

NIVEUS

INVESTMENTS LIMITED

Reg. no: 1996/005744/06

PROVISIONAL
REVIEWED GROUP
CONSOLIDATED RESULTS
for the year ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2018 R'000	Audited 31 March 2017 R'000
ASSETS		
<i>Non-current assets</i>	484 664	1 315 728
Property, plant and equipment	114 159	659 202
Investment properties	262 758	28 638
Goodwill	11 714	59 944
Intangible assets	12 830	18 480
Interest in associates and joint ventures	35 322	73 707
Other financial assets	38 779	–
Deferred taxation	1 040	28 251
Loans receivable	8 062	447 506
<i>Current assets</i>	287 676	1 057 007
Other	28 142	348 273
Cash and cash equivalents	259 534	708 734
Assets of disposal group classified as held for sale	855 273	5 419
Total assets	1 627 613	2 378 154
EQUITY AND LIABILITIES		
<i>Equity</i>	1 400 212	1 881 755
Equity attributable to equity holders of the parent	924 356	1 314 265
Non-controlling interest	475 856	567 490
<i>Non current liabilities</i>	44 088	231 344
Borrowings	–	205 623
Deferred taxation	44 088	21 348
Operating lease equalisation liability	–	4 373
<i>Current liabilities</i>	183 313	262 596
Liabilities of disposal group classified as held for sale	–	2 459
Total equity and liabilities	1 627 613	2 378 154
Net asset value per share (cents)	776	1 103
Net tangible asset value per share (cents)	756	1 038

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Reviewed Year ended 31 March 2018 R'000	Audited Year ended 31 March 2017 Restated R'000
Revenue	42 608	18 519
Net gaming win	79 012	52 686
Group revenue	121 620	71 205
Other income	–	2 851
Operating expenses	(129 307)	(136 106)
	(7 687)	(62 050)
Depreciation and amortisation	(29 869)	(34 216)
Share of (losses)/profits of associates and joint ventures	(2 287)	736
Investment income	86 054	49 717
Fair value adjustment of other financial assets	5 539	–
Fair value adjustments of investment properties	48 119	–
Impairment of assets	(775)	(1 982)
Impairment of goodwill	–	(3 958)
Impairment of investment in associate	–	(6 971)
Impairment of loans to associates	(934)	
Gain on disposal of subsidiaries	–	6 074
Finance costs	(5 662)	1 147
Profit before taxation	92 499	(51 503)
Taxation	(48 848)	(6 637)
Profit/(loss) for the year from continuing operations	43 650	(58 140)
Net result from discontinued operations	164 508	(68 308)
Profit/(loss) for the year	208 158	(126 448)
Attributable to:		
Equity holders of the parent	184 260	(9 154)
Non-controlling interest	23 899	(117 294)
	208 159	(126 448)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

		Reviewed Year ended 31 March 2018 R'000		Audited Year ended 31 March 2017 Restated R'000
Reconciliation of headline earnings	Gross	Net	Gross	Net
Continuing operations				
Earnings attributable to equity holders of the parent		31 999		(68 751)
IAS 16 Gains on disposal of plant and equipment	(3)	(3)	–	–
IAS 16 Impairment of assets	775	775	1 982	889
IAS 27 Loss from disposal of subsidiaries	–	–	(6 074)	(4 252)
IAS 28 Impairment of investment in associate	–	–	6 971	4 880
IAS 36 Impairment of goodwill	–	–	3 958	3 958
IAS 40 Fair value adjustment to investment property	(48 119)	(37 341)	–	–
		<u>(4 570)</u>		<u>(63 276)</u>
Discontinued operations				
Earnings attributable to equity holders of the parent		152 262		59 597
IAS 16 Loss on disposal of plant and equipment	(904)	(904)	(519)	(309)
IAS 16 Impairment of assets	3 228	3 228	1 767	1 272
IAS 27 Loss from disposal of subsidiaries	(67 597)	(67 597)	–	–
IAS 28 Impairment of investment in joint venture	–	–	85	49
IAS 40 Fair value adjustment to investment property	1 426	1 107	(403)	(313)
Loss on disposal of operating assets of KVV	–	–	503 629	216 485
		<u>88 095</u>		<u>276 781</u>
		Reviewed Year ended 31 March 2018		Audited Year ended 31 March 2017 Restated
Earnings per share (cents)		154,6		(7,7)
– Continuing operations		26,85		(57,7)
– Discontinued operations		127,78		50,0
Headline earnings per share (cents)		70,09		179,2
– Continuing operations		(3,84)		(53,1)
– Discontinued operations		73,93		232,3
Diluted earnings per share (cents)		153,67		(7,6)
– Continuing operations		26,69		(57,3)
– Discontinued operations		126,98		49,7
Diluted headline earnings per share (cents)		69,82		178,1
– Continuing operations		(3,82)		(52,8)
– Discontinued operations		73,64		230,8
Actual number of shares in issue at end of year ('000)		119 163		119 163
Weighted average number of shares in issue ('000)		119 163		119 163
Weighted average number of shares in issue (diluted) ('000)		119 910		119 909

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Reviewed Year ended 31 March 2018 R'000	Audited Year ended 31 March 2017 Restated R'000
Profit/(loss) for the year	208 158	(126 448)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Change in use – revaluation of property – gross	52 184	
Change in use – revaluation of property – tax	(11 689)	
Foreign currency translation differences	(20 305)	(20 725)
Total comprehensive income/(loss)	228 348	(147 173)
Attributable to:		
Equity holders of the parent	187 298	(29 879)
Non-controlling interest	41 050	(117 294)
	228 348	(147 173)
Total comprehensive income attributable to equity holders of the parent arises from:		
– Continuing operations	35 762	(90 908)
– Discontinued operations	151 537	61 029
	187 299	(29 879)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed Year ended 31 March 2018 R'000	Audited Year ended 31 March 2017 R'000
Balance at beginning of year	1 881 755	2 080 498
Shares issued		–
Total comprehensive income/(loss)	228 349	(147 173)
Equity-settled share-based payments	(781)	7 303
Effects of changes in holding	(16 608)	(4 424)
Business combinations	17 392	(1 596)
Capital reductions and dividends	(709 894)	(52 853)
Balance at end of year	1 400 213	1 881 755

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Year ended 31 March 2018 R'000	Audited Year ended 31 March 2017 R'000
Cash flows from operating activities	554 873	357 744
Cash generated from operations	568 263	430 038
Net interest	68 557	(7 519)
Taxation paid	(81 947)	(64 775)
Cash flows from investing activities	(573 115)	293 536
Property, plant and equipment: additions	(232 739)	(165 154)
Proceeds from disposal of assets	143 252	532 791
Investment in associates and joint ventures	(45 962)	(48 516)
Sale of businesses	(204 882)	
Investment in financial assets	(217 348)	
Other	(15 436)	(25 585)
Cash flows from financing activities	(430 958)	(102 512)
Dividends paid	(302 679)	(38 965)
Long-term funding received/(repaid)	122 361	(63 547)
Short-term funding repaid	(250 640)	
(Decrease)/increase in cash and cash equivalents	(449 200)	548 768
Classified as held for sale	-	(1 105)
Cash and cash equivalents		
At beginning of year	708 734	161 071
At end of year	259 534	708 734

SEGMENTAL ANALYSIS

	Reviewed Year ended 31 March 2018 R'000	Audited Year ended 31 March 2017 Restated R'000
Revenue		
<i>Continuing operations</i>	42 608	18 519
Gaming and entertainment	20 969	13 174
Other	6 200	–
Property	15 439	5 345
<i>Discontinued operations</i>	55 718	635 065
Beverages	–	566 898
Other	–	–
Gaming and entertainment	55 718	68 167
	98 327	653 584
Net gaming win		
<i>Continuing operations</i>		
Gaming and entertainment	79 012	52 686
<i>Discontinued operations</i>		
Gaming and entertainment	865 097	1 273 924
	944 108	1 326 610
EBITDA		
<i>Continuing operations</i>	(7 686)	(62 049)
Gaming and entertainment	17 074	(7 835)
Head office and other	(18 848)	(47 054)
Property	(5 912)	(7 160)
<i>Discontinued operations</i>	236 660	529 170
Beverages	–	81 725
Other	–	–
Gaming and entertainment	236 660	447 445
	228 974	467 121
Profit before tax		
<i>Continuing operations</i>	92 498	(51 503)
Gaming and entertainment	(13 126)	(43 257)
Head office and other	(19 778)	(44 610)
Property	125 402	36 364
<i>Discontinued operations</i>	137 601	(106 630)
Beverages	–	(426 177)
Other	–	–
Gaming and entertainment	137 601	319 547
	219 532	(158 133)
Headline earnings		
<i>Continuing operations</i>	(4 570)	(63 276)
Gaming and entertainment	(13 251)	(39 369)
Head office and other	(21 252)	(43 990)
Property	29 933	20 083
<i>Discontinued operations</i>	88 095	276 781
Beverages	–	31 528
Other	–	–
Gaming and entertainment	88 095	245 253
	83 525	213 505

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation and accounting policies

The provisional condensed consolidated financial statements for the year ended 31 March 2018 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, 71 of 2008, as amended ("Companies Act") and the Listings Requirements of the JSE Limited ("Listings Requirements"). The accounting policies of the Group are consistent with those applied for the year ended 31 March 2017. 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, 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 C Kristal CA(SA).

Review of the independent auditor

The provisional condensed consolidated financial statements for the year ended 31 March 2018 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.

Change in use

The change in use of certain property resulted in its reclassification from property, plant and equipment to investment property. These properties were fair valued through other comprehensive income prior to being transferred to investment property.

The effect of the change in use was R40 million, net of deferred tax, recognised in the statement of other comprehensive income.

Discontinued operations

Unbundling of shares in gaming businesses

During June 2017, Niveus accepted an indicative offer from Tsogo Sