NIVEUS
INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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SHAREHOLDERS' DIARY

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Annual general meeting	1 November 2017
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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
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
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 (resigned April 2017)
Rachel Watson (appointed May 2017)
Francine-Ann du Plessis (appointed July 2017)
Michael Joubert (appointed July 2017)
Wessel van der Merwe (appointed July 2017)

SHAREHOLDER SNAPSHOT

ANALYSIS OF SHAREHOLDERS

Listed below are analyses of shareholdings extracted from the register of ordinary shareholders at 31 March 2017.

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000 shares	185	27,74	66 544	0,06
1 001 – 10 000 shares	324	52,09	1 223 697	1,03
10 001 – 50 000 shares	61	9,81	1 206 823	1,01
50 001 – 100 000 shares	14	2,25	1 037 525	0,87
100 001 – 500 000 shares	18	2,89	3 728 411	3,13
500 001 – 1 000 000 shares	8	1,29	5 717 638	4,80
Over 1 000 000	12	1,93	106 182 096	89,11
	622	100,00	119 162 734	100,00

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Banks	2	0,32	235 128	0,20
Close corporation	22	3,54	3 611 596	3,03
Endowment fund	1	0,16	10 000	0,01
Individual	441	70,90	21 676 759	18,19
Investment company	23	3,70	73 146 272	61,38
Pension fund	4	0,64	34 901	0,03
Private company	29	4,66	18 360 726	15,41
Public company	6	0,96	510 313	0,43
Trust	94	15,11	1 577 039	1,32
	622	100,00	119 162 734	100,00

SHAREHOLDER SNAPSHOT *(CONTINUED)*

SIGNIFICANT SHAREHOLDINGS

At 31 March 2017, as far as Niveus is aware, the following shareholders beneficially held, either directly or indirectly, 5% or more of the issued shares:

Shareholder	Number of shares	% of issued capital
HCI	62 294 907	52,28
Directors as shown in shareholder analysis		

SHAREHOLDER ANALYSIS

31 March 2017	Number of shareholders	% of shareholding	Number of shares	% of issued capital
Public	612	98,80	47 170 523	39,58
Non-public	10	1,20	71 992 211	60,42
HCI	1	0,16	62 294 907	52,28
JA Copelyn#^ (indirect)	1	0,16	7 173 840	6,02
CG du Toit* (direct)	1	0,16	336 446	0,28
CG du Toit^* (indirect)	1	0,16	139 973	0,12
KI Mampeule^ (indirect)	1	0,16	960 250	0,80
CB Mogiba* (direct)	1	0,16	19 295	0,02
A van der Veen# (direct)	1	0,16	870 559	0,73
MM Loftie-Eaton# (direct)	1	0,16	196 941	0,17
Total	622	100,00	119 162 734	100,00

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

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, 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 auditor 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

11 August 2017
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 2017, 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

11 August 2017
Cape Town

REPORT OF THE AUDIT AND RISK COMMITTEE

Members: KI Mampeule (resigned), Dr LM Molefi (chairperson), R Watson and JG Ngcobo

The audit and risk committee submits this report for the financial year ending 31 March 2017, 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 of and reaching an agreement on the agendas to the meetings.

The chairman attended the annual general meeting held on 1 November 2016.

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 on top of the reporting process, which includes the system of internal financial control. The audit and risk committee is ultimately accountable to both the board and shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King 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 those set out in section 94 of the Act and in terms of the committee's terms of reference and those more fully set out in the corporate governance report. In connection with the above, the committee has:

- reviewed the interim, provisional and year-end financial statements, which culminated in a recommendation to the board for their adoption;
- reviewed legal matters that could have a significant impact on the Group's financial statements;
- reviewed the external audit report on the annual financial statements;
- assessed the effectiveness and quality of the external auditor;
- confirmed that no reportable irregularities were identified or reported by the external auditor;
- evaluated policies and procedures regarding internal controls as well as the adequacy of and adherence to controls;
- reviewed risk registers of subsidiary companies;
- reviewed and approved the internal audit plan;
- reviewed internal audit reports;
- reviewed the board-approved internal audit charter;
- evaluated compliance with the JSE Listings Requirements;
- 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, while taking note of the appointment of Michelle da Costa as the designated auditor for 2017;
- 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, which includes the system of internal financial control.

CONFIDENTIAL MEETINGS

Meeting agendas allow for confidential meetings between the committee members and the external auditor and internal audit team, which are held regularly.

INTERNAL AUDIT

The committee has oversight of the Group's financial statements and reporting process, which includes the system of internal financial control. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties.

The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The committee is responsible for the appointment, performance assessment and dismissal of the chief audit executive. The chief audit executive functionally reports to the chair of the committee and administratively to the financial director.

COMPETENCE OF THE FINANCIAL DIRECTOR

As is required by JSE Listings Requirement 3.84(h), the committee has reviewed the performance of the Group financial director, Muriel Loftie-Eaton, and is satisfied that she has the necessary expertise and experience to fulfil this role and has performed satisfactorily 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 the probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risk monitoring is continuous; and
- the board receives assurance regarding the effectiveness of Group risk management.

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

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

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

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

PREPARATION AND RECOMMENDATION 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.

Based on the information provided, the consolidated financial statements have been recommended for approval by the board.

Dr Moretlo Molefi
CHAIRMAN: AUDIT AND RISK COMMITTEE

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NIVEUS INVESTMENTS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Niveus Investments Limited (the Group) set out on pages 11 to 67, which comprise the statements of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Change in accounting estimate – gaming equipment and site development costs As disclosed in note 36 to the financial statements, management's annual reassessment of assigned useful lives on gaming equipment and site development costs has resulted in a change to the estimated useful lives on these categories of assets. The effect of this change in estimate is a decrease in depreciation for the year under review of R18 million. We identified this change as a key audit matter as the assessment is subject to management estimates and has a significant impact on the financial results.	We have reviewed management's estimates and backup data supporting the change in estimate. We have reperformed all calculations taking into account the revised useful life assessments.
Impairment considerations – investments in associates and joint ventures and loans receivable Included in the financial statement are investments in associates and joint ventures (R73,7 million reflected in note 5) and loans receivable (R666,4 million reflected in note 8). We identified these impairment considerations as a key audit matter as it is reliant on management's estimations which has a significant impact on the financial results.	For net investments in associates and joint ventures we have reviewed management's cash flow projections supporting the investments' recoverability. For loans receivable we have reviewed management's key estimates, supported by external information, including current repayment trends and securities in place. Using the above information, we have made an assessment of the appropriateness of impairment allowances raised by management.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the integrated annual report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and out auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Grant Thornton

GRANT THORNTON
Registered Auditors
Practice Number: 903485E

MA da Costa
Partner
Registered Auditor
Chartered Accountant (SA)

11 August 2017

@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 property sectors. The main investments are Galaxy Gaming and Entertainment Proprietary Limited ("Galaxy"), Vukani Gaming Corporation Proprietary Limited ("Vukani") and La Concorde Holdings Limited ("La Concorde").

RESULTS

The Group made attributable headline earnings of R214 million (2016: R69 million) for the year.

Earnings from continuing operations increased from 28,5 cents to 150,1 cents per share. Earnings from discontinued operations decreased from 9,4 cents per share to a loss per share of 157,8 cents. This is mainly due to the disposal of the business assets of KWV. While the market value of Niveus's investment in KWV exceeded the historical acquisition cost, an accounting loss of R216 million net of minority interest was recognised. The loss recognised on consolidation is due to fair value adjustments written off, which were required to be recognised in terms of IFRS upon the acquisition of control in KWV.

A final dividend of 22 cents per share was declared after year-end on 24 May 2017, paid on 19 June 2017, and was therefore not provided for in the annual financial statements.

BUSINESS COMBINATIONS AND DISPOSAL OF SUBSIDIARIES

During the year, the Group acquired a 75% interest in Slots and Keno Limited – a company incorporated in Tanzania. The main business of the company is the operation of gaming machines. Refer to notes 31 to 32 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 2017 was 500 000 000 ordinary shares of no par value.

At 31 March 2017, the total shares issued was 119 162 734.

Refer to note 11 to the annual financial statements for more information on the Group's stated capital.

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2017, the Group's investment in property, plant and equipment and investment properties amounted R0,7 billion (2016: R1,2 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. Khutso Mampeule resigned during April 2017. Rachel Watson was appointed as independent non-executive director during May 2017 and Francine-Ann du Plessis, Michael Joubert and Wessel van der Merwe were temporarily appointed as independent non-executive directors during July 2017 for the purposes of the proposed unbundling of Niveus's shares in wholly owned subsidiary Niveus Invest 19 Limited.

Details of directors' shareholdings and emoluments appear in notes 25 and 26.

During the year, on 16 January 2017, Muriel Loftie-Eaton exercised 148 269 options at R13,56 per option and André van der Veen exercised 471 878 options at R13,56.

Share options on Niveus's shares are granted by the administrator and details thereof are provided for disclosure purposes in the annual financial statements. No options were granted or exercised since 31 March 2017 to date of approval of the integrated annual report.

In accordance with the Company's MOI, John Copelyn, Rachel Watson and Moretlo Molefi will retire by rotation at the forthcoming annual general meeting. The retiring directors, being eligible, offer themselves for re-election.

GOING CONCERN

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

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

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

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 financial year ending 31 March 2018.

FINANCIAL COVENANTS

Vukani has a loan facility of R103 million from FirstRand Bank Limited, and a combined facility of R167 million from FirstRand Bank Limited and Sanlam Life Insurance 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 and Sanlam Life Insurance Fund Limited with a financial covenant compliance certificate every six months. During the 2017 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 2017.

SUBSEQUENT EVENTS

Refer to note 34 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 2017

	Notes	Group 2017 R'000	Group 2016 Restated R'000	Company 2017 R'000	Company 2016 R'000
Assets					
Non-current assets		**1 315 728**	1 429 924	**5 129 908**	752 078
Property, plant and equipment	1	**659 202**	1 204 622	**–**	–
Investment properties	2	**28 638**	6 978	**–**	–
Goodwill	3	**59 944**	56 444	**–**	–
Intangible assets	4	**18 480**	76 487	**–**	–
Investments in associates and joint ventures	5	**73 707**	35 400	**2 029**	–
Investments in subsidiaries	6	**–**	–	**5 127 879**	747 977
Deferred taxation	7	**28 251**	25 650	**–**	–
Loans receivable	8	**447 506**	24 343	**–**	4 101
Current assets		**1 057 007**	1 548 041	**15 261**	988
Inventories	9	**6 285**	1 034 797	**–**	–
Derivative financial instruments		**–**	19 626	**–**	–
Trade and other receivables	10	**122 590**	328 142	**14 642**	202
Loans receivable	8	**218 947**	2 839	**300**	229
Taxation		**451**	1 566	**–**	–
Cash and cash equivalents	24.5	**708 734**	161 071	**319**	557
Non-current assets held for sale	32	**5 419**	–	**–**	–
Total assets		**2 378 154**	2 977 965	**5 145 169**	753 066
Equity and liabilities					
Capital and reserves		**1 881 755**	2 080 498	**5 106 044**	566 666
Stated capital	11	**925 399**	925 399	**925 399**	925 399
Other reserves	12	**(65 988)**	(46 183)	**4 333**	4 202
Accumulated profits/(losses)		**454 854**	502 051	**4 176 312**	(362 935)
Equity attributable to equity holders of the parent		**1 314 265**	1 381 267	**5 106 044**	566 666
Non-controlling interest	6.2	**567 490**	699 231	**–**	–
Non-current liabilities		**231 344**	246 060	**–**	6 932
Operating lease equalisation liability		**4 373**	5 235	**–**	–
Borrowings	13	**205 623**	92 983	**–**	–
Other payables	15	**–**	6 932	**–**	6 932
Deferred revenue: government grant		**–**	10 900	**–**	–
Deferred taxation	7	**21 348**	130 010	**–**	–
Current liabilities		**262 596**	651 407	**39 125**	179 468
Trade and other payables	15	**206 710**	376 396	**39 125**	8 130
Deferred revenue: government grant		**–**	1 875	**–**	–
Derivative financial instruments		**–**	47 424	**–**	–
Loans from subsidiaries	6	**–**	–	**–**	171 338
Current portion of borrowings	13	**38 512**	217 887	**–**	–
Finance lease liabilities	14	**532**	1 399	**–**	–
Taxation		**16 842**	6 426	**–**	–
Non-current liabilities held for sale	32	**2 459**	–	**–**	–
Total equity and liabilities		**2 378 154**	2 977 965	**5 145 169**	753 066

