 640)	76 449
Taxation	61 607	73 326	180	–
Investment income	(5 874)	(5 801)	(29 764)	(196 931)
Depreciation, amortisation and asset impairments	173 550	134 657	–	–
Loss/(profit) on disposal of property, plant and equipment	1 622	76	–	–
Loss on disposal of subsidiary	6 781	–	–	–
Equity-accounted profits of associates and joint ventures	2 019	(1 474)	–	–
Unrealised foreign exchange differences	35 123	(20 148)	–	–
Government grant recognised in profit or loss	(3 620)	–	–	–
Movement in operating lease equalisation liability	940	2 341	–	–
Impairment of goodwill	8 190	–	–	–
Impairment of investment in joint venture	400	903	–	–
Impairment of loan receivables	397	6 998	397	3 955
Impairment of trade receivables – charged to allowance	4 966	11 531	–	–
Remeasurement of remaining investment in associate	1 094	–	–	–
Share-based payment expense	11 139	10 479	2 933	3 159
Finance charges	31 609	24 217	12 378	6 235
Impairment of loans to subsidiaries	–	–	60 840	93 461
	386 550	331 113	(51 676)	(13 672)
26.2 CHANGES IN WORKING CAPITAL				
Decrease/(increase) in inventory	4 821	(34 632)	–	–
Decrease/(increase) in trade and other receivables	23 391	(36 758)	23 808	(1 904)
Decrease in trade and other payables	(163 824)	(61 640)	(25 421)	(3 268)
	(135 612)	(133 030)	(1 613)	(5 172)
26.3 TAXATION PAID				
(Unpaid)/receivable at beginning of the year	(8 489)	(1 624)	54	54
Charged to the statement of profit or loss	(60 036)	(58 242)	(180)	–
Acquired through business combination	(2)	–	–	–
Unpaid/(receivable) at end of the year	4 860	8 489	–	(54)
	(63 667)	(51 377)	(126)	–

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
26. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*				
26.4 BUSINESS COMBINATIONS/DISPOSALS OF SUBSIDIARIES				
26.4.1 ACQUISITIONS				
Property, plant and equipment	(6 584)	(683)		
Intangible assets	(650)			
Trade and other receivables	(2 263)	–		
Inventory	(264)	(53)		
Cash and cash equivalents	(2 131)	(435)		
Trade and other payables	2 071	3 557		
Other current liabilities	1 418	3 693		
Loans with Group companies	13 680	3 049		
	5 277	9 128		
Non-controlling interest	812	–		
Goodwill on acquisition	(15 846)	(10 630)		
Cost of acquisition	(9 757)	(1 502)		
Derecognition of fair value of associate	4 758	–		
Cash and cash equivalents at date of acquisition	2 131	435		
Net cash outflow	(2 868)	(1 067)		
26.4.2 DISPOSALS				
Property, plant and equipment	3 956	13 746		
Trade and other receivables	717	5 089		
Inventories	52	450		
Cash and cash equivalents	449	1 227		
Trade and other payables	(396)	(624)		
Loans with Group companies	(8 584)	(18 270)		
Other current liabilities	(43)	(1 618)		
	(3 849)	–		
Goodwill	10 630	–		
Loss on disposal of subsidiary	(6 781)	–		
Less: Cash and cash equivalents disposed of	(449)	(1 227)		
Net cash outflow	(449)	(1 227)		
26.5 INVESTMENT IN SUBSIDIARIES				
Carrying amount of non-controlling interest acquired	–	(44 585)		
Increase in parent's equity	–	28 396		
Net cash outflow	–	(16 189)		
The increase in the investment in KWV was implemented as follows:				
Shares acquired by Niveus	–	(11 874)		
Treasury shares acquired by KWV	–	(4 315)		
	–	(16 189)		
26.6 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	161 071	132 286	557	25

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.

	2016 Direct and indirect beneficial Number	2016 Percentage holding %	2015 Direct and indirect beneficial Number	2015 Percentage holding %
27. DIRECTORS' INTEREST				
31 March				
Executive directors				
A van der Veen	**870 559**	**0,7**	870 559	0,8
MM Loftie-Eaton	**196 941**	**0,2**	140 659	0,1
Non-executive directors				
JA Copelyn	**7 173 840**	**6,0**	7 173 840	6,1
KI Mampeule	**960 250**	**0,8**	960 250	0,8
	9 201 590	**7,7**	9 145 308	7,8

Included in the comparative figures of JA Copelyn are 550 131 shares held by the The HCI Employee Trust (2001) on behalf of JA Copelyn.

No change occurred in the directors' interest from 31 March 2016 to the date of the approval of the annual financial statements other than noted in the directors' report.

	Niveus board fees[@] R'000	HCI board fees R'000	Salary R'000	Other benefits R'000	Gains from share options R'000	Bonus R'000	Total R'000
28. DIRECTORS' EMOLUMENTS							
Year ended 31 March 2016							
Executive directors							
A van der Veen	**–**	**–**	**3 970**	**745**	**4 922**	**1 548**	**11 185**
MM Loftie-Eaton	**–**	**–**	**1 603**	**40**	**1 515**	**1 042**	**4 200**
	–	**–**	**5 573**	**785**	**6 437**	**2 590**	**15 385**
Non-executive directors							
JA Copelyn	**126**	**–**	**6 114**	**877**	**3 488**	**2 752**	**13 357**
JG Ngocobo	**126**	**369**	**–**	**–**	**–**	**–**	**495**
LM Molefi	**126**	**369**	**–**	**–**	**–**	**–**	**495**
KI Mampeule	**126**	**–**	**–**	**–**	**–**	**–**	**126**
Y Shaik	**126**	**–**	**3 159**	**–**	**1 212**	**1 232**	**5 729**
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the Niveus Group	**–**	**(738)**	**(9 273)**	**(877)**	**(4 700)**	**(3 984)**	**(19 572)**
	630	**–**	**5 573**	**785**	**6 437**	**2 590**	**16 015**
Year ended 31 March 2015							
Executive directors							
A van der Veen	–	–	3 742	700	5 138	1 824	11 404
MM Loftie-Eaton	–	–	1 400	38	1 477	819	3 734
	–	–	5 142	738	6 615	2 643	15 138
Non-executive directors							
JA Copelyn	120	–	5 763	1 404	3 497	3 242	14 026
JG Ngocobo	120	347	–	–	–	–	467
LM Molefi	120	347	–	–	–	–	467
KI Mampeule	120	–	–	–	–	–	120
Y Shaik	120	–	2 978	–	1 157	9 995	14 250
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the Niveus Group	–	(694)	(8 741)	(1 404)	(4 654)	(13 237)	(28 730)
	600	–	5 142	738	6 615	2 643	15 738

[@] *Effective 1 April 2015*

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

29. SHARE OPTIONS

29.1 *DIRECTORS*

	Opening balance		Options granted			Options exercised				Closing balance	
	Number	Strike price	Number	Strike price	Vesting date	Number	Exercise date	Share price (R) on exercise date	Realised gain	Number	Strike price
Year ended 31 March 2016											
A van der Veen											
HCI shares	99 184	70,00								99 184	70,00
Niveus shares @	882 546	6,16				(882 546)	23-Sep-15	26,70	10 599 377	–	–
Niveus shares @	471 878	14,38								471 878	14,38
Niveus shares @	43 828	23,51								43 828	23,51
Niveus shares @	414 795	22,18								414 795	22,18
Niveus shares @	–	–	283 233	24,03	23-Sep-18					283 233	24,03
JA Copelyn											
HCI shares	308 571	70,00								308 571	70,00
HCI shares	137 015	72,32				(137 015)	10-Jun-15	157,73	13 186 386	–	–
HCI shares	136 471	77,24				(136 471)	24-Nov-15	134,78	9 234 991	–	–
HCI shares	103 607	118,06								103 607	118,06
HCI shares	12 631	150,07								12 631	150,07
HCI shares	72 864	135,99								72 864	135,99
HCI shares	–	–	102 442	123,49	27-Aug-18					102 442	123,49
MM Loftie-Eaton											
Niveus shares *	92 986	6,11				(92 986)	17-Jun-15	28,48	2 281 876	–	–
Niveus shares @	106 757	6,11				(106 757)	23-Sep-15	26,70	1 287 489	–	–
Niveus shares @	148 269	14,38								148 269	14,38
Niveus shares @	87 416	23,51								87 416	23,51
Niveus shares @	8 671	22,18								8 671	22,18
Niveus shares @	–	–	51 344	26,88	23-Jun-18					51 344	26,88
Niveus shares @	–	–	27 145	24,03	23-Sep-18					27 145	24,03
Y Shaik											
HCI shares	39 695	125,02								39 695	125,02
HCI shares	39 695	125,02								39 695	125,02
HCI shares	39 696	125,02								39 696	125,02
HCI shares	–	–	7 354	123,49	27-Aug-18					7 354	123,49

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

	Opening balance		Options granted			Options exercised				Closing balance	
	Number	Strike price	Number	Strike price	Vesting date	Number	Exercise date	Share price (R) on exercise date	Realised gain	Number	Strike price
29. SHARE OPTIONS *(continued)*											
***29.1 DIRECTORS** (continued)*											
Year ended 31 March 2015											
A van der Veen											
HCI shares	99 184	70,00								99 184	70,00
Niveus shares @	886 059	6,16				(886 059)	31-Mar-15	23,99	10 535 242	–	–
Niveus shares @	882 546	6,16								882 546	6,16
Niveus shares @	471 878	14,38								471 878	14,38
Niveus shares @	–	–	43 828	23,51	10-Sep-17					43 828	23,51
Niveus shares @			414 795	22,18	31-Mar-18					414 795	22,18
JA Copelyn											
HCI shares	308 571	70,00								308 571	70,00
HCI shares	137 015	72,32								137 015	72,32
HCI shares	136 471	77,24								136 471	77,24
HCI shares	103 607	118,06								103 607	118,06
HCI shares	–	–	12 631	150,07	27-Aug-17					12 631	150,07
HCI shares	–	–	72 864	135,99	18-Mar-18					72 864	135,99
MM Loftie-Eaton											
Niveus shares *	92 986	6,11				(92 986)	12-Aug-14	25	260 875	–	–
Niveus shares @	31 502	6,11				(31 502)	31-Mar-15	23,99	376 134	–	–
Niveus shares *	92 986	6,11								92 986	6,11
Niveus shares @	106 757	6,11								106 757	6,11
Niveus shares @	148 269	14,38								148 269	14,38
Niveus shares @	–	–	87 416	23,51	10-Sep-17					87 416	23,51
Niveus shares @	–	–	8 671	22,18	31-Mar-18					8 671	22,18
Y Shaik											
HCI shares	–	–	39 695	125,02	19-Mar-17					39 695	125,02
HCI shares	–	–	39 695	125,02	19-Mar-18					39 695	125,02
HCI shares	–	–	39 696	125,02	19-Mar-19					39 696	125,02

