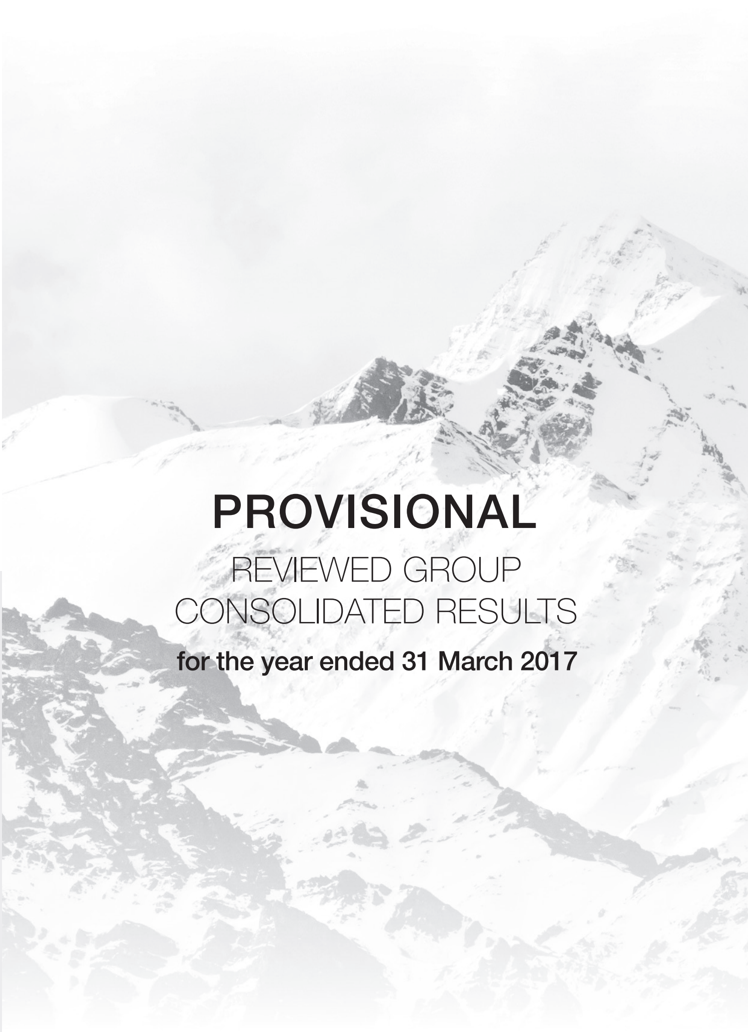
NIVEUS

INVESTMENTS LIMITED

Reg. no: 1996/005744/06



PROVISIONAL

REVIEWED GROUP CONSOLIDATED RESULTS

for the year ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2017 R'000	Audited 31 March 2016 Restated R'000
ASSETS		
Non-current assets	**1 315 728**	1 429 924
Property, plant and equipment	**659 202**	1 204 622
Investment properties	**28 638**	6 978
Goodwill	**59 944**	56 444
Intangible assets	**18 480**	76 487
Interest in associates and joint ventures	**73 707**	35 400
Deferred taxation	**28 251**	25 650
Loans receivable	**447 506**	24 343
Current assets	**1 057 007**	1 548 041
Other	**348 273**	1 386 970
Cash and cash equivalents	**708 734**	161 071
Assets of disposal group classified as held for sale	**5 419**	–
Total assets	**2 378 154**	2 977 965
EQUITY AND LIABILITIES		
Equity	**1 881 755**	2 080 498
Equity attributable to equity holders of the parent	**1 314 265**	1 381 267
Non-controlling interest	**567 490**	699 231
Non-current liabilities	**231 344**	246 060
Borrowings	**205 623**	92 983
Deferred revenue	**–**	10 900
Deferred taxation	**21 348**	130 010
Operating lease equalisation liability	**4 373**	5 235
Other payables	**–**	6 932
Current liabilities	**262 596**	651 407
Liabilities of disposal group classified as held for sale	**2 459**	–
Total equity and liabilities	**2 378 154**	2 977 965
Net asset value per share (cents)	**1 103**	1 159
Net tangible asset value per share (cents)	**1 038**	1 061

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 Restated R'000
Revenue	86 639	74 941
Net gaming win	1 322 610	1 162 298
Group revenue	1 409 249	1 237 239
Other income	6 489	3 033
Operating expenses	(1 028 543)	(972 809)
	387 195	267 463
Depreciation and amortisation	(125 243)	(132 458)
Share of losses of associates and joint ventures	(6 345)	(1 366)
Investment income	54 073	3 969
Fair value adjustment of remaining investment	–	(1 094)
Fair value adjustments of investment properties	403	–
Impairment of assets	(3 749)	(7 927)
Impairment of goodwill	(3 958)	(8 190)
Impairment of investment in associate	(6 971)	–
Gain/(loss) on disposal of subsidiaries	6 074	(6 781)
Finance costs	(30 332)	(29 977)
Profit before taxation	271 147	83 639
Taxation	(71 340)	(50 147)
Profit for the year from continuing operations	199 807	33 492
Net result from discontinued operations	(326 255)	23 115
(Loss)/profit for the year	(126 448)	56 607
Attributable to:		
Equity holders of the parent	(9 154)	44 721
Non-controlling interest	(117 294)	11 886
	(126 448)	56 607