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2017

		Group		Company	
	Notes	2017 R'000	2016 Restated R'000	2017 R'000	2016 R'000
Revenue	17	86 639	74 941	–	–
Net gaming win		1 322 610	1 162 298	–	–
		1 409 249	1 237 239	–	–
Other income		6 489	3 033	–	–
Other operating expenses		(1 028 543)	(972 809)	(17 876)	(55 006)
Depreciation and amortisation		(125 243)	(132 458)	–	–
Share of (losses)/profits of associates and joint ventures		(6 345)	(1 366)	–	–
Investment income	18	54 073	3 969	170 136	29 764
Fair value adjustment investment in associate		–	(1 094)	–	–
Fair value adjustment of investment property		403	–	–	–
Impairment of assets	1	(3 749)	(7 927)	–	–
Impairment of goodwill	3	(3 958)	(8 190)	–	–
Impairment of investment in joint venture	5	(6 971)	–	–	–
Reversal of impairment/(impairment) of loans to subsidiaries	6	–	–	162 377	(60 840)
Gain/(loss) on disposal of subsidiary	24.4	6 074	(6 781)	4 281 510	–
Finance costs	20	(30 332)	(29 977)	(12 850)	(12 378)
Profit/(loss) before taxation	21	271 147	83 639	4 583 297	(98 460)
Taxation	22	(71 340)	(50 147)	–	(180)
Profit/(loss) for the year from continuing operations		199 807	33 492	4 583 297	(98 640)
Discontinued operations	32	(326 255)	23 115	–	–
Group (loss)/profit		(126 448)	56 607	4 583 297	(98 640)
Attributable to:					
Equity holders of the parent		(9 154)	44 721		
Non-controlling interest		(117 294)	11 886		
		(126 448)	56 607		
Earnings per share (cents)	23	(7,7)	37,9		
– Continuing operations		150,1	28,5		
– Discontinued operations		(157,8)	9,4		
Diluted earnings per share (cents)	23	(7,6)	37,8		
– Continuing operations		149,2	28,4		
– Discontinued operations		(156,8)	9,4		

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

		Group		Company	
	Notes	2017 R'000	2016 R'000	2017 R'000	2016 R'000
(Loss)/profit for the year		(126 448)	56 607	4 583 297	(98 640)
Other comprehensive income net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences	12	(20 725)	24 213	–	–
Total comprehensive (loss)/income for the year		(147 173)	80 820	4 583 297	(98 640)
Attributable to:					
Equity holders of the parent		(29 879)	68 648		
Non-controlling interest		(117 294)	12 172		
		(147 173)	80 820		
Total comprehensive income attributable to equity holders of the parent arises from:					
Continuing operations		157 852	56 618		
Discontinued operations		(187 731)	12 030		
		(29 879)	68 648		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Stated capital R'000	Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000
Group						
Balance as at 31 March 2015		867 756	(70 216)	497 478	690 627	1 985 645
Stated capital						
Shares issued	11	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		–	–	–	2 082	2 082
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**	**699 231**	**2 080 498**
Current operations						
Total comprehensive loss for the year		**–**	**(20 725)**	**(9 154)**	**(117 294)**	**(147 173)**
Business combinations	31.3	**–**	**–**	**–**	**(1 596)**	**(1 596)**
Equity-settled share-based payments		**–**	**7 304**	**–**	**–**	**7 304**
Effects of changes in holding		**–**	**–**	**2 476**	**(6 901)**	**(4 425)**
Capital reductions and dividends		**–**	**–**	**(46 903)**	**(5 950)**	**(52 853)**
Transfer of reserves		**–**	**(6 384)**	**6 384**	**–**	**–**
Balance as at 31 March 2017		**925 399**	**(65 988)**	**454 854**	**567 490**	**1 881 755**

	Notes	Stated capital R'000	Other reserves R'000	Accumulated losses R'000	Total R'000
Company					
Balance at 31 March 2015		867 756	3 966	(232 166)	639 556
Stated capital					
Shares issued	11	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)
Balance at 31 March 2016		**925 399**	**4 202**	**(362 935)**	**566 666**
Current operations					
Total comprehensive income for the year		**–**	**–**	**4 583 297**	**4 583 297**
Equity-settled share-based payments		**–**	**2 984**	**–**	**2 984**
Transfer of reserves		**–**	**(2 853)**	**2 853**	**–**
Capital reductions and dividends		**–**	**–**	**(46 903)**	**(46 903)**
Balance at 31 March 2017		**925 399**	**4 333**	**4 176 312**	**5 106 044**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

		Group		Company	
	Notes	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Cash flows from operating activities		357 744	162 849	(14 219)	(53 401)
Cash generated by/(utilised in) operations	24.1	422 554	386 550	9 325	(51 676)
Investment income		28 135	6 054	5	13
Changes in working capital	24.2	10 889	(135 612)	(23 549)	(1 614)
Cash generated by/(utilised in) operating activities		461 578	256 992	(14 219)	(53 275)
Finance costs		(35 654)	(30 476)	–	–
Taxation paid	24.3	(68 180)	(63 667)	–	(126)
Cash flows from investing activities		293 536	(182 357)	(2 101)	(4 324)
Business combinations	24.4	466	(2 868)	–	–
Investment in:					
– Subsidiary companies		(4 426)	–	–	–
– Associated companies and joint ventures	5	(48 516)	(21 196)	(2 029)	–
Dividends received		–	255	–	–
Disposal of subsidiaries	24.4	–	(449)	–	–
Loans receivable: advances		(18 164)	(11 187)	(72)	(4 324)
Intangible assets: additions		(3 368)	(3 243)	–	–
Investment property: additions		(93)	(165)	–	–
Disposal of business assets	32	520 483	–	–	–
Property, plant and equipment:					
– Additions		(165 154)	(151 242)	–	–
– Disposals		12 308	7 738	–	–
Cash flows from financing activities		(102 512)	48 293	16 082	58 257
Capital reduction		–	(12 452)	–	(12 452)
Dividends paid to shareholders		(38 965)	(27 803)	(33 365)	(22 376)
Government grant received		–	16 395	–	–
Proceeds from share issue		–	45 150	–	45 150
Loans from subsidiary companies		–	–	49 447	47 935
Long-term funding received		253 302	50 000	–	–
Long-term funding repaid		(316 849)	(22 997)	–	–
Cash and cash equivalents					
Movement for the year		548 768	28 785	(238)	532
At beginning of the year		161 071	132 286	557	25
Classified as held for sale		(1 105)	–	–	–
At end of the year	24.5	708 734	161 071	319	557

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 2017, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date control ceases.

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

(ii) TRANSACTIONS AND NON-CONTROLLING INTERESTS

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

(iii) JOINT ARRANGEMENTS

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

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

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

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

(iv) ASSOCIATES

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

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

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

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

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.

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 1.10.)

(i) DEPRECIATION

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

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	7 years
Motor vehicles	4 – 15 years
Gaming equipment and signage	3 – 10 years
Site leasehold improvements	6 years

(ii) PROFIT OR LOSS ON DISPOSAL

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

1.5 INVESTMENT PROPERTIES

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

Investment properties are valued every third year.

1.6 INTANGIBLE ASSETS

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

Amortisation is recognised together with depreciation in profit or loss.

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

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

(i) COMPUTER SOFTWARE

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

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group that will probably generate future economic benefits are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate 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 rate method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective-interest calculation and taken to net interest payable over the life of the instrument.

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

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

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

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

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

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

(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 INVENTORIES

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

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

1.9 STATED CAPITAL

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

1.10 IMPAIRMENT OF ASSETS

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

(i) GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

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

(ii) OTHER ASSETS

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

Subsidiaries, joint ventures and associated companies

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

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

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

Financial instruments carried at amortised cost

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

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

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

Financial assets carried at fair value

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

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

1.11 NON-CURRENT ASSETS HELD FOR SALE

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

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

1.12 REVENUE RECOGNITION

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

(i) SALE OF GOODS

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

(ii) RENDERING OF SERVICES

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

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

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

1.13 LEASES

(i) THE GROUP IS THE LESSEE

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

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

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

(ii) THE GROUP IS THE LESSOR

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

1.14 TAX

(i) INCOME TAX

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

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

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

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

(ii) DIVIDENDS WITHHOLDING TAX

Dividends paid by the Company to shareholders that are not exempt are subject to dividends withholding tax at a rate of 20% (2016: 15%; 2015: 15%).

1.15 DIVIDEND DISTRIBUTIONS

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

1.16 EMPLOYEE BENEFITS

(i) DEFINED-CONTRIBUTION PLANS

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

(ii) TERMINATION BENEFITS

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

(iii) BONUS PLANS

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

(iv) SHARE-BASED PAYMENTS

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

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

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

1.17 EARNINGS PER SHARE

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

2.1 ESTIMATED IMPAIRMENT OF GOODWILL

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

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

2.2 TAXATION

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

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

2.3 ASSET LIVES AND RESIDUAL VALUES

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

2.4 IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

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

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 2017.

The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2017. 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 2019
IFRS 2	Share-based Payments	March 2019
IFRS 15	Revenue from Contracts with Customers	March 2019
IFRS 16	Leases	March 2020
IAS 7	Statement of Cash Flows	March 2018
IAS 12	Income Taxes	March 2018
IAS 40	Transfers of Investment Property	March 2019
IFRIC 22	Foreign Currency Transactions and Advance Considerations	March 2019

		Group	
		2017 R'000	2016 Restated R'000
1.	PROPERTY, PLANT AND EQUIPMENT		
	Cost		
	Computer and office equipment	43 223	42 152
	Plant and machinery	16 688	515 249
	Plant under construction	–	2 666
	Land and buildings	193 247	485 052
	Furniture and fittings	56 157	144 310
	Art	40 580	40 580
	Gaming machines	575 232	562 818
	Motor vehicles	29 257	30 144
	Motor vehicles under finance lease	1 180	4 063
	Gaming equipment and signage	52 256	48 679
	Site leasehold improvements	144 880	143 248
		1 152 700	2 018 961
	Accumulated depreciation and impairments		
	Computer and office equipment	34 477	28 799
	Plant and machinery	6 348	309 134
	Land and buildings	3 665	18 810
	Furniture and fittings	37 179	102 378
	Art	89	89
	Gaming machines	284 084	246 240
	Motor vehicles	12 189	15 231
	Motor vehicles under finance lease	1 029	2 703
	Gaming equipment and signage	36 447	30 229
	Site leasehold improvements	77 991	60 726
		493 498	814 339
	Carrying value		
	Computer and office equipment	8 746	13 353
	Plant and machinery	10 340	206 115
	Plant under construction	–	2 666
	Land and buildings	189 582	466 242
	Furniture and fittings	18 978	41 932
	Art	40 491	40 491
	Gaming machines	291 148	316 578
	Motor vehicles	17 068	14 913
	Motor vehicles under finance lease	151	1 360
	Gaming equipment and signage	15 809	18 450
	Site leasehold improvements	66 889	82 522
		659 202	1 204 622
	Movements in property, plant and equipment		
	Balance at beginning 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

	Group 2017 R'000	2016 Restated R'000
1. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
Additions		
Computer and office equipment	**3 084**	6 690
Plant and machinery	**13 970**	30 136
Plant under construction	**3 335**	1 391
Land and buildings	**2 051**	9 236
Furniture and fittings	**4 943**	12 307
Gaming machines	**71 548**	107 099
Motor vehicles	**11 859**	3 928
Motor vehicles under finance lease	**1 543**	4 142
Gaming equipment and signage	**3 736**	7 324
Site leasehold improvements	**13 011**	19 066
	129 080	201 319
Additions through business combinations		
Computer and office equipment	**168**	262
Plant and machinery	**–**	37
Furniture and fittings	**–**	2 485
Gaming machines	**287**	–
Site leasehold improvements	**–**	3 800
	455	6 584
Disposal of businesses (refer to note 32)		
Computer and office equipment	**–**	(343)
Plant and machinery	**(202 520)**	(88)
Plant under construction	**(6 001)**	–
Land and buildings	**(257 032)**	–
Furniture and fittings	**(17 761)**	(434)
Motor vehicles	**(4 745)**	–
Site leasehold improvements	**–**	(3 091)
	(488 059)	(3 956)
Disposals		
Computer and office equipment	**(147)**	(597)
Plant and machinery	**(790)**	(2 596)
Land and buildings	**–**	(5)
Furniture and fittings	**(2 515)**	(489)
Gaming machines	**(9)**	(1 217)
Motor vehicles	**(319)**	(489)
Motor vehicles under finance lease	**(390)**	(649)
Site leasehold improvements	**(4 825)**	(111)
	(8 995)	(6 153)
Depreciation		
Computer and office equipment	**(7 569)**	(7 639)
Plant and machinery	**(4 697)**	(19 267)
Land and buildings	**(515)**	(1 598)
Furniture and fittings	**(7 030)**	(14 248)
Art	**–**	(3)
Gaming machines	**(74 061)**	(77 051)
Motor vehicles	**(4 640)**	(3 691)
Motor vehicles under finance lease	**(2 362)**	(4 141)
Gaming equipment and signage	**(6 300)**	(5 964)
Site leasehold improvements	**(21 827)**	(25 107)
	(129 001)	(158 709)

		Group	
		2017 R'000	2016 Restated R'000
1.	**PROPERTY, PLANT AND EQUIPMENT** *(continued)*		
	Transfers		
	Computer and office equipment	(111)	724
	Plant and machinery	54	(17 274)
	Land and buildings transfer to investment property	(21 164)	–
	Furniture and fittings	29	1 566
	Gaming machines	(658)	14 692
	Motor vehicles	–	95
	Gaming equipment and signage	(70)	(737)
	Site leasehold improvements	(1 022)	934
		(22 942)	–
	Exchange differences		
	Computer and office equipment	(14)	2
	Furniture and fittings	73	(228)
	Gaming machines	(22 270)	23 326
	Gaming equipment and signage	2	(14)
		(22 209)	23 086
	Impairments		
	Computer and office equipment	(18)	(129)
	Plant and machinery	(1 792)	(19)
	Furniture and fittings	(693)	(1 145)
	Gaming machines	(267)	(113)
	Motor vehicles	–	(182)
	Gaming equipment and signage	(9)	(7)
	Site leasehold improvements	(970)	(6 461)
		(3 749)	(8 056)
	Balance at end of the year		
	Computer and office equipment	8 746	13 353
	Plant and machinery	10 340	206 115
	Plant under construction	–	2 666
	Land and buildings	189 582	466 242
	Furniture and fittings	18 978	41 932
	Art	40 491	40 491
	Gaming machines	291 148	316 578
	Motor vehicles	17 068	14 913
	Motor vehicles under finance lease	151	1 360
	Gaming equipment and signage	15 809	18 450
	Site leasehold improvements	66 889	82 522
		659 202	1 204 622

The Group recognised impairments of property, plant and equipment with a net book value of R3,7 million (2016: R8 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 13.

		Group	
		2017 R'000	2016 Restated R'000
2.	INVESTMENT PROPERTIES		
	Investment properties consist of:		
	Erf 1282 Middelburg, Mpumalanga, in extent 1 788 m²	3 942	3 900
	Erf 5530, Grahamstown, Eastern Cape, in extent of 578 m²	3 533	3 078
	Erf 31403, Main Street House, Paarl, Western Cape, 549 m²	3 986	–
	Erf 11919, De Hoop Farm, Paarl, Western Cape, in extent of 3,3 ha	4 560	–
	Erf 31366, Picardie Farm, Paarl, Western Cape, in extent of 16,4 ha	12 416	–
	Erf 212, 213, 214, 223, 224, Klapmuts erven, in extent 5 502 m²	201	–
		28 638	6 978

Investment properties are stated at fair value.

The fair value of all the investment properties, totalling R28,6 million, was calculated based on internal valuations. The net rental income-based valuation used by the external valuators in the prior years were updated internally for income from existing contracts and current operating costs per property. Net income per property were capitalised at a rate of 8,61% determined by the SA-listed REIT return adjusted by the property location factor as per the M&M ideology.

	2017 R'000	2016 Restated R'000
Reconciliation of carrying value		
At beginning of the year	6 978	6 813
Additions	92	165
Transfers from property, plant and equipment	21 164	–
Fair value adjustment	404	–
At end of the year	28 638	6 978
Rental income from investment properties	2 690	901
Direct operating expenses relating to rental income from investment properties	(1 627)	(254)

		Group	
		2017 R'000	2016 Restated R'000
3.	**GOODWILL**		
	Arising on acquisition of shares in subsidiaries	59 944	56 444
	Reconciliation of carrying value		
	At beginning of the year	56 444	60 360
	– Cost	64 977	60 703
	– Accumulated impairment	(8 533)	(343)
	Addition through business combination	7 458	14 904
	Disposal of subsidiary	–	(10 630)
	Impairment of goodwill	(3 958)	(8 190)
	At end of the year	59 944	56 444
	– Cost	72 435	64 977
	– Accumulated impairment	(12 491)	(8 533)

Goodwill relates mainly to the Group's limited pay-out gaming (R51,7 million; 2016: R48,2 million) and sports betting (R8,2 million; 2016: R8,2 million), cash-generating units.

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

A growth rate of 4,5% was applied and cash flows were discounted at 16% (2016: 16%) due to the cash-generating units being in the gambling industry with similar risk and growth profiles. The discount rate includes a risk premium adjustment to the risk-free rate to reflect the higher expected returns of the gambling industry.

The following assumptions were applied when reviewing goodwill impairment:

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

The impairment of R3,96 million related mainly to the subsidiaries acquired during the year as per note 31. 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 2017					
Carrying value at beginning of the year	**5 400**	**55 133**	**10 109**	**5 845**	**76 487**
Additions	**2 962**	**5**	**340**	**–**	**3 307**
Held for sale	**(8)**	**–**	**(1 327)**	**–**	**(1 335)**
Transfers	**60**	**–**	**(1 902)**	**–**	**(1 842)**
Foreign exchange differences	**(7)**	**–**	**–**	**–**	**(7)**
Disposals	**(195)**	**–**	**–**	**–**	**(195)**
Disposal of businesses	**(1 740)**	**(54 741)**	**–**	**–**	**(56 481)**
Amortisation	**(400)**	**(392)**	**(662)**	**–**	**(1 454)**
Carrying value at end of the year	**6 072**	**5**	**6 558**	**5 845**	**18 480**
Cost	**15 105**	**5**	**9 494**	**5 845**	**30 449**
Accumulated amortisation and impairments	**(9 033)**	**–**	**(2 936)**	**–**	**(11 969)**
	6 072	**5**	**6 558**	**5 845**	**18 480**
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	3 500	–	–	–	3 500
Amortisation	(1 135)	(3 487)	(835)	–	(5 457)
Impairment	–	–	(1 328)	–	(1 328)
Carrying value at end of the year	5 400	55 133	10 109	5 845	76 487
Cost	27 110	85 138	13 998	5 845	132 091
Accumulated amortisation and impairments	(21 710)	(30 005)	(3 889)	–	(55 604)
	5 400	55 133	10 109	5 845	76 487

Refer to note 30 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 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% (2016: 16%). The discount rate includes a risk premium adjustment to the risk-free rate to reflect the higher expected returns of the gambling industry. Future expected profits were estimated using historical information and approved budgets extending over five years. Cash flows were extended into perpetuity as management have no reason to believe that the casino will not continue past the budget period.

No intangible assets were pledged as security.

	Group				Company	
	Group's interest		Carrying value		Carrying value	
	2017 %	2016 %	2017 R'000	2016 R'000	2017 R'000	2016 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						
Brannas Draught Proprietary Limited	**0**	25	**–**	1 099	**–**	–
EC Gaming Uitenhage Proprietary Limited	**29**	29	**5 787**	31	**–**	–
Galaxy Bingo Butterworth Proprietary Limited	**49**	49	**7 611**	8 923	**–**	–
Galaxy Bingo KWT Proprietary Limited	**40**	40	**12 374**	4	**–**	–
Galaxy Gaming and Entertainment Lydenburg Proprietary Limited	**50**	50	**10 951**	7 589	**–**	–
Galaxy Gaming Zone 4 EC Proprietary Limited	**49**	49	**6 475**	246	**–**	–
Newtown Grill Proprietary Limited	**29**	29	**798**	430	**–**	–
Galaxy Gaming Limpopo Proprietary Limited	**29**	0	**6 413**	–	**–**	–
Galaxy Bingo Moruleng Proprietary Limited	**40**	0	**5 403**	–	**–**	–
Niveus Invest 12 Proprietary Limited	**50**	0	**1 224**	–	**–**	–
Paarl Valley Bottling Company Proprietary Limited	**31**	31	**13 470**	12 734	**–**	–
VBet Western Cape Proprietary Limited	**40**	0	**1 137**	–	**–**	–
Joint ventures						
Red Dawn IP Holdings Proprietary Limited	**0**	50	**–**	–	**–**	–
Red Dawn Wine Licensing Proprietary Limited	**0**	50	**–**	4	**–**	–
Solamoyo Processing Company Proprietary Limited	**0**	40	**–**	4 340	**–**	–
Niveus Invest 15 Proprietary Limited	**50**	0	**2 064**	–	**2 029**	–
			73 707	35 400	**2 029**	–
Galaxy Gaming and Entertainment Lydenburg Proprietary Limited and Niveus Invest 12 Proprietary Limited are classified as associates due to the Group not being able to appoint 50% or more of the directors of the companies.						
Equity interest						
– Unlisted shares at cost less impairment			**74 789**	25 116	**2 029**	–
– Interest in post-acquisition reserves			**(1 082)**	5 298	**–**	–
			73 707	30 414	**2 029**	–
Loans						
– Solamoyo Processing Company Proprietary Limited			**–**	4 986	**–**	–
			73 707	35 400	**2 029**	–
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			**35 400**	21 693	**–**	–
Disposal of interest			**(5 418)**	–	**–**	–
Share of net losses of associates and joint ventures			**(6 345)**	(2 019)	**–**	–
Dividends received from associates			**–**	(255)	**–**	–
Change in control from associate to subsidiary			**–**	(4 758)	**–**	–
Acquisition of additional interest			**55 088**	21 029	**–**	–
Impairment of investment in joint venture			**(6 971)**	(400)	**–**	–
Net loans advanced			**1 953**	110	**2 029**	–
			73 707	35 400	**2 029**	–
The summarised financial information in respect of the Group's principal associates and joint ventures is set out below:						
Total assets			**141 573**	100 656	**–**	–
Total liabilities			**(128 612)**	(79 450)	**–**	–
Net assets			**12 961**	21 206	**–**	–
Reconciliation to carrying amount						
Opening net assets – 1 April			**21 206**	42 389	**–**	–
Associates and joint ventures acquired			**(361)**	(16 238)	**–**	–
Associate acquired as subsidiary			**–**	(1 412)	**–**	–
Loss for the year			**(7 581)**	(2 709)	**–**	–
Associates and joint ventures disposed			**(303)**	–	**–**	–
Dividends declared			**–**	(824)	**–**	–
Closing net assets – 31 March			**12 961**	21 206	**–**	–
Group share of net assets of associates and joint ventures			**(2 250)**	2 432	**–**	–
Loans to associates and joint ventures			**66 272**	19 759	**2 029**	–
Goodwill			**9 685**	8 223	**–**	–
Carrying amount			**73 707**	30 414	**2 029**	–
Revenue			**148 839**	134 743	**–**	–
Group's share of associates' and joint ventures' losses for the year			**(6 345)**	(2 019)	**–**	–
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 2017 %	Ownership interest held 2016 %	Company 2017 R'000	Company 2016 R'000
6. INVESTMENTS IN SUBSIDIARIES					
6.1 COMPOSITION OF THE GROUP (MATERIAL SUBSIDIARIES)					
Shares					
Niveus AG	Switzerland	100	100	60 124	60 124
Galaxy Gaming and Entertainment Proprietary Limited	South Africa	0	100	–	–
Niveus Invest 19 Limited	South Africa	100	0	4 600 000	–
Niveus Invest 1 Proprietary Limited	South Africa	0	100	–	–
Niveus-La Concorde Holdings Proprietary Limited	South Africa	100	100	1	1
Vukani Gaming Corporation Proprietary Limited	South Africa	0	100	–	5 107
				4 660 125	65 232
Loans to subsidiaries					
– Amount receivable				543 780	921 150
– Allowance for impairment				(76 026)	(238 405)
				467 754	682 745
Loans from subsidiaries					
– Amount payable				–	(171 338)
				5 127 879	576 639
Non-current assets				5 127 879	747 977
Current liabilities				–	(171 338)
				5 127 879	576 639

These loans are unsecured, interest-free and have no fixed terms of repayment, with the exception of the loans to Niveus Invest 3 Proprietary Limited and Niveus Invest 9 Proprietary Limited, which bear interest at prime plus 2% (2016: prime plus 2%).