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

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

29. SHARE OPTIONS *(continued)*

29.1 DIRECTORS *(continued)*

The grant date fair value of the Niveus share options granted were determined using the Black-Scholes valuation model. The significant inputs into the model were the listed share price on grant date, volatility of 51,69% (2015: 52,31%) and an annual risk-free rate of 8,01% (2015: 7,39%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus shares were listed on the Johannesburg Stock Exchange in September 2012. The options have a vesting period of three years from grant date.

	2016 R'000	2015 R'000
Group and Company		
Equity-settled share-based payment expense for the year	**2 934**	3 159

29.2 KEY PERSONNEL OF SUBSIDIARIES

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

	Number of share options	
	2016	2015
Outstanding at the beginning of the year	**2 111 517**	1 642 576
Granted during the year	**726 694**	503 943
Vested and exercised during the year	**(1 140 621)**	–
Lapsed during the year	**–**	(35 002)
Outstanding at the end of the year	**1 697 590**	2 111 517

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

					Number of share options	
Grant date	Vesting date	Expiry date	Strike price	Maximum exercise price	2016	2015
10-Sep-12	10-Sep-15	10-Dec-15	7,12	17,52	**–**	1 140 621
11-Sep-12	10-Sep-16	10-Dec-16	7,12	23,65	**96 666**	96 666
12-Sep-12	10-Sep-17	10-Dec-17	7,12	31,93	**96 666**	96 666
10-Sep-13	10-Sep-16	10-Dec-16	15,30	37,64	**273 621**	273 621
01-Aug-14	01-Aug-17	01-Nov-17	24,26	59,68	**58 333**	58 333
01-Aug-14	01-Aug-18	01-Nov-18	24,26	80,57	**58 333**	58 333
01-Aug-14	01-Aug-19	01-Nov-19	24,26	108,77	**58 334**	58 334
10-Sep-14	10-Sep-17	10-Dec-17	23,51	57,84	**302 819**	302 819
16-Mar-15	16-Mar-18	16-Jun-18	22,99	56,56	**26 124**	26 124
22-May-15	22-May-18	22-Aug-18	23,64	58,16	**322 735**	–
23-Sep-15	23-Sep-18	23-Dec-18	24,03	59,12	**403 959**	–
					1 697 590	2 111 517

The grant date fair value of the share options granted were determined using the Black-Scholes valuation model. The significant inputs into the model were the listed share price on grant date, volatility of 51,09% (2015: 52,18%) and an annual risk-free rate of 8,06% (2015: 7,04%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus shares were listed on the Johannesburg Stock Exchange in September 2012.

Options vested and exercised during the year resulted in 455 964 shares being issued at a weighted average price of R27,40 each.

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

	2016 R'000	2015 R'000
Group		
Equity-settled share-based payment expense for the year	**2 897**	1 917

		Group	
		2016 R'000	2015 R'000
30.	**SEGMENT INFORMATION**		
	The following are the summarised results for the various reportable operating segments:		
	Revenue		
	Gaming and entertainment	71 991	49 963
	Beverages	1 224 214	1 155 385
		1 296 205	1 205 348
	Net gaming win		
	Gaming and entertainment	1 166 767	999 695
	EBITDA		
	Gaming and entertainment	347 858	266 064
	Beverages	67 345	92 152
	Other	(79 220)	(38 380)
		335 983	319 836
	Depreciation and amortisation		
	Gaming and entertainment	131 657	98 837
	Beverages	32 481	30 976
	Other	28	7
		164 166	129 820
	Profit/(loss) before tax		
	Gaming and entertainment	160 220	127 276
	Beverages	34 969	61 678
	Other	(76 975)	(21 620)
		118 214	167 334
	Headline earnings		
	Gaming and entertainment	128 859	93 304
	Beverages	16 646	26 958
	Other	(76 304)	(36 009)
		69 201	84 253
	Assets		
	Gaming and entertainment	821 628	719 442
	Beverages	2 068 626	2 063 702
	Other	85 803	69 617
		2 976 057	2 852 761
	Liabilities		
	Gaming and entertainment	510 620	436 996
	Beverages	370 373	389 123
	Other	15 836	40 997
		896 829	867 116
	Fixed asset additions		
	Gaming and entertainment	156 616	233 334
	Beverages	44 628	38 339
	Other	75	34
		201 319	271 707
	Group revenue is attributable to the following geographical areas:		
	Republic of South Africa	806 113	708 239
	Europe and the United Kingdom	304 863	327 764
	Africa (excl. South Africa)	61 940	95 698
	Rest of the world	123 289	73 647
		1 296 205	1 205 348

31. RELATED PARTY INFORMATION

Related parties

Holding company:	Hosken Consolidated Investments Limited
Subsidiaries of holding company:	Euphorbia Proprietary Limited Gallagher Convention Centre Limited HCI Managerial Services Proprietary Limited Johnnic Holdings Management Services Limited Limtech Biometric Solutions Proprietary Limited
Subsidiaries of Niveus Group:	Betcoza Online (RF) Proprietary Limited Bingo Vision Proprietary Limited Cherry Moss Trade and Invest 188 Proprietary Limited Galaxy Gaming Eastern Cape Proprietary Limited Jacaranda Royal Casino Limited KWV South Africa Proprietary Limited Niveus AG Galaxy Gaming and Entertainment Proprietary Limited Niveus Invest 1 Proprietary Limited Niveus Invest 3 Proprietary Limited Niveus Invest 9 Proprietary Limited Niveus Managerial Services Proprietary Limited Niveus-KWV Holdings Proprietary Limited Vukani Gaming Corporation Proprietary Limited
Associates:	Paarl Valley Bottling Company Proprietary Limited
Joint ventures:	Red Dawn IP Holding Proprietary Limited Solamoyo Processing Company Proprietary Limited
Minority shareholders of subsidiaries:	Bukiwe Ndema Euro Blitz 1129 CC K2011104255 Proprietary Limited Moody Blue Trade and Invest 124 Proprietary Limited Tuffsan Investments 1019 Proprietary Limited Yaounde Investments Proprietary Limited Zamori 356 Proprietary Limited
Key management	

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
31. RELATED PARTY INFORMATION *(continued)*				
31.1 RELATED PARTY TRANSACTIONS				
Management fees received from/(paid to)				
Bukiwe Ndema	–	(326)	–	–
Bingo Vision Proprietary Limited	–	–	6 918	6 829
Euro Blitz 1129 CC	–	(237)	–	–
Johnnic Holdings Management Services Limited	(54 395)	(16 654)	(54 395)	(16 654)
K2011104255 Proprietary Limited	(505)	(476)	(505)	–
KWV South Africa Proprietary Limited	–	–	3 210	2 940
Vukani Gaming Corporation Proprietary Limited	–	–	7 160	7 630
Yaounde Investments Proprietary Limited	(1 406)	(1 428)	–	–
Zamori 356 Proprietary Limited	(1 875)	(2 792)	–	–
Sales of goods and services				
HCI Managerial Services Proprietary Limited	33	164	–	–
KWV South Africa Proprietary Limited	–	–	76	–
Zamori 356 Proprietary Limited	65	–	–	–
Salary recoveries				
HCI Managerial Services Proprietary Limited	(372)	(120)	(372)	(120)
Bingo Vision Proprietary Limited	–	–	9 533	–
Johnnic Holdings Management Services Limited	(13 334)	(15 966)	(8 255)	(7 872)
Vukani Gaming Corporation Proprietary Limited	–	–	2 961	–
Purchases of goods and services				
Gallagher Convention Centre Limited	(75)	(122)	–	–
HCI Managerial Services Proprietary Limited	(321)	(224)	–	–
KWV South Africa Proprietary Limited	–	–	(96)	(308)
Limtech Biometric Solutions Proprietary Limited	(122)	(338)	–	–
Rent paid				
Euphorbia Proprietary Limited	(2 120)	(442)	–	–
KWV South Africa Proprietary Limited	–	–	(44)	(41)
Interest received/(paid)				
Bingo Vision Proprietary Limited	–	–	18 572	11 740
Niveus AG	–	–	–	66
Niveus Invest 1 Proprietary Limited	–	–	8 979	3 798
Niveus Invest 3 Proprietary Limited	–	–	1 385	969
Niveus Invest 9 Proprietary Limited	–	–	415	–
Vukani Gaming Corporation Proprietary Limited	–	–	(12 379)	(6 235)
Dividends paid				
K2011104255 Proprietary Limited	(500)	(500)	–	–
Tuffsan Investments 1019 Proprietary Limited	(1 650)	(1 650)	–	–
Yaounde Investments Proprietary Limited	(1 500)	(1 500)	–	–
Zamori 356 Proprietary Limited	(2 000)	(2 000)	–	–
Key management compensation				
Salaries and other short-term benefits	(8 517)	(11 256)	–	–
Share options	(3 847)	(3 184)	–	–