Reconciliation of headline earnings	Gross	Reviewed Year ended 31 March 2017 R'000 Net	Gross	Audited Year ended 31 March 2016 Restated R'000 Net
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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

	Reviewed Year ended 31 March 2017	Audited Year ended 31 March 2016 Restated
(Loss)/earnings per share (cents)	**(7,7)**	37,9
– Continuing operations	**150,1**	28,5
– Discontinued operations	**(157,8)**	9,4
Headline earnings per share (cents)	**179,2**	58,6
– Continuing operations	**155,3**	47,1
– Discontinued operations	**23,9**	11,5
Diluted earnings per share (cents)	**(7,6)**	37,8
– Continuing operations	**149,2**	28,4
– Discontinued operations	**(156,8)**	9,4
Diluted headline earnings per share (cents)	**178,1**	58,5
– Continuing operations	**154,4**	47,0
– Discontinued operations	**23,7**	11,5
Weighted average number of shares in issue ('000)	**119 163**	118 133
Actual number of shares in issue at end of year ('000)	**119 163**	119 163
Weighted average number of shares in issue (diluted) ('000)	**119 909**	118 390

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
(Loss)/profit for the year	**(126 448)**	56 607
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**(20 725)**	24 213
Total comprehensive (loss)/income	**(147 173)**	80 820
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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
Balance at beginning of year	**2 080 498**	1 985 645
Shares issued	**–**	57 643
Total comprehensive (loss)/income	**(147 173)**	80 820
Equity-settled share-based payments	**7 303**	(5 214)
Effects of changes in shareholding	**(4 424)**	–
Business combinations	**(1 596)**	2 081
Capital reductions and dividends	**(52 853)**	(40 477)
Balance at end of year	**1 881 755**	2 080 498

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
Cash flows from operating activities	**357 744**	162 849
Cash generated from operations	**430 038**	250 938
Net interest	**(7 519)**	(24 422)
Taxation paid	**(64 775)**	(63 667)
Cash flows from investing activities	**293 536**	(182 357)
Property, plant and equipment: additions	**(165 154)**	(151 242)
Proceeds from disposal of assets	**532 791**	7 738
Investment in associates and joint ventures	**(48 516)**	(21 196)
Other	**(25 585)**	(17 657)
Cash flows from financing activities	**(102 512)**	48 293
Dividends paid	**(38 965)**	(27 803)
Net long-term funding (repaid)/received	**(63 547)**	27 003
Proceeds from share issue	**–**	45 150
Other	**–**	3 943
Increase in cash and cash equivalents	**548 768**	28 785
Classified as held for sale	**(1 105)**	–
Cash and cash equivalents		
At beginning of year	**161 071**	132 286
At end of year	**708 734**	161 071

SEGMENTAL ANALYSIS

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 Restated R'000
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
Profit 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation and accounting policies

The results for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, No. 71 of 2008 (as amended) and the Listings Requirements of the JSE Limited. The accounting policies of the Group are consistent with those applied for the year ended 31 March 2016. The adoption of new standards that are applicable for this financial year had no impact on the figures presented. Details of the standards adopted will be provided in the annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 2/2015 – Headline Earnings, as issued by the South African Institute of Chartered Accountants. These financial statements were prepared under the supervision of the financial director, Ms Muriel Loftie-Eaton CA(SA).

Change in accounting estimate

The annual re-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.

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:

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
(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	**103 025**	(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)

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:

	Reviewed Year ended 31 March 2017 R'000	Audited Year ended 31 March 2016 R'000
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	**–**	

Restatement of prior year figures
The acquisition of a controlling interest in Betcoza 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 timeframe 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:

Intangible assets increased by R2,9 million
Goodwill decreased by R0,9 million
Deferred tax liability increased by R0,6 million
Non-controlling interest increased by R1,3 million

Review report of the independent auditor

The provisional condensed consolidated financial statements for the year ended 31 March 2017 have been reviewed by Grant Thornton Johannesburg Partnership, who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

COMMENTARY

Consumer spending remains under pressure and is expected to remain under pressure for the next year. We are fortunate that the Group managed to increase net gaming win by 13,8% compared to the prior period.

The Group has made representations to the Department of Trade and Industry following the publication of the draft National Gaming Amendment Bill. We remain hopeful that our representations, in particular about the operation of electronic bingo terminals ("EBTs"), will be successful.

Illegal gambling remains a significant concern. We are seeing certain provinces taking more decisive action against these operators, but much remains to be done. Our own efforts have resulted in the closure of sites, and a High Court judgement in our favour, will assist in expediting the closure of more sites.