Loans to subsidiaries amounting to R76 026 000 (2016: R238 403 129) have been subordinated in favour of other creditors, until such time as the subsidiaries' assets, fairly valued, exceed its liabilities, or 1 April 2018.

Details of loans to and from subsidiaries are set out in note 29.2.

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"):

Name	Proportion of NCI ownership 2017 %	2016 %	(Loss)/profit allocated to NCI 2017 R'000	2016 R'000	Accumulated NCI 2017 R'000	2016 R'000
La Concorde Holdings Limited	42,4	42,87	(123 757)	10 315	597 456	728 114

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

	2017 R'000	2016 R'000
Non-current assets	636 760	754 765
Current assets	803 514	1 314 254
Total assets	1 440 274	2 069 019
Non-current liabilities	20 530	140 182
Current liabilities	10 661	230 415
Total liabilities	31 191	370 597
Equity attributable to equity holders of the parent	811 627	970 308
Non-controlling interest	597 456	728 114
Revenue	572 243	1 224 214
(Loss)/profit for the year attributable to equity holders of the parent	(165 574)	13 747
(Loss)/profit for the year attributable to non-controlling interest	(123 757)	10 315
Other comprehensive income attributable to equity holders of the parent	–	(48)
Other comprehensive income attributable to non-controlling interest	–	(38)
Total comprehensive (loss)/income for the year	(289 331)	23 976
Cash flows from operating activities	46 585	3 353
Cash flows from investing activities	496 567	(46 128)
Cash flows from financing activities	4 436	16 395
Net cash flow	547 588	(26 380)

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

	Group 2017 R'000	Group 2016 Restated R'000
7. DEFERRED TAX		
Movements in deferred taxation		
At beginning of the year	(104 360)	(103 600)
Charge to statement of profit or loss	49 476	(2 209)
Accelerated tax allowances	39 009	(1 319)
Provisions and accruals	(9 371)	(5 973)
Prepayments	(321)	(441)
Share-based payment	1 546	–
Assets revaluations	22 929	9 109
Finance leases	(56)	(30)
Assessed losses	(4 217)	(3 884)
Straight-lining of leases	(43)	329
Recognised directly in equity – share-based payment accruals	2 107	1 449
Discontinued operations	59 680	–
At end of the year	6 903	(104 360)
Analysis of deferred taxation		
Accelerated tax allowances	(23 075)	(121 767)
Provisions and accruals	4 896	12 160
Prepayments	(924)	(603)
Assets revaluations	(818)	(23 748)
Finance leases	116	172
Assessed losses	24 387	28 607
Straight-lining of leases	775	819
Share-based payment	1 546	–
	6 903	(104 360)
Disclosed as follows:		
Deferred taxation assets	28 251	25 650
Deferred taxation liabilities	(21 348)	(130 010)
	6 903	(104 360)

	Group		Company	
	2017 R'000	2016 Restated R'000	2017 R'000	2016 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	871	1 071	–	–
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 R4,83 million is unsecured, bears interest at prime and is repayable on demand. The full loan balance was impaired at 31 March 2017.				
Unsecured loans				
The loans receivable are unsecured, interest-free, and are repayable in monthly instalments based on gaming win generated.	14 439	5 983	–	–
The loans receivable are unsecured, interest-free and payable on demand.	300	4 330	300	4 330
The Bridge Grill Proprietary Limited	14 079	12 567	–	–
The loan receivable is unsecured, interest-free and payable on demand.				
Nivest Invest 4 Proprietary Limited	2 817	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.				
Euro Blitz 1129 CC	12	12	–	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
Blue Alley Trading 103 Proprietary Limited	200	–	–	–
The loan is unsecured, interest-free and has no fixed terms of repayment.				
Promissory notes	630 967	–	–	–
On 14 October 2016, R575 million, approximately 50% of the purchase consideration for the sale of the KWV operational assets was paid by the buyer. The remainder of the purchase consideration is deferred and will be settled in three instalments on 1 October 2017, 1 October 2018 and 1 October 2019. The instalments are secured by way of Investec Bank payment obligations that carry interest at 8,5%, compounded annually.				
	666 453	27 182	300	4 330
Less: Current portion of loans receivable	(218 947)	(2 839)	(300)	(229)
	447 506	24 343	–	4 101

		Impaired R'000	Fully performing R'000	Total R'000
8.	**LOANS RECEIVABLE** *(continued)*			
	Analysis of credit risk			
	Group – 2017			
	Gross amounts owing	4 833	666 453	671 286
	Less: Allowance for impairment	(4 833)	–	(4 833)
	Net amount owing	–	666 453	666 453
	Credit rating on unsecured debt:	–	666 453	666 453
	C: Good for the amount quoted	–	666 453	666 453
	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
	Credit rating on unsecured debt:	–	27 182	27 182
	C: Good for the amount quoted	–	27 182	27 182
	Company – 2017			
	Gross amounts owing	–	300	300
	Less: Allowance for impairment	–	–	–
	Credit rating on unsecured debt:	–	300	300
	C: Good for the amount quoted	–	300	300
	Company – 2016			
	Gross amounts owing	–	4 330	4 330
	Less: Allowance for impairment	–	–	–
	Credit rating on unsecured debt:	–	4 330	4 330
	C: Good for the amount quoted	–	4 330	4 330

		Group	
		2017 R'000	2016 R'000
9.	**INVENTORIES**		
	Liquid inventory	–	979 777
	Auxiliary material	–	49 339
	Consumables and spares	6 285	5 681
		6 285	1 034 797
	Cost of inventories recognised as an expense includes the write-down of inventories to net realisable value of Rnil (2016: R20 million)	–	854 017
	Inventories stated at net realisable value	–	4 008

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
10. TRADE AND OTHER RECEIVABLES				
Trade receivables	41 422	249 592	14 451	23
Trade receivables – allowance for impairment	(6 944)	(9 711)	–	–
Net trade receivables	34 478	239 881	14 451	23
Short-term loans	87 462	57 240	–	–
Short-term loans – allowance for impairment	(28 912)	(26 904)	–	–
Net short-term loans	58 550	30 336	–	–
Prepayments	16 203	15 292	191	179
Deposits and guarantees	3 247	26 620	–	–
Other receivables	5 865	7 504	–	–
Value-added taxation	4 247	8 509	–	–
	122 590	328 142	14 642	202

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 2017, trade receivables and short-term loans of R5,4 million (2016: R10,8 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 2017 R'000	Group 2016 R'000
Amounts in 7 to 21 days	520	41
Amounts in 21 to 28 days	19	7 197
Amounts in 28 to 36 days	897	–
Amounts in 36 days plus	3 960	3 584
	5 396	10 822

Impairment of trade receivables and short-term loans

At 31 March 2017, trade receivables of R6,9 million (2016: R9,7 million) and short-term loans of R28,9 million (2016: R26,9 million) were impaired. Impaired trade receivables and short-term loans relate to debtors that have been handed over to attorneys for collection and certain debtors that have been outstanding for longer than the agreed credit terms.

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

	Group 2017 R'000	Group 2016 R'000
At beginning of the year	36 615	31 649
Impairments recognised in profit and loss	2 645	6 981
Allowance utilised	(3 404)	(2 015)
At end of the year	35 856	36 615

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		Company	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
10.	**TRADE AND OTHER RECEIVABLES** *(continued)*				
	The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:				
	SA rand	122 271	198 978	14 642	202
	US dollar	–	89 196	–	–
	Euro	72	1 176	–	–
	British pound	–	8 691	–	–
	Canadian dollar	–	8 169	–	–
	Japan yen	–	3 390	–	–
	Swiss franc	247	18 542	–	–
		122 590	328 142	14 642	202

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

	Group			
Credit risk **Trade receivables and short-term loans: 2017**	Impaired R'000	Past due, but not impaired R'000	Fully performing R'000	Total R'000
Gross amounts owing	35 856	5 396	87 632	128 884
Less: Allowance for impairment	(35 856)	–	–	(35 856)
Net amount owing	–	5 396	87 632	93 028
Credit insurance for amounts owing	–		–	–
Unsecured debt/Exposure to credit risk	–	5 396	87 632	93 028
Credit rating on unsecured debt:	–	5 396	87 632	93 028
B: Good for the amount quoted	–	5 396	87 632	93 028
Trade receivables and short-term loans: 2016				
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

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

		Company			
		2017 Number of shares '000	2016 Number of shares '000	2017 Stated capital R'000	2016 Stated capital R'000
11.	**STATED CAPITAL**				
	Authorised				
	Ordinary shares of no par value	500 000	500 000	–	–
	Issued				
	In issue in Company at year-end	119 163	119 163	925 399	925 399
	Details of the issued stated capital and changes during current and prior the year are as follows:				
	At beginning of the year	119 163	116 957	925 399	867 756
	Shares issued in respect of share options exercised	–	456	–	12 493
	Shares issued in respect of specific issue	–	1 750	–	45 150
	At end of the year	119 163	119 163	925 399	925 399

Details of options over shares are set out in note 27.

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
12. OTHER RESERVES						
Group 2017						
At beginning of the year	28 688	307	(84 881)	799	8 904	(46 183)
Equity-settled share-based payments	–	–	–	–	7 304	7 304
Exchange differences on translation of foreign subsidiaries	(20 725)	–	–	–	–	(20 725)
Transfers to accumulated profits	–	–	–	(799)	(5 585)	(6 384)
At end of the year	7 963	307	(84 881)	–	10 623	(65 988)
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 accumulated profits	–	307	–	222	(7 701)	(7 172)
At end of the year	28 688	307	(84 881)	799	8 904	(46 183)
Company 2017						
At beginning of the year					4 202	4 202
Equity-settled share-based payments					2 984	2 984
Transfers to accumulated profits					(2 853)	(2 853)
At end of the year					4 333	4 333
Company 2016						
At beginning of the year					3 966	3 966
Equity-settled share-based payments					2 934	2 934
Transfer to retained earnings					(2 698)	(2 698)
At end of the year					4 202	4 202

		Group	
		2017 R'000	2016 Restated R'000
13.	**BORROWINGS**		
	Bank borrowings		
	Capital and capitalised commitment fee	243 766	305 148
	Interest capitalised	996	5 586
	Unamortised raising fee	(627)	136
		244 135	310 870
	Current portion of borrowings	(38 512)	(217 887)
		205 623	92 983
	Secured	244 135	310 870

A loan facility of R185 million was obtained from Investec Bank Limited on 19 December 2011. The facility was fully settled on 19 December 2016. The facility bore interest at the three-month Johannesburg Interbank Agreed Rate (JIBAR) plus a margin of 2,6% (2015: 2,6%) Interest was payable semi-annually in arrears. The loan/facility was 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 bore interest at the three-month JIBAR plus a margin of 2,9% (2015: 2,9%). Interest was payable quarterly in arrears. The loan amount was repayable in equal quarterly payments. This loan facility was settled in full and replaced on 19 December 2016 by the two facilities entered into with FirstRand Bank Limited and Sanlam Life Insurance Limited as described below. The same security was provided for these new loans.

A loan facility of R103 million was obtained from FirstRand Bank Limited on 15 December 2016. The facility bears interest at the three-month JIBAR plus a margin of 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 15 March 2017.
2) Capital repayments on the facility will take place through 11 equal quarterly capital payments of R9,4 million, commencing on 15 March 2017.

A loan facility of R167 million was obtained from FirstRand Bank Limited and Sanlam Life Insurance Limited on 15 December 2016. The facility bears interest at the three-month JIBAR plus a margin of 2,75%. Previously a loan facility of R215 million was obtained from FirstRand Bank Limited on 8 August 2014.

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 15 March 2017.
2) The capital amount will be repaid with a bullet payment of R167 million during December 2021.

The investment in La Concorde Holdings Limited is pledged as security for both facilities.

Guarantees are provided jointly and severally by the following companies for both facilities:

Niveus Investments Limited
Niveus-La Concorde Holdings Proprietary Limited
The Marco Polo Gaming Proprietary Limited
Metro Bingo (Johannesburg) Proprietary Limited
Galaxy Bingo Developments Proprietary Limited
Bingo Vision Proprietary Limited
Vukani Gaming Corporation Proprietary Limited
Vukani Gaming Mpumalanga Proprietary Limited
Vukani Gaming KwaZulu-Natal Proprietary Limited
Vukani Gaming Western Cape Proprietary Limited

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

	2017 R'000	2016 Restated R'000
Maturity of these borrowings is as follows:		
Due within one year	38 512	217 887
Due within two to five years	205 623	92 983
	244 135	310 870
Weighted average effective-interest rates	10,17%	9,06%

		Group		Company	
		2017 R'000	2016 Restated R'000	2017 R'000	2016 R'000
14.	**FINANCE LEASE LIABILITIES**				
	Due within one year	545	1 429		
	Less future finance charges	(13)	(30)		
	Present value of finance lease liabilities	532	1 399		
	Due within one year	532	1 399		
	Included in financial statements as:				
	Current	532	1 399		
	Non-current	–	–		
		532	1 399		

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% (2016: 10,5%) 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 R544 000 (2016: R1,4 million). Refer to note 1 for further details. The monthly repayment amounts to R162 062 (2016: R390 811).

		Group		Company	
		2017 R'000	2016 Restated R'000	2017 R'000	2016 R'000
15.	**TRADE AND OTHER PAYABLES**				
	Trade creditors	137 940	250 072	5 813	6 176
	Short-term loans	8 582	4 612	–	–
	Payroll accruals	8 092	14 725	–	–
	Other accruals	46 662	62 972	31 018	7 326
	Excise duty	–	45 422	–	–
	Value-added taxation	5 434	5 525	2 294	1 560
		206 710	383 328	39 125	15 062
	Non-current portion of accruals	–	(6 932)	–	(6 932)
		206 710	376 396	39 125	8 130

Fair value of trade and other payables

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

		Group		Company	
		2017 R'000	2016 Restated R'000	2017 R'000	2016 R'000
16.	**COMMITMENTS**				
	Operating lease arrangements where the Group is a lessee:				
	Future operating lease charges for premises:				
	– Payable within one year	30 870	30 914		
	– Payable within two to five years	66 092	87 966		
	– Payable after five years	10 982	9 259		
		107 944	128 139		
	Capital expenditure				
	Authorised by directors but not yet contracted for:				
	– Property, plant and equipment	209 878	123 837		
	Authorised by directors but not yet contracted for:				
	– Property, plant and equipment	30 278	107 633		

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

		Group 2017 R'000	Group 2016 Restated R'000	Company 2017 R'000	Company 2016 R'000
17.	**REVENUE**				
	Sale of goods	85 330	72 797	–	–
	Machine rental	1 309	2 144	–	–
		86 639	74 941	–	–
18.	**INVESTMENT INCOME**				
	Dividends				
	Subsidiaries	–	–	140 000	–
	Interest				
	Subsidiaries	–	–	29 651	29 352
	Financial institutions	54 073	3 969	485	412
		54 073	3 969	30 136	29 764
		54 073	3 969	170 136	29 764
19.	**STAFF COSTS**				
	Salaries and wages	158 777	137 476	–	–
	Retirement benefits – defined contribution	6 333	19 570	–	–
	Share-based payments	12 850	4 702	–	–
		177 960	161 748	–	–
20.	**FINANCE COSTS**				
	Bank loans and finance leases	30 332	29 977	–	–
	Subsidiaries	–	–	12 850	12 378
		30 332	29 977	12 850	12 378
21.	**PROFIT/(LOSS) BEFORE TAXATION**				
	The following items have been included in arriving at profit/(loss) before taxation:				
	Consultancy fees	13 182	6 802	–	1 770
	Depreciation, amortisation and asset impairments	128 992	140 385	–	–
	Fair value adjustment on investment property	(404)	–	–	–
	Foreign currency gains	(4 230)	–	–	–
	Foreign currency losses	1 307	8 104	–	–
	Gaming levies	201 746	178 652	–	–
	Impairment of goodwill	3 958	8 190	–	–
	Impairment of investment in joint venture	6 971	–	–	–
	Impairment of loan receivables	702	397	480	397
	Impairment of loans to subsidiaries	–	–	(162 377)	60 840
	Impairment of trade receivables – charged to allowance	3 933	4 966	–	–
	(Gain)/loss on disposal of subsidiary	(6 074)	6 781	(4 281 510)	–
	Management fee buy-out	–	45 150	–	–
	Operating lease charges				
	– Plant and equipment	181	–	–	–
	– Premises	40 920	46 071	–	–
	Operating lease income	(5 345)	(4 941)	–	–
	(Profit)/loss on disposal of property, plant and equipment	(519)	1 622	–	–
	Raw materials and consumables	34 281	–	–	–
	Remeasurement of remaining investment in associate	–	1 094	–	–
	Repairs and maintenance	7 903	18 360	–	–
	Staff costs	177 960	161 748	6 647	–
	VAT on net gaming win	140 656	117 684	–	–

		Group		Company	
		2017 R'000	2016 Restated R'000	2017 R'000	2016 R'000
22.	**TAXATION**				
	Continuing operations				
	Current normal tax	60 535	48 321	–	–
	Current normal tax – underprovision prior years	29	255	–	180
	Deferred tax	10 776	1 571	–	–
	Total tax charge as per statement of profit and loss	71 340	50 147	–	180
	Discontinued operations				
	Current normal tax	19 145	11 460	–	–
	Deferred tax	(122 171)	–	–	–
	Total tax charge as per note 32	(103 026)	11 460	–	–
		(31 686)	61 607	–	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.

	Group 2017 R'000	Group 2016 Restated R'000	Company 2017 R'000	Company 2016 R'000
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	292 690	361 784	30 997	45 254
Tax relief at current rates:				
– Normal tax	82 183	101 524	8 679	12 671
Reconciliation of tax rate	%	%	%	%
Normal tax rate	28,0	28,0	28,0	28,0
Adjustment for foreign taxation	8,9	(4,8)	–	–
Capital losses and non-deductible expenses	(17,5)	10,7	0,2	(23,5)
Change in capital gains tax rate	–	1,5	–	–
Capital gains tax rate	(1,4)	–	–	–
Deferred tax not raised on losses	(8,8)	31,4	–	(12,9)
Losses/(income) from associates and joint ventures	(1,3)	0,5	–	–
Non-taxable income	0,7	(1,8)	(28,1)	8,4
Prior year charges	0,7	0,3	–	(0,2)
Raising of deferred tax assets not previously raised and utilising of tax losses	10,7	(13,7)	(0,1)	–
Effective rate	20,0	52,1	–	(0,2)
Profit before tax from continuing operations	271 147	83 639		
(Loss)/profit before tax from discontinued operations	(429 280)	34 575		
Total profit before tax	(158 133)	118 214		
Total tax from continuing and discontinued operations	(31 686)	61 607		
Effective tax rate	20,0%	52,1%		

		Group	
		2017 Number of shares '000	2016 Number of shares '000
23.	**EARNINGS PER SHARE**		
	23.1 WEIGHTED AVERAGE NUMBER OF SHARES		
	Basic earnings	119 163	118 133
	Adjustment for:		
	Share options	746	257
	Used in the calculation of diluted earnings per share	119 909	118 390

	Group 2017 Cents	Group 2016 Cents
Headline earnings per share	179,2	58,6
– Continuing operations	155,3	47,1
– Discontinued operations	23,9	11,5
Diluted headline earnings per share	178,1	58,5
– Continuing operations	154,4	47,0
– Discontinued operations	23,7	11,5

	Group		Group	
	2017		2016	
	Gross R'000	Net R'000	Gross R'000	Net R'000
23. EARNINGS PER SHARE *(continued)*				
23.2 RECONCILIATION OF HEADLINE EARNINGS				
Continuing operations				
Earnings attributable to equity holders of the parent		178 874		33 614
IAS 12 Change in tax rate	–	–	1 295	740
IAS 16 Gains on disposal of plant and equipment	(322)	(228)	(638)	(457)
IAS 16 Impairment of assets	3 749	2 161	7 927	5 674
IAS 27 (Gain)/loss from disposal of subsidiaries	(6 074)	(4 252)	6 781	6 781
IAS 28 Impairment of investment in associate	6 971	4 880	–	–
IAS 36 Impairment of goodwill	3 958	3 958	8 190	8 190
IAS 40 Fair adjustment to investment property	(403)	(313)	–	–
IFRS 3 Fair value adjustment of remaining investment	–	–	1 094	1 094
		185 080		55 636
Discontinued operations				
(Loss)/profit attributable to equity holders of the parent		(188 028)		11 107
IAS 12 Change in tax rate	–	–	452	258
IAS 16 (Gains)/losses on disposal of plant and equipment	(197)	(81)	2 260	930
IAS 16 Impairment of assets	–	–	1 457	1 093
IAS 28 Impairment of investment in joint venture	85	49	400	177
Loss on disposal of operating assets of KWV	503 629	216 485	–	–
		28 425		13 565

	Group		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
24. NOTES TO THE STATEMENTS OF CASH FLOWS				
24.1 CASH GENERATED BY/(UTILISED IN) OPERATIONS				
Profit/(loss) after taxation for the year	(126 448)	56 607	4 583 297	(98 640)
Taxation	(31 686)	61 607	–	180
Investment income	(54 484)	(5 874)	(170 136)	(29 764)
Depreciation, amortisation and asset impairments	134 204	173 550	–	–
Loss/(profit) on disposal of property, plant and equipment	(1 150)	1 622	–	–
(Gain)/loss on disposal of subsidiary	(6 074)	6 781	(4 281 510)	–
Equity-accounted profits of associates and joint ventures	6 345	2 019	–	–
Unrealised foreign exchange differences	(48 798)	35 123	–	–
Fair value adjustment on investment property	(404)	–	–	–
Government grant recognised in profit or loss	(12 775)	(3 620)	–	–
Movement in operating lease equalisation liability	(861)	940	–	–
Impairment of goodwill	3 958	8 190	–	–
Impairment of investment in joint venture	7 056	400	–	–
Impairment of loan receivables	702	397	480	397
Impairment of trade receivables – movement in allowance	–	4 966	–	–
(Profit)/loss on sale of assets – discontinued operations	503 629	–	–	–
Remeasurement of remaining investment in associate	–	1 094	–	–
Share-based payment expense	18 320	11 139	26 721	2 934
Finance charges	31 020	31 609	12 850	12 378
(Reversal of impairment)/impairment of loans to subsidiaries	–	–	(162 377)	60 840
	422 554	386 550	9 325	(51 675)
24.2 CHANGES IN WORKING CAPITAL				
(Increase)/decrease in inventory	(24 741)	4 821	–	–
Decrease/(increase) in trade and other receivables	32 589	23 391	(10 339)	23 808
Increase/(decrease) in trade and other payables	3 041	(163 824)	(13 210)	(25 422)
	10 889	(135 612)	(23 549)	(1 614)

	Group		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
24. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*				
24.3 TAXATION PAID				
(Unpaid)/receivable at beginning of the year	(4 860)	(8 489)	–	54
Charged to the statement of profit or loss	(60 564)	(48 576)	–	(180)
Charged to the statement of profit or loss – discontinued	(19 145)	(11 460)	–	–
Acquired through business combination	(2)	(2)	–	–
Unpaid at end of the year	16 391	4 860	–	–
	(68 180)	(63 667)	–	(126)
24.4 BUSINESS COMBINATIONS/DISPOSALS OF SUBSIDIARIES				
24.4.1 ACQUISITIONS				
Property, plant and equipment	(455)	(6 584)		
Intangible assets	–	(650)		
Trade and other receivables	(544)	(2 263)		
Inventory	–	(264)		
Cash and cash equivalents	(466)	(2 131)		
Trade and other payables	3 057	2 071		
Other current liabilities	–	1 418		
Loans with Group companies	4 790	13 680		
Equity at acquisition	6 382	5 277		
Non-controlling interest	(1 596)	812		
Goodwill on acquisition	(7 458)	(15 846)		
Cost of acquisition	(2 672)	(9 757)		
Derecognition of fair value of associate	–	4 758		
Deposit for share previously paid	2 672	–		
Cash and cash equivalents at date of acquisition	466	2 131		
Net cash inflow/(outflow)	466	(2 868)		
* *Also refer to note 31*				
24.4.2 DISPOSALS – GROUP				
Net assets disposed of	(6 074)	(3 849)		
Goodwill	–	10 630		
Gain/(loss) on disposal of subsidiary	6 074	(6 781)		
Less: Cash and cash equivalents disposed of	–	(449)		
Net cash outflow	–	(449)		
24.4.3 DISPOSALS – COMPANY				
Proceeds on disposal of shares			4 286 616	–
Investment in Niveus Invest 19 Limited			11 461	–
Loan accounts			4 275 155	–
Vukani Gaming Corporation Proprietary Limited			3 140 699	–
Galaxy Gaming and Entertainment Proprietary Limited			1 090 693	–
Niveus Invest 1 Proprietary Limited			43 763	–
Cost of shares			(5 106)	–
Profit on sale of shares			4 281 510	–
24.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	708 734	161 071	319	557

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.

	2017 Direct and indirect beneficial Number	2017 Direct and indirect beneficial Percentage holding %	2016 Direct and indirect beneficial Number	2016 Direct and indirect beneficial Percentage holding %
25. DIRECTORS' INTEREST				
31 March				
Executive directors				
A van der Veen	**870 559**	**0,7**	870 559	0,7
MM Loftie-Eaton	**196 941**	**0,2**	196 941	0,2
Non-executive directors				
JA Copelyn	**7 173 840**	**6,0**	7 173 840	6,0
KI Mampeule	**960 250**	**0,8**	960 250	0,8
	9 201 590	**7,7**	9 201 590	7,7

No change occurred in the directors' interest from 31 March 2017 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
26. DIRECTORS' EMOLUMENTS							
Year ended 31 March 2017							
Executive directors							
A van der Veen	**–**	**–**	**4 217**	**839**	**20 636**	**2 741**	**28 433**
MM Loftie-Eaton	**–**	**–**	**1 827**	**45**	**6 085**	**1 188**	**9 145**
	–	**–**	**6 044**	**884**	**26 721**	**3 929**	**37 578**
Non-executive directors							
JA Copelyn	**129**	**–**	**6 493**	**833**	**3 803**	**4 870**	**16 128**
JG Ngcobo	**129**	**392**	**–**	**–**	**–**	**–**	**521**
LM Molefi	**129**	**392**	**–**	**–**	**–**	**–**	**521**
KI Mampeule	**129**	**–**	**–**	**–**	**–**	**–**	**129**
Y Shaik	**129**	**–**	**3 355**	**–**	**1 311**	**2 181**	**6 976**
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the Niveus Group	**–**	**(784)**	**(9 848)**	**(833)**	**(5 114)**	**(7 051)**	**(23 630)**
	645	**–**	**6 044**	**884**	**26 721**	**3 929**	**38 223**
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 Ngcobo	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

Refer to note 27.1 for realised gains on share options exercised.

27. SHARE OPTIONS

27.1 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 2017											
A van der Veen											
HCI shares	99 184	70,00								99 184	70,00
Niveus shares[@]	471 878	14,38				(471 878)	16-Jan-17	36,25	10 301 097	–	–
Niveus shares[@]	43 828	23,51								43 828	23,51
Niveus shares[@]	414 795	22,18								414 795	22,18
Niveus shares[@]	283 233	24,03								283 233	24,03
Niveus shares[@]	–	–	244 962	33,73	10-Jan-20					244 962	33,73
JA Copelyn											
HCI shares	308 571	70,00								308 571	70,00
HCI shares	103 607	118,06				(103 607)	27-Feb-17	134,10	2 842 920	–	–
HCI shares	12 631	150,07								12 631	150,07
HCI shares	72 864	135,99								72 864	135,99
HCI shares	102 442	123,49								102 442	123,49
HCI shares	–	–	123 956	117,03	26-Sep-19					123 956	117,03
MM Loftie-Eaton											
Niveus shares[@]	148 269	14,38				(148 269)	16-Jan-17	36,25	3 236 712	–	–
Niveus shares[@]	87 416	23,51								87 416	23,51
Niveus shares[@]	8 671	22,18								8 671	22,18
Niveus shares[@]	51 344	26,88								51 344	26,88
Niveus shares[@]	27 145	24,03								27 145	24,03
Niveus shares[@]	–	–	89 825	33,73	10-Jan-20					89 825	33,73
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								7 354	123,49
HCI shares	–	–	8 369	117,03	26-Sep-19					8 369	117,03

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

	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
27. SHARE OPTIONS *(continued)*											
27.1 DIRECTORS *(continued)*											
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.*

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.

27. SHARE OPTIONS *(continued)*

27.1 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 50,99% (2016: 52,00%) and an annual risk-free rate of 8,13% (2016: 7,99%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus's shares were listed on the Johannesburg Stock Exchange in September 2012. The options have a vesting period of three years from grant date.

	2017 R'000	2016 R'000
Group and Company		
Equity-settled share-based payment expense for the year	**2 984**	2 934

27.2 KEY PERSONNEL OF SUBSIDIARIES

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

	Number of share options	
	2017	2016
Group		
Outstanding at the beginning of the year	**1 697 590**	2 111 517
Granted during the year	**307 258**	726 694
Vested and exercised during the year	**(291 136)**	(1 140 621)
Lapsed during the year	**(368 122)**	–
Outstanding at the end of the year	**1 345 590**	1 697 590

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

					Number of share options	
Grant date	Vesting date	Expiry date	Strike price	Maximum exercise price	2017	2016
11-Sep-12	10-Sep-16	10-Dec-16	7,12	23,65	**–**	96 666
12-Sep-12	10-Sep-17	10-Dec-17	7,12	31,93	**53 334**	96 666
10-Sep-13	10-Sep-16	10-Dec-16	15,30	37,64	**–**	273 621
01-Aug-14	01-Aug-17	01-Nov-17	24,26	59,68	**25 000**	58 333
01-Aug-14	01-Aug-18	01-Nov-18	24,26	80,57	**25 000**	58 333
01-Aug-14	01-Aug-19	01-Nov-19	24,26	108,77	**25 000**	58 334
10-Sep-14	10-Sep-17	10-Dec-17	23,51	57,84	**227 180**	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	**212 735**	236 068
22-May-15	22-May-19	22-Aug-19	23,64	78,52	**20 000**	43 333
22-May-15	22-May-20	22-Aug-20	23,64	106,00	**20 000**	43 334
23-Sep-15	23-Sep-18	23-Dec-18	24,03	59,12	**403 959**	403 959
10-Jan-17	10-Jan-20	10-Apr-20	33,73	82,99	**257 633**	–
10-Jan-17	10-Jan-21	10-Apr-21	33,73	112,04	**24 812**	–
10-Jan-17	10-Jan-22	10-Apr-22	33,73	151,25	**24 813**	–
					1 345 590	1 697 590

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 50,99% (2016: 51,09%) and an annual risk-free rate of 8,13% (2016: 8,06%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus's shares were listed on the Johannesburg Stock Exchange in September 2012.

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

The aggregate number of Niveus's 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.

	2017 R'000	2016 R'000
Group		
Equity-settled share-based payment expense for the year	**2 212**	2 897

	Group 2017 R'000	Group 2016 R'000
28. SEGMENT INFORMATION		
The following are the summarised results for the various reportable operating segments:		
Revenue		
Continuing operations	86 639	74 941
Gaming and entertainment	81 294	71 544
Property	5 345	3 397
Discontinued operations	566 945	1 224 661
Beverages	566 898	1 224 214
Gaming and entertainment	47	447
	653 584	1 299 602
Net gaming win		
Continuing operations		
Gaming and entertainment	1 322 610	1 162 298
Discontinued operations		
Gaming and entertainment	4 000	4 469
	1 326 610	1 166 767
EBITDA		
Continuing operations	387 195	267 463
Gaming and entertainment	441 409	354 449
Head office	(47 054)	(79 220)
Property	(7 160)	(7 766)
Discontinued operations	79 926	68 520
Beverages	81 725	75 111
Gaming and entertainment	(1 799)	(6 591)
	467 121	335 983
Depreciation and amortisation		
Continuing operations	125 243	132 458
Gaming and entertainment	122 865	129 931
Head office	120	28
Property	2 258	2 499
Discontinued operations	5 212	31 708
Beverages	3 911	29 982
Gaming and entertainment	1 301	1 726
	130 455	164 166
Profit/(loss) before tax		
Continuing operations	271 147	83 639
Gaming and entertainment	279 393	169 987
Head office	(44 610)	(76 975)
Property	36 364	(9 373)
Discontinued operations	(429 280)	34 575
Beverages	(426 177)	44 342
Gaming and entertainment	(3 103)	(9 767)
	(158 133)	118 214
Headline earnings		
Continuing operations	185 080	55 636
Gaming and entertainment	208 987	135 444
Head office	(43 990)	(76 304)
Property	20 083	(3 504)
Discontinued operations	28 425	13 565
Beverages	31 528	20 150
Gaming and entertainment	(3 103)	(6 585)
	213 505	69 201

		Group	
		2017 R'000	2016 R'000
28.	**SEGMENT INFORMATION** *(continued)*		
	Assets		
	Gaming and entertainment	919 405	823 536
	Head office	18 488	85 803
	Property/Beverages	1 440 261	2 068 626
		2 378 154	2 977 965
	Liabilities		
	Gaming and entertainment	439 195	511 258
	Head office	23 577	15 836
	Property/Beverages	31 168	370 373
		493 940	897 467
	PPE additions		
	Gaming and entertainment	108 628	156 616
	Head office	885	75
	Property/Beverages	19 567	44 628
		129 080	201 319
	Group revenue is attributable to the following geographical areas:		
	Continuing operations	86 639	74 941
	Republic of South Africa	83 964	73 244
	Africa (excl. South Africa)	2 675	1 697
	Discontinued operations	566 945	1 224 661
	Republic of South Africa	328 819	736 266
	Europe and the United Kingdom	135 214	304 863
	Africa (excl. South Africa)	30 359	60 243
	Rest of the world	72 553	123 289
		653 584	1 299 602

29. RELATED PARTY INFORMATION

Related parties

Holding company:	Hosken Consolidated Investments Limited
Subsidiaries of holding company:	Euphorbia Proprietary Limited Gallagher Convention Centre Limited HCI Managerial Services Proprietary Limited HCI Coal Proprietary Limited Johnnic Holdings Management Services Proprietary Limited Limtech Biometric Solutions Proprietary Limited
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 La Concorde 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 Invest 14 Proprietary Limited Niveus Invest 15 Proprietary Limited Niveus Invest 19 Limited Niveus Managerial Services Proprietary Limited Niveus-La Concorde Holdings Proprietary Limited Vukani Gaming Corporation Proprietary Limited
Associates:	Paarl Valley Bottling 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:	Senior management of subsidiaries