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
31. RELATED PARTY INFORMATION *(continued)*				
31.2 RELATED PARTY BALANCES				
Year-end balances arising from sales/purchases of goods/services				
Betcoza Online (RF) Proprietary Limited	–	–	11	–
Bukiwe Ndema	–	(326)	–	–
Bingo Vision Proprietary Limited	–	–	–	10 890
Euro Blitz 1129 CC	–	(237)	–	–
HCI Managerial Services Proprietary Limited	(288)	63	(288)	–
Johnnic Holdings Management Services Limited	(5 880)	(35 768)	(5 880)	(35 768)
K2011104255 Proprietary Limited	(39)	(40)	–	–
KWV South Africa Proprietary Limited	–	–	1	(1)
Yaounde Investments Proprietary Limited	(116)	(119)	–	–
Zamori 356 Proprietary Limited	(177)	(1 073)	–	–
Loans receivable/(payable)				
Bingo Vision Proprietary Limited (before impairment provision of R87 636 719 (2015: R65 901 009)	–	–	198 434	112 650
Cherry Moss Trade and Invest 188 Proprietary Limited (before impairment provision of R48 492 914 (2015: 31 924 850)	–	–	51 362	40 749
Galaxy Gaming Eastern Cape Proprietary Limited	–	–	8 330	19 544
HCI Treasury Proprietary Limited	–	–	–	–
Moody Blue Trade and Invest 124 Proprietary Limited	2 768	2 768	–	–
Galaxy Gaming and Entertainment Proprietary Limited (before impairment provision of R61 668 075 (2015: R60 914 919)	–	–	124 876	124 876
Niveus Invest 1 Proprietary Limited (before impairment provision of R23 776 130 (2015: R8 077 713)	–	–	81 138	71 039
Niveus Invest 3 Proprietary Limited (before impairment provision of R12 993 538 (2015: R10 745 723)	–	–	12 994	10 746
Niveus Invest 9 Proprietary Limited (before impairment provision of R2 280 926 (2015: Rnil)	–	–	13 145	–
Niveus-KWV Holdings Proprietary Limited	–	–	419 535	419 526
Niveus Managerial Services Proprietary Limited	–	–	11 338	1 938
Tuffsan Investments 1019 Proprietary Limited	1 071	1 294	–	–
Vukani Gaming Corporation Proprietary Limited	–	–	(171 338)	(20 294)

32. CONTINGENT LIABILITIES

Group

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

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

Company

Bank deposits of R2 million (2015 : R2 million) 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 operates.

		Principal activity	Date of acquisition	Proportion of shares acquired
33.	**BUSINESS COMBINATIONS/DISPOSALS**			
33.1	***SUBSIDIARIES ACQUIRED***			
	Betcoza Online (RF) Proprietary Limited	Gaming	15/12/01	42,6%
	Red Stripe Trading 107 Proprietary Limited	Catering	16/01/01	100,0%
	The Glen Restaurant Proprietary Limited	Catering	16/01/01	100,0%

		Group 2016 R'000	Group 2015 R'000
33.2	***BETCOZA ONLINE (RF) PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH FLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED***		
	Non-current assets		
	Property, plant and equipment	87	
	Intangible assets	650	
	Current assets		
	Trade and other receivables	353	
	Cash and cash equivalents	1 901	
	Current liabilities		
	Trade and other payables	(1 579)	
	Equity at acquisition	1 412	
	Non-controlling interest	(812)	
	Goodwill on acquisition	9 157	
	Cost of acquisition	9 757	
	Derecognition of provisional fair value of associate	(4 758)	
	Cash balances acquired	(1 901)	
	Net cash outflow on acquisition	3 098	

Effective 1 December 2015, an additional 25,1% of the ordinary share capital of Betcoza Online (RF) Proprietary Limited, was acquired by a Group subsidiary increasing its shareholding to 50,1% and obtained control of Betcoza Online (RF) Proprietary Limited. The effective shareholding held by the Group is 42,59%.

In terms of IFRS 3: Business Combinations, Niveus has a maximum of 12 months from the date of acquisition to complete the acquisition accounting of Betcoza Online (RF) Proprietary Limited. The allocation of the purchase consideration to the identifiable assets and subsequent amendment to the recorded goodwill will therefore be reported in the folowing year, retrospectively for the year ended 31 March 2016.

		Group 2016 R'000	Group 2015 R'000
33.3	***RED STRIPE TRADING 107 PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH FLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED***		
	Non-current assets		
	Property, plant and equipment	4 079	
	Current assets		
	Trade and other receivables	1 219	
	Inventory	143	
	Cash and cash equivalents	173	
	Current liabilities		
	Trade and other payables	(141)	
	Other current liabilities	(409)	
	Loans with Group companies	(9 505)	
	Equity at acquisition	(4 441)	
	Goodwill on acquisition	4 441	
	Cost of acquisition	–	
	Cash balances acquired	(173)	
	Net cash inflow on acquisition	(173)	

	Group 2016 R'000	2015 R'000
33. BUSINESS COMBINATIONS/DISPOSALS *(continued)*		
33.4 THE GLEN RESTAURANT PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH FLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED		
Non-current assets		
Property, plant and equipment	2 418	
Current assets		
Trade and other receivables	691	
Inventory	121	
Cash and cash equivalents	57	
Current liabilities		
Trade and other payables	(351)	
Other current liabilities	(1 009)	
Loans with Group companies	(4 175)	
Equity at acquisition	(2 248)	
Goodwill on acquisition	2 248	
Cost of acquisition	–	
Cash balances acquired	(57)	
Net cash inflow on acquisition	(57)	

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

33.5 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The businesses acquired during the year contributed revenues of R7,7 million and net losses before tax of R6,6 million to the Group for the periods from dates of effective control to 31 March 2016. Had the acquisitions been effective on 1 April 2015 the contribution to revenue would have been R30,4 million and a loss before tax of R13,9 million.

	Group 2016 R'000	2015 R'000
33.6 PROCEEDS ON DISPOSAL, NET CASH FLOW ON DISPOSAL AND ANALYSIS OF ASSETS AND LIABILITIES DISPOSED OF GALAXY GAMING AND ENTERTAINMENT LYDENBURG PROPRIETARY LIMITED		
Non-current assets		
Property, plant and equipment	(3 956)	
Current assets		
Trade and other receivables	(717)	
Inventory	(52)	
Cash and cash equivalents	(449)	
Current liabilities		
Trade and other payables	396	
Loans with Group companies	8 584	
Other current liabilities	43	
	3 849	
Goodwill	(10 630)	
Loss on disposal of subsidiary	6 781	
Cash and cash equivalents disposed of	(449)	
Net cash outflow on disposal	(449)	

34. FINANCIAL RISK MANAGEMENT

34.1 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.

34.1.1 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.

Management decided to hedge a significant portion of the KWV 2017 budgeted export sales during 2016 as detailed below:

Group 2016	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 R'000
Contracts and options to sell foreign currency					
British pound	175	19,51	3 413	1 577	1 836
Canadian dollar	316	10,37	3 280	8 996	(5 716)
Euro	4 526	13,85	62 673	92 256	(29 583)
Japanese yen	24 963	0,11	2 747	9 432	(6 685)
			72 113	112 261	(40 148)
Zero cost foreign exchange options		Floor-cap	Cap in R'000		
US dollar	1 124	12,34 – 13,14	14 764	19 140	(4 376)
			86 877	131 401	(44 524)
Hedging in respect of future sales					
Fixed rate contracts and options					
Euro	18 500	17,30	320 050	–	320 050
US dollar	246	15,78	3 886	–	3 886
			323 936	–	323 936
Total for 2016			410 813	131 401	279 412

Group 2015	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 R'000
34. FINANCIAL RISK MANAGEMENT *(continued)*					
34.1 FINANCIAL RISK FACTORS *(continued)*					
34.1.1 MARKET RISK (continued)					
Contracts and options to sell foreign currency					
British pound	118	19,48	2 305	3 532	(1 227)
Canadian dollar	497	10,39	5 163	5 037	126
Euro	3 000	13,99	41 958	71 499	(29 541)
Japanese yen	17 600	0,11	1 884	6 958	(5 074)
US dollar	750	11,43	8 572	19 681	(11 109)
			59 882	106 707	(46 825)
Hedging in respect of future sales					
Fixed rate contracts and options					
British pound	1 184	10,14	12 006	–	12 006
Canadian dollar	1 717	12,24	21 009	–	21 009
Euro	13 174	13,72	180 689	–	180 689
Japanese yen	155 541	0,11	16 634	–	16 634
US dollar	439	19,15	8 405	–	8 405
			238 743	–	238 743
Zero cost foreign exchange options		Floor-cap	Floor in R'000		
US dollar	2 732	12,34 – 13,14	33 736	–	33 736
			272 479	–	272 479
Total for 2015			332 361	106 707	225 654

Contracts to buy foreign currency	Contracted foreign amount FC'000	Average exchange rate	Total contracted amount R'000	Foreign currency payable R'000	Uncovered as at 31 March R'000
Group 2016					
British pound	**–**	**–**	**–**	**153**	**(153)**
Canadian dollar	**–**	**–**	**–**	**611**	**(611)**
Danish krones	**–**	**–**	**–**	**50**	**(50)**
Euro	**–**	**–**	**–**	**84 793**	**(84 793)**
Hong Kong dollar	**–**	**–**	**–**	**99**	**(99)**
Japanese yen	**–**	**–**	**–**	**1 976**	**(1 976)**
US dollar	**732**	**14,83**	**10 854**	**34 727**	**(23 873)**
			10 854	**122 409**	**(111 555)**
Group 2015					
British pound	–	–	–	728	(728)
Canadian dollar	–	–	–	1 151	(1 151)
Danish krones	–	–	–	8	(8)
Euro	–	–	–	4 369	(4 369)
US dollar	–	–	–	263	(263)
			–	6 519	(6 519)

34. FINANCIAL RISK MANAGEMENT *(continued)*

34.1 FINANCIAL RISK FACTORS (continued)

34.1.1 MARKET RISK (continued)

The following significant exchange rates applied during the year:	Average rate 2016	Average rate 2015	Reporting date 2016	Reporting date 2015
British pound	20,73	17,81	21,42	17,98
Canadian dollar	10,49	9,73	11,63	9,54
Euro	15,21	13,99	16,91	13,11
Swiss franc	14,16	11,75	15,41	12,38
US dollar	13,78	11,06	14,93	12,16

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2015.

	Profit/(loss) 2016 R'000	Profit/(loss) 2015 R'000
British pound	484	1 398
Canadian dollar	1 167	2 148
Danish krones	(5)	(1)
Euro	48 837	27 665
Hong Kong dollar	10	–
Japanese yen	1 020	2 548
Swiss franc	346	86
US dollar	3 579	7 479

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:

	2016 R'000	2015 R'000
Trade and other receivables		
British pound	1 176	3 105
Canadian dollar	8 169	4 922
Euro	89 196	60 021
Japanese yen	8 691	6 958
Swiss franc	3 390	859
US dollar	18 542	13 725
	129 164	89 590
Bank and cash balances		
British pound	401	428
Canadian dollar	828	116
Euro	25 274	11 478
Japanese yen	741	–
Swiss franc	74	–
US dollar	1 073	6 197
	28 391	18 219
Hedging instruments		
British pound	3 413	10 710
Canadian dollar	3 280	17 170
Euro	382 723	222 647
Japanese yen	2 747	18 519
US dollar	18 651	63 316
	410 814	332 362

34. FINANCIAL RISK MANAGEMENT *(continued)*

34.1 FINANCIAL RISK FACTORS (continued)

34.1.1 MARKET RISK (continued)

	Profit/(loss) 2016 R'000	2015 R'000
Trade and other payables		
British pound	153	263
Canadian dollar	611	728
Danish krones	50	8
Euro	8 825	17 498
Hong Kong dollar	99	–
Japanese yen	1 976	–
US dollar	2 471	8 447
	14 185	26 944

Interest rate risk

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

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

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

	Group Carrying amount		Company Carrying amount	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Variable rate instruments				
Bank balances	161 071	132 286	557	25
Loans to subsidiaries	–	–	206 764	132 194
Loans from subsidiaries	–	–	171 338	20 294
Loans receivable	4 353	3 960	4 353	3 960
Borrowings	310 870	278 487	–	–
Finance lease liabilities	1 399	2 231	–	–
	477 693	416 964	383 012	156 473

Fair value sensitivity analysis for variable rate instruments:

Group

A change of 100 basis points in interest rates would have increased or decreased profit after tax by R1,05 million (2015: R0,7 million).

Company

A change of 100 basis points in interest rates would have increased or decreased profit after tax by R1,06 million (2015: R834 000).

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.

34.1.2 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 is monitored regularly. Refer to notes 8 and 11 for further credit risk analysis in respect of loans receivable and trade and other receivables. No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

34.1.3 LIQUIDITY RISK

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

34. FINANCIAL RISK MANAGEMENT *(continued)*

34.1 FINANCIAL RISK FACTORS (continued)

34.1.3 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 statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Group			
At 31 March 2016			
Bank and other borrowings	243 177	105 262	–
Derivative financial instruments	47 424	–	–
Trade and other payables	325 449	6 932	–
	616 050	112 194	–
At 31 March 2015			
Bank and other borrowings	39 013	291 801	–
Derivative financial instruments	1 585	–	–
Trade and other payables	312 640	5 823	–
	353 238	297 624	–
Company			
At 31 March 2016			
Trade and other payables	8 130	6 932	–
Loans from subsidiary	171 338	–	–
	179 468	6 932	–
At 31 March 2015			
Trade and other payables	37 028	3 457	–
Loans from Group company	20 294	–	–
	57 322	3 457	–

34.2 CAPITAL RISK MANAGEMENT

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

	Group	
The own capital ratios are as follows:	2016 R'000	2015 R'000
Total capital and reserves	2 079 228	1 985 645
Total assets	2 976 057	2 852 761
Own capital ratio	70%	70%

34. FINANCIAL RISK MANAGEMENT *(continued)*

34.3 FAIR VALUE ESTIMATION

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

Level 1 – Quoted prices available in active markets for identical assets or liabilities
Level 2 – Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly
Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data

The following assets and liabilities are measured at fair value:

Group 2016	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through profit or loss				
Derivative financial instruments	–	19 626	–	19 626
Investment properties	–	–	6 978	6 978
Total assets	–	19 626	6 978	26 604
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	47 424	–	47 424
Total liabilities	–	47 424	–	47 424
Group 2015				
Assets				
Financial assets at fair value through profit or loss				
Derivative financial instruments	–	3 715	–	3 715
Investment properties	–	–	6 813	6 813
Total assets	–	3 715	6 813	10 528
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	1 585	–	1 585
Total liabilities	–	1 585	–	1 585

35. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to year-end, on 25 May 2016, a cash dividend of 10 cents per share was declared and approved by the board of directors. The cash dividend of R12 million was paid to shareholders on 20 June 2016.

On 11 May 2016 it was announced that conditional agreements have been concluded in terms of which KWV South Africa Proprietary Limited shall dispose of the operational assets of the KWV Group, and that KWV Holdings Limited shall dispose of all of its shares in and loan accounts against its wholly owned subsidiary, KWV Intellectual Properties Proprietary Limited for an aggregate consideration of approximately R1,15 billion.

The agreements are subject to a number of conditions, of which the following is the most important:
- Approval of the transactions by a special resolution of the shareholders of KWV (obtained at annual general meeting held on 29 July 2016);
- Successful completion of a due diligence investigation by the purchaser companies (completed);
- Approval of the transactions by the Competition Authorities (obtained on 24 August 2016).

The consideration will be paid as follows:
- R575 million (50% of the purchase consideration) will be paid on the effective date of the transactions and the remainder will be deferred and settled in three instalments on each of the first, second and third anniversaries of the effective date.
- The full consideration of R 1 150 000 000 will increase by 6% per annum from 1 May 2016 onwards. This increase will be added to the value of the three deferred instalments.
- These deferred instalments will be secured by way of bank guaranteed promissory notes; and they will carry interest at 8,5%, annually compounded.

The financial effects of this transaction have not been recognised at 31 March 2016 due to it not being effective yet. Provided that the remaining administrative conditions precedent are met, the effective date of the transaction is likely to be 1 October 2016.

This transaction will result in a loss on disposal at Group level in the 2017 financial year. This was considered to be an indicator of impairment of the affected assets. An impairment test was perfomred that indicated that the recoverable amount, determined by using the higher of the value in use and fair value less cost to sell, exceeds the carrying value of the assets. Therefore, no impairment loss was recognised in the 2016 financial year.