Bingo and casino operations

The EBITDA contribution from this segment increased to R104 million from R62 million in the comparative period. EBITDA from fully developed sites (before head office costs) increased to R152 million from R130 million for the prior year. The R152 million decreased to R104 million as a result of head office costs, development costs and losses of new sites that are not fully operational. If the development sites are closed, and no further bid or legal costs are incurred, the head office cost of managing only the fully developed sites is estimated to be R20 million per annum. On a stand alone basis the fully developed sites therefore make a pro forma EBITDA of R132 million per annum.

The Group now operates 2 350 EBTs, an increase of 708 compared to the prior year.

The depreciation cost of the bingo operation is relatively low as the EBTs and premises are mostly rented. The depreciation charge decreased to R31 million from R35 million in the prior period.

The discussions with the KwaZulu-Natal Gaming and Betting Board to settle numerous court cases are continuing. The main impediment to the settlement of the various cases, are actions brought by some of the incumbent casino operators against the approval of EBTs by the KZN gaming board.

During the year the Group was awarded licences in Hazyview, Tonga, Musina, Bochum, Moruleng, Uitenhage, Ngcobo, King Williams Town and Tzaneen. We have already opened Bochum, Ngcobo, King Williams Town and Moruleng with the balance of licences estimated to be operational by the end of the calendar year. In addition, the challenge against our Uitenhage licence was dismissed. Construction has commenced and we expect to be open by 30 September 2017.

The performance of the Kuruman casino has improved significantly. The net gaming win grew by 17,6% compared to the prior year and the EBITDAR margin of 39% is a 3% improvement compared to the interim report.

Vukani

Vukani increased EBITDA to R343 million from R300 million (R291 million after adding back R9 million of sports betting losses, now separately reported) in the comparative period.

The depreciation charge decreased by R4,1 million for the year. This reduction is mainly as a result of the change of our limited pay-out machine useful life estimate from six to seven years. We continue to invest in new machines where required and assess our machine replacement requirements to ensure that we achieve an appropriate return on capital on this investment.

The installed machine base increased to 5 603 machines (2016: 5 265) representing an increase of 262 machines since the September 2016 report.

Average monthly gross gaming revenue ("GGR") per machine was R20 352 (2016: 18 492) with total GGR growing 12% year on year.

Operating expenses for the year were R199 million (2016: R199 million). On a like for like basis expenses increased by 5,9%.

Sports betting

The retail and online sports betting offering have been consolidated under BET.co.za. The online offering is profitable and is growing consistently. The BET.co.za mobile app was launched in an effort to further improve the service offering and we will continue to invest in this channel. The number of retail shops have been reduced following an evaluation of long term potential and investment requirements. The combined operations made an EBITDA loss of R3,6 million for the year compared to R9,5 million in 2016.

KWV

The Group concluded the sale of the operating assets of KWV for R1,18 billion and received the first tranche of the purchase consideration of R575 million on 14 October 2016. The balance of the purchase price will be received in three tranches supported by an Investec bank payment guarantee. The trading results of KWV, included in discontinued operations, increased from a headline profit of R20 million to R32 million following the re-measurement of the book value of the operating assets to the purchase consideration. Attributable headline profits from continuing operations was R20 million for the year.

Head office costs

Head office costs reduced to R47 million from R79 million and included share-based compensation expenses of R29 million compared to R9 million in 2016. On a normalised basis we expect head office costs to be R26 million per year.

Change in directors

Mr Khutso Mampeule has resigned from his position as independent non-executive director from 19 April 2017.

Dividend

The directors declared and approved a final gross ordinary dividend of 22 cents out of income reserves. The dividend will be payable on 19 June 2017.

Distribution declared	Wednesday, 24 May 2017
Last day to trade cum distribution	Monday, 12 June 2017
Shares trade ex distribution	Tuesday, 13 June 2017
Record date	Thursday, 15 June 2017
Payment date	Monday, 19 June 2017

Share certificates may not be dematerialised or materialised between Tuesday, 13 June 2017 and Thursday, 15 June 2017, both days inclusive.

The dividend meets the definition of a dividend in terms of the Income Tax Act, (No. 58 of 1962). The dividend amount net of South African dividends tax of 20% is 17,6 cents per share to those shareholders that are not exempt from dividends tax. The Company's tax reference number is 9564/137/84/3.

As at 24 May 2017, there are 119 162 734 ordinary shares in issue.

André van der Veen
Chief executive officer

24 May 2017
Paarl

CORPORATE INFORMATION

Niveus Investments Limited
(Incorporated in the Republic of South Africa)

Registration number: 1996/005744/06

JSE share code: NIV **ISIN code:** ZAE000169553
("**the Company**" or "**the Group**" or "**Niveus**")

Directors: JA Copelyn†, MM Loftie-Eaton*, ML Molefi#, JG Ngcobo#, Y Shaik†, A van der Veen* *(* executive † non-executive # independent non-executive)*

Company secretary: HCI Managerial Services Proprietary Limited

Transfer secretaries: Computershare Investor Services Proprietary Limited

Sponsor: PSG Capital Proprietary Limited

www.niveus.co.za