	Group		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
29. RELATED PARTY INFORMATION *(continued)*				
29.1 RELATED PARTY TRANSACTIONS				
Management fees received from/(paid to)				
Bingo Vision Proprietary Limited	–	–	11 788	6 918
Johnnic Holdings Management Services Proprietary Limited	(3 099)	(54 395)	(3 099)	(54 395)
K2011104255 Proprietary Limited	(461)	(505)	–	–
La Concorde South Africa Proprietary Limited	–	–	3 435	3 210
Vukani Gaming Corporation Proprietary Limited	–	–	9 049	7 160
Yaounde Investments Proprietary Limited	(1 384)	(1 406)	–	–
Zamori 356 Proprietary Limited	(1 845)	(1 875)	–	–
Sales of goods and services				
HCI Managerial Services Proprietary Limited	–	33	–	–
La Concorde South Africa Proprietary Limited	–	–	–	76
Zamori 356 Proprietary Limited	–	65	–	–
Salary recoveries				
HCI Managerial Services Proprietary Limited	(258)	(372)	–	(372)
Bingo Vision Proprietary Limited	–	–	2 352	9 533
Johnnic Holdings Management Services Proprietary Limited	(13 638)	(13 334)	(10 083)	(8 255)
Vukani Gaming Corporation Proprietary Limited	–	–	1 204	2 961
Purchases of goods and services				
Gallagher Convention Centre Limited	(74)	(75)	–	–
HCI Managerial Services Proprietary Limited	–	(321)	–	–
La Concorde South Africa Proprietary Limited	–	–	–	(96)
Limtech Biometric Solutions Proprietary Limited	(167)	(122)	–	–
Rent paid				
Euphorbia Proprietary Limited	(2 118)	(2 120)	–	–
La Concorde South Africa Proprietary Limited	(638)	–	–	(44)
Interest received/(paid)				
Bingo Vision Proprietary Limited	–	–	25 751	18 572
Niveus Invest 1 Proprietary Limited	–	–	(1 608)	8 979
Niveus Invest 3 Proprietary Limited	–	–	2 202	1 385
Niveus Invest 9 Proprietary Limited	–	–	1 691	415
Vukani Gaming Corporation Proprietary Limited	–	–	(11 234)	(12 379)
Dividends paid				
K2011104255 Proprietary Limited	(500)	(500)	–	–
Tuffsan Investments 1019 Proprietary Limited	(1 950)	(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	(8 805)	(8 517)	–	–
Share options	(14 931)	(3 847)	–	–

	Group		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
29. RELATED PARTY INFORMATION *(continued)*				
29.2 RELATED PARTY BALANCES				
Year-end balances arising from sales/purchases of goods/services				
Betcoza Online (RF) Proprietary Limited	–	–	–	11
Bingo Vision Proprietary Limited	–	–	13 439	–
HCI Managerial Services Proprietary Limited	–	(288)	–	(288)
HCI Coal Proprietary Limited	6	–	–	–
Johnnic Holdings Management Services Proprietary Limited	(5 658)	(5 880)	(5 442)	(5 880)
K2011104255 Proprietary Limited	–	(39)	–	–
La Concorde South Africa Proprietary Limited	–	–	1 014	1
Yaounde Investments Proprietary Limited	–	(116)	–	–
Zamori 356 Proprietary Limited	–	(177)	–	–
Loans receivable/(payable)				
Bingo Vision Proprietary Limited (before impairment allowance of Rnil (2016: R87 636 719)	–	–	–	198 434
Cherry Moss Trade and Invest 188 Proprietary Limited (before impairment allowance of R51 177 382 (2016: R48 492 914)	–	–	57 239	51 362
Galaxy Gaming Eastern Cape Proprietary Limited	–	–	–	8 330
Moody Blue Trade and Invest 124 Proprietary Limited	2 768	2 768	–	–
Galaxy Gaming and Entertainment Proprietary Limited (before impairment allowance of Rnil (2016: R61 668 075)	–	–	–	124 876
Niveus Invest 1 Proprietary Limited (before impairment allowance of Rnil (2016: R23 776 130)	–	–	–	81 138
Niveus Invest 3 Proprietary Limited (before impairment allowance of R19 831 494 (2016: R12 993 538)	–	–	23 088	12 994
Niveus Invest 9 Proprietary Limited (before impairment allowance of R3 462 638 (2016: R2 280 926)	–	–	17 634	13 145
Niveus Invest 14 Proprietary Limited	–	–	317	–
Niveus Invest 15 Proprietary Limited	–	–	2 029	–
Niveus Invest 19 Limited	–	–	9 492	–
Niveus-La Concorde Holdings Proprietary Limited	–	–	423 971	419 535
Niveus Managerial Services Proprietary Limited (before impairment allowance of R1 554 827 (2016: R1 554 827)	–	–	12 041	11 338
Tuffsan Investments 1019 Proprietary Limited	871	1 071	–	–
Vukani Gaming Corporation Proprietary Limited	–	–	–	(171 338)

30. CONTINGENT LIABILITIES

Group

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

Company

Bank deposits of R2 million (2016: 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
31. BUSINESS COMBINATIONS/DISPOSALS			
31.1 SUBSIDIARIES ACQUIRED			
Slots and Keno Limited	Gaming	01-Oct-16	75,0%

	Group 2017 R'000	Group 2016 Restated R'000
31.2 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	–	3 500
Current assets		
Trade and other receivables	–	353
Cash and cash equivalents	–	1 901
Current liabilities		
Trade and other payables	–	(1 579)
Deferred tax	–	(638)
Equity at acquisition	–	3 624
Non-controlling interest	–	(2 082)
Goodwill on acquisition	–	8 215
Cost of acquisition	–	9 757
Derecognition of 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 the control of Betcoza Online (RF) Proprietary Limited. The effective shareholding held by the Group is 42,59%.

The acquisition of a controlling interest in Betcoza Online (RF) Proprietary Limited qualified as a business combination in terms of IFRS 3: Business Combinations. Comparative figures as at 31 March 2016 were determined based on all information available at the acquisition date ("provisional accounting"). This provisional accounting was adjusted for new information obtained within the time frame of 12 months after the acquisition date. In terms of IAS 8 Accounting policies – Changes in Accounting Estimates and Errors, the adjustments to fair values have been applied retrospectively. The comparative figures has been restated to present the prior year figures as if the acquisition accounting was finalised in the prior year. Also refer to note 35.

	Group 2017 R'000	Group 2016 R'000
31. BUSINESS COMBINATIONS/DISPOSALS *(continued)*		
31.3 SLOTS AND KENO LIMITED – COST OF ACQUISITION, NET CASH FLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED		
Non-current assets		
Property, plant and equipment	455	–
Current assets		
Trade and other receivables	544	–
Cash and cash equivalents	466	–
Current liabilities		
Trade and other payables	(3 057)	–
Borrowings	(4 790)	–
Equity at acquisition	(6 382)	–
Non-controlling interest	1 596	–
Goodwill on acquisition	7 458	–
Cost of acquisition	2 672	–
Deposit for share previously paid	(2 672)	–
Cash balances acquired	(466)	–
Net cash outflow on acquisition	(466)	–

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.

31.4 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The business acquired during October 2016 contributed revenues of R1,9 million and net losses before tax of R1,2 million to the Group for the periods from date of effective control to 31 March 2017. Had the acquisition been effective on 1 April 2016 the contribution to revenue would have been R3,2 million and a loss before tax of R6,7 million.

	Group 2017 R'000	Group 2016 R'000
31.5 PROCEEDS ON DISPOSAL, NET CASH FLOW ON DISPOSAL AND ANALYSIS OF ASSETS AND LIABILITIES DISPOSED OF VBET WESTERN CAPE PROPRIETARY LIMITED		
Net liabilities sold	(6 074)	–
Proceeds on disposal of subsidiary	–	–
Gain on disposal	6 074	–

		Group	
		2017 R'000	2016 R'000
32.	**DISCONTINUED OPERATIONS**		
	Operating assets of KWV		
	During May 2016, it was decided to dispose of the operating assets of KWV to the Vasari group. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are shown as a single line item on the face of the consolidated statement of profit or loss ("Net result from discontinued operations"). The operating results of the discontinued operations and the loss on sale of assets were as follows:		
	(Loss)/profit relating to discontinued operations		
	Revenue	566 898	1 224 214
	Other income and operating costs	(485 173)	(1 149 103)
	Share of losses of associates and joint ventures	–	(653)
	Investment income	411	1 886
	Depreciation and amortisation	(3 911)	(29 982)
	Impairment of investment in joint venture	(85)	(400)
	Loss on disposal of business	(503 629)	–
	Finance costs	(688)	(1 620)
	(Loss)/profit before taxation	(426 177)	44 342
	Taxation	103 026	(11 460)
	(Loss)/profit from discontinued operations	(323 152)	32 882
	Cash flows from discontinued operations		
	Cash flows from operating activities	34 407	11 914
	Cash flows from investing activities	(16 766)	(41 880)
	Cash flows from financing activities	–	16 395
		17 641	(13 571)
	Assets of disposal group sold		
	Property, plant and equipment	488 060	
	Intangible assets	56 481	
	Investment in associates	5 463	
	Inventory	1 052 928	
	Trade and other receivables	212 504	
	Current income taxes	7	
	Derivative financial instruments	25 594	
	Bank and cash balances	54 517	
		1 895 554	
	Liabilities of disposal group sold		
	Trade and other payables	(205 637)	
	Derivative financial instruments	(5 992)	
	Other	(51)	
		(211 680)	
	Net asset value of disposal group	1 683 874	
	Cash disposed of	(54 517)	
	Net cash received as consideration	520 483	
	Cash received as consideration	575 000	
	Promissory notes receivable as consideration	605 245	
	Total consideration received	1 180 245	

	Group 2017 R'000	Group 2016 R'000
32. DISCONTINUED OPERATIONS *(continued)*		
Shares in gaming businesses		
During March 2017, it was contracted to dispose of subsidiaries Jacaranda Royal Casino Limited, VSlots Lesotho (Proprietary) Limited and VSlots Swaziland (Proprietary) Limited. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are shown as a single line item on the face of the consolidated statement of profit or loss ("Net result from discontinued operations"). The operating results of the discontinued operations and the loss on sale of assets were as follows:		
Loss relating to discontinued operations		
Revenue	47	447
Net gaming win	4 000	4 469
Other income and operating costs	(5 846)	(11 507)
Investment income	–	19
Depreciation and amortisation	(1 301)	(1 726)
Impairment of assets	–	(1 457)
Finance costs	(3)	(12)
Loss from discontinued operations	(3 103)	(9 767)
Remeasurement of disposal group	–	–
Net result from discontinued operations	(3 103)	(9 767)
Cash flows from discontinued operations		
Cash flows from operating activities	(2 216)	(4 602)
Cash flows from investing activities	1 571	(1 301)
	(645)	(5 903)
Assets of disposal group classified as held for sale		
Property, plant and equipment	1 718	
Intangible assets	1 335	
Trade and other receivables	1 261	
Bank and cash balances	1 105	
	5 419	
Liabilities of disposal group classified as held for sale		
Trade and other payables	(2 419)	
Financial liabilities	(40)	
	(2 459)	
Net asset value of disposal group	2 960	
Fair value less cost to sell ITO IFRS 5	2 960	
Fair value of disposal group assets	5 419	
Fair value of disposal group liabilities	(2 459)	
Remeasurement of disposal group	–	

33. FINANCIAL RISK MANAGEMENT

33.1 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.

33.1.1 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.

Group 2017	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
Contracts and options to buy foreign currency:					
Euro	–	–	–	738	(738)
			–	738	(738)
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			
	Average rate		Reporting date	
	2017	2016	2017	2016
The following significant exchange rates applied during the year:				
Euro	15,48	15,21	14,33	16,91
Swiss franc	14,19	14,16	13,40	15,41

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 2017 compared to 2016.

	Group Profit/(loss)	
	2017 R'000	2016 R'000
British pound	–	484
Canadian dollar	–	1 167
Danish krones	–	(5)
Euro	(1 378)	48 837
Hong Kong dollar	–	10
Japanese yen	–	1 020
Swiss franc	136	346
US dollar	1 659	3 579

	Group Profit/(loss) 2017 R'000	2016 R'000
33. FINANCIAL RISK MANAGEMENT *(continued)*		
33.1 FINANCIAL RISK FACTORS *(continued)*		
33.1.1 MARKET RISK (continued)		
Currency risk *(continued)*		
A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.		
The following carrying amounts were exposed to foreign currency exchange risk:		
Trade and other receivables		
British pound	–	1 176
Canadian dollar	–	8 169
Euro	72	89 196
Japanese yen	–	8 691
Swiss franc	247	3 390
US dollar	–	18 542
	319	129 164
Bank and cash balances		
British pound	–	401
Canadian dollar	–	828
Euro	10 827	25 274
Japanese yen	–	741
Swiss franc	313	74
US dollar	16 593	1 073
	27 733	28 391
Trade and other payables		
British pound	–	153
Canadian dollar	–	611
Danish krones	–	50
Euro	35 161	8 825
Hong Kong dollar	–	99
Japanese yen	–	1 976
US dollar	–	2 471
	35 161	14 185

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	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Variable-rate instruments				
Bank balances	708 734	161 071	319	557
Loans to subsidiaries	–	–	–	206 764
Loans from subsidiaries	–	–	–	171 338
Loans receivable	5	4 353	5	4 353
Borrowings	244 135	310 870	–	–
Finance lease liabilities	532	1 399	–	–
	953 406	477 693	324	383 012

33. FINANCIAL RISK MANAGEMENT *(continued)*

33.1 FINANCIAL RISK FACTORS (continued)

33.1.1 MARKET RISK (continued)

***Interest rate risk** (continued)*

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 R7,7 million (2016: R1,05 million).

Company

A change of 100 basis points in interest rates would have increased or decreased profit after tax by R296 000 (2016: R1,06 million).

Other price risk

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

33.1.2 CREDIT RISK

The Group has no significant concentrations of credit risk. Overall credit risk is managed at subsidiary level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to the Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only Group audit committee approved parties are accepted. The Group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the Group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer to notes 8 and 10 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.

33.1.3 LIQUIDITY RISK

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

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

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Group			
At 31 March 2017			
Bank and other borrowings	38 045	206 250	–
Trade and other payables	193 184	–	–
	231 229	206 250	–
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	–
Company			
At 31 March 2017			
Trade and other payables	39 125	–	–
	39 125	–	–
At 31 March 2016			
Trade and other payables	8 130	6 932	–
Loans from Group company	171 338	–	–
	179 468	6 932	–

33. FINANCIAL RISK MANAGEMENT *(continued)*

33.2 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:	**2017 R'000**	2016 R'000
Total capital and reserves	**1 881 755**	2 080 498
Total assets	**2 378 154**	2 977 965
Own capital ratio	**79%**	70%

33.3 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 2017	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Investment properties	**–**	**–**	**28 638**	**28 638**
Total assets	**–**	**–**	**28 638**	**28 638**
Group 2016				
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

34. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING PERIOD

Niveus has accepted an indicative offer from Tsogo for the sale of all its interests in Vukani Gaming Corporation Proprietary Limited ("Vukani") and Galaxy Gaming and Entertainment Proprietary Limited ("Galaxy") and all their associated entities, trusts and businesses (collectively the "Gaming Businesses") to Tsogo subject to certain conditions precedent.

Shareholders are referred to the Stock Exchange News Service announcements released by Niveus on 14 December 2016, 14 March 2017, 11 May 2017, 29 May 2017 and 27 June 2017, relating inter alia to the unbundling by Niveus of its interests in its gaming businesses, currently held via its wholly owned subsidiary, Niveus Invest 19 Limited ("Gameco") and certain transactions conditional upon the implementation of the unbundling.

Pursuant to discussions with various Niveus shareholders, the Company believes that it is appropriate to provide Niveus shareholders with the opportunity to separately retain, dispose of or increase their interest in the Gaming Businesses in a direct manner without affecting their current interest in the other assets held by Niveus.

The assets of Gameco include the entire issued share capital of Vukani, Galaxy and Niveus Invest 1 Proprietary Limited, and loan claims against the aforementioned subsidiaries. Niveus holds 46 000 100 ordinary shares in Gameco. Niveus has elected to distribute certain of its shares in Gameco to its shareholders, pro rata to their shareholding in Niveus.

34. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING PERIOD *(continued)*

Subject to the fulfilment of certain conditions, Niveus will distribute 93,75% of its shareholding in Gameco to its shareholders pro rata to such shareholders' shareholding in Niveus as at the record date of the unbundling ("Unbundling"), subject to applicable laws.

It is anticipated that Niveus shareholders will receive 3,62 Gameco shares for every 1 Niveus share held on the record date of the Unbundling, provided that the ratio may change if the number of Niveus or Gameco shares in issue changes prior to the record date of the Unbundling.

The financial effects of this transaction have not been recognised at 31 March 2017 due to the transaction remaining conditional upon the conclusion of various conditions precedent. The Unbundling will be implemented after the unbundling conditions are fulfilled or waived, which is anticipated as being Monday, 18 September 2017.

The directors of Niveus Investments Limited declared and approved a final gross ordinary dividend of 22 cents out of income reserves. The cash dividend of R26 million was paid on 19 June 2017.

The directors of La Concorde Holdings Limited declared an ordinary dividend of 50 cents per share and a special dividend of 50 cents per share. The cash dividend of R68 million was paid on 19 June 2017.

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.

35. RESTATEMENT OF PRIOR YEAR FIGURES

The acquisition of a controlling interest in Betcoza Online (RF) Proprietary Limited on 1 December 2015 qualified as a business combination in terms of IFRS 3: Business Combinations. Comparative figures as at 31 March 2016 were determined based on all information available at the acquisition date ("provisional accounting"). This provisional accounting was adjusted for new information obtained within the time frame of 12 months after the acquisition date. These adjustments to the fair values determined in the provisional purchase price allocation are not treated as movements in the current financial year, but as an adjustment to the comparative figures as at 31 March 2016. The effects of the revised acquisition accounting are as follows:

	Group		
	Previously stated R'000	Restatement R'000	Restated R'000
Intangible assets	650	2 850	3 500
Goodwill	9 157	(942)	8 215
Deferred tax	–	(638)	(638)
Non-controlling interest	(812)	(1 270)	(2 082)

36. CHANGE IN ACCOUNTING ESTIMATE

The review of the useful life of gaming machines resulted in an increase in the useful life due to the extended use of gaming machines than originally expected. The Group revised the useful life of gaming machines from six years to seven years effective 1 April 2016.

The effect of the change in the useful life of gaming machines on the depreciation expense for the year, is a decrease of R10 million and an expected annual decrease for future years of R10 million per annum.

Galaxy's site development costs were previously depreciated over the term of the initial lease, but the estimated depreciation period has been amended to include guaranteed renewal options, limited to a 10-year total depreciation term.

The effect of the change in the depreciation term for site development costs on the depreciation expense for the current period is a decrease of R8 million and an expected annual decrease for future periods of R7 million.

37. FINANCIAL INSTRUMENTS

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

	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments		Fair value through profit or loss		Total	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 Restated R'000	2017 R'000	2016 R'000	2017 R'000	2016 Restated R'000
Group										
Assets										
Non-current assets	447 506	29 329	–	–	868 222	1 400 595	–	–	1 315 728	1 429 924
Property, plant and equipment	–	–	–	–	659 202	1 204 622	–	–	659 202	1 204 622
Investment properties	–	–	–	–	28 638	6 978	–	–	28 638	6 978
Goodwill	–	–	–	–	59 944	56 444	–	–	59 944	56 444
Intangible assets	–	–	–	–	18 480	76 487	–	–	18 480	76 487
Investments in associates and joint ventures	–	4 986	–	–	73 707	30 414	–	–	73 707	35 400
Deferred taxation	–	–	–	–	28 251	25 650	–	–	28 251	25 650
Loans receivable	447 506	24 343	–	–	–	–	–	–	447 506	24 343
Current assets	1 029 821	468 251	–	–	27 186	1 060 164	–	19 626	1 057 007	1 548 041
Inventories	–	–	–	–	6 285	1 034 797	–	–	6 285	1 034 797
Derivative financial instruments	–	–	–	–	–	–	–	19 626	–	19 626
Trade and other receivables	102 140	304 341	–	–	20 450	23 801	–	–	122 590	328 142
Loans receivable	218 947	2 839	–	–	–	–	–	–	218 947	2 839
Taxation	–	–	–	–	451	1 566	–	–	451	1 566
Cash and cash equivalents	708 734	161 071	–	–	–	–	–	–	708 734	161 071
Non-current assets held for sale	2 366	–	–	–	3 053	–	–	–	5 419	–
Total assets	1 479 693	497 580	–	–	898 461	2 460 759	–	19 626	2 378 154	2 977 965
Liabilities										
Non-current liabilities	–	–	205 623	92 983	25 721	146 145	–	6 932	231 344	246 060
Operating lease equalisation liability	–	–	–	–	4 373	5 235	–	–	4 373	5 235
Borrowings	–	–	205 623	92 983	–	–	–	–	205 623	92 983
Finance lease liabilities	–	–	–	–	–	–	–	–	–	–
Other payables	–	–	–	–	–	–	–	6 932	–	6 932
Deferred revenue: government grant	–	–	–	–	–	10 900	–	–	–	10 900
Deferred taxation	–	–	–	–	21 348	130 010	–	–	21 348	130 010
Current liabilities	–	–	232 228	544 735	30 368	59 248	–	47 424	262 596	651 407
Trade and other payables	–	–	193 184	325 449	13 526	50 947	–	–	206 710	376 396
Deferred revenue: government grant	–	–	–	–	–	1 875	–	–	–	1 875
Derivative financial instruments	–	–	–	–	–	–	–	47 424	–	47 424
Current portion of borrowings	–	–	38 512	217 887	–	–	–	–	38 512	217 887
Current portion of finance lease liabilities	–	–	532	1 399	–	–	–	–	532	1 399
Taxation	–	–	–	–	16 842	6 426	–	–	16 842	6 426
Non-current liabilities held for sale	–	–	2 459	–	–	–	–	–	2 459	–
Total liabilities	–	–	440 310	637 718	56 089	205 393	–	54 356	496 399	897 467

37. **FINANCIAL INSTRUMENTS** *(continued)*

	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments		Fair value through profit or loss		Total	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Company										
Assets										
Non-current assets	**467 754**	686 846	**–**	–	**4 662 154**	65 232	**–**	–	**5 129 908**	752 078
Investment in joint venture	**–**	–	**–**	–	**2 029**	–	**–**	–	**2 029**	–
Investments in subsidiaries	**467 754**	682 745	**–**	–	**4 660 125**	65 232	**–**	–	**5 127 879**	747 977
Loans receivable	**–**	4 101	**–**	–	**–**	–	**–**	–	**–**	4 101
Current assets	**15 261**	988	**–**	–	**–**	–	**–**	–	**15 261**	988
Trade and other receivables	**14 642**	202	**–**	–	**–**	–	**–**	–	**14 642**	202
Loans receivable	**300**	229	**–**	–	**–**	–	**–**	–	**300**	229
Taxation	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Cash and cash equivalents	**319**	557	**–**	–	**–**	–	**–**	–	**319**	557
Total assets	**483 015**	687 834	**–**	–	**4 662 154**	65 232	**–**	–	**5 145 169**	753 066
Non-current liabilities	**–**	–	**–**	6 932	**–**	–	**–**	–	**–**	6 932
Other payables	**–**	–	**–**	6 932	**–**	–	**–**	–	**–**	6 932
Liabilities										
Current liabilities	**–**	–	**39 125**	179 468	**–**	–	**–**	–	**39 125**	179 468
Trade and other payables	**–**	–	**39 125**	8 130	**–**	–	**–**	–	**39 125**	8 130
Loans from subsidiaries	**–**	–	**–**	171 338	**–**	–	**–**	–	**–**	171 338
Total liabilities	**–**	–	**39 125**	186 400	**–**	–	**–**	–	**39 125**	186 400