No other material events that may have a significant influence on the financial position of the Group occurred between the date of the financial year-end and the date of approval of the financial statements.

36. **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	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Group										
Assets										
Non-current assets	**29 329**	9 238	**–**	–	**1 398 687**	1 328 767	**–**	–	**1 428 016**	1 338 005
Property, plant and equipment	**–**	–	**–**	–	**1 204 622**	1 150 507	**–**	–	**1 204 622**	1 150 507
Investment properties	**–**	–	**–**	–	**6 978**	6 813	**–**	–	**6 978**	6 813
Goodwill	**–**	–	**–**	–	**57 386**	60 360	**–**	–	**57 386**	60 360
Intangible assets	**–**	–	**–**	–	**73 637**	77 279	**–**	–	**73 637**	77 279
Investments in associates and joint ventures	**4 986**	4 876	**–**	–	**30 414**	16 817	**–**	–	**35 400**	21 693
Deferred taxation	**–**	–	**–**	–	**25 650**	16 991	**–**	–	**25 650**	16 991
Loans receivable	**24 343**	4 362	**–**	–	**–**	–	**–**	–	**24 343**	4 362
Current assets	**468 251**	427 495	**–**	–	**1 060 164**	1 083 546	**19 626**	3 715	**1 548 041**	1 514 756
Inventories	**–**	–	**–**	–	**1 034 797**	1 039 406	**–**	–	**1 034 797**	1 039 406
Derivative financial instruments	**–**	–	**–**	–	**–**	–	**19 626**	3 715	**19 626**	3 715
Trade and other receivables	**304 341**	277 265	**–**	–	**23 801**	42 898	**–**	–	**328 142**	320 163
Loans receivable	**2 839**	17 944	**–**	–	**–**	–	**–**	–	**2 839**	17 944
Taxation	**–**	–	**–**	–	**1 566**	1 242	**–**	–	**1 566**	1 242
Cash and cash equivalents	**161 071**	132 286	**–**	–	**–**	–	**–**	–	**161 071**	132 286
Total assets	**497 580**	436 733	**–**	–	**2 458 851**	2 412 313	**19 626**	3 715	**2 976 057**	2 852 761
Liabilities										
Non-current liabilities	**–**	–	**92 983**	261 033	**145 507**	124 670	**6 932**	5 823	**245 422**	391 526
Operating lease equalisation liability	**–**	–	**–**	–	**5 235**	4 079	**–**	–	**5 235**	4 079
Borrowings	**–**	–	**92 983**	261 033	**–**	–	**–**	–	**92 983**	261 033
Other payables	**–**	–	**–**	–	**–**	–	**6 932**	5 823	**6 932**	5 823
Deferred revenue: government grant	**–**	–	**–**	–	**10 900**	–	**–**	–	**10 900**	–
Deferred taxation	**–**	–	**–**	–	**129 372**	120 591	**–**	–	**129 372**	120 591
Current liabilities	**–**	–	**544 735**	332 325	**59 248**	141 680	**47 424**	1 585	**651 407**	475 590
Trade and other payables	**–**	–	**325 449**	312 640	**50 947**	131 949	**–**	–	**376 396**	444 589
Deferred revenue: government grant	**–**	–	**–**	–	**1 875**	–	**–**	–	**1 875**	–
Derivative financial instruments	**–**	–	**–**	–	**–**	–	**47 424**	1 585	**47 424**	1 585
Current portion of borrowings	**–**	–	**217 887**	17 454	**–**	–	**–**	–	**217 887**	17 454
Current portion of finance lease liabilities	**–**	–	**1 399**	2 231	**–**	–	**–**	–	**1 399**	2 231
Taxation	**–**	–	**–**	–	**6 426**	9 731	**–**	–	**6 426**	9 731
Total liabilities	**–**	–	**637 718**	593 358	**204 755**	266 350	**54 356**	7 408	**896 829**	867 116

36. FINANCIAL INSTRUMENTS *(continued)*

	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments		Fair value through profit or loss		Total	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Company										
Assets										
Non-current assets	686 846	623 503	–	–	65 232	65 232	–	–	752 078	688 735
Investments in subsidiaries	682 745	623 503	–	–	65 232	65 232	–	–	747 977	688 735
Loans receivable	4 101	–	–	–	–	–	–	–	4 101	–
Current assets	988	11 353	–	–	–	247	–	–	988	11 600
Trade and other receivables	202	11 328	–	–	–	193	–	–	202	11 521
Loans receivable	229	–	–	–	–	–	–	–	229	–
Taxation	–	–	–	–	–	54	–	–	–	54
Cash and cash equivalents	557	25	–	–	–	–	–	–	557	25
Total assets	687 834	634 856	–	–	65 232	65 479	–	–	753 066	700 335
Non-current liabilities	–	–	6 932	3 457	–	–	–	–	6 932	3 457
Other payables	–	–	6 932	3 457	–	–	–	–	6 932	3 457
Liabilities										
Current liabilities	–	–	179 468	57 322	–	–	–	–	179 468	57 322
Trade and other payables	–	–	8 130	37 028	–	–	–	–	8 130	37 028
Loans from subsidiaries	–	–	171 338	20 294	–	–	–	–	171 338	20 294
Total liabilities	–	–	186 400	60 779	–	–	–	–	186 400	60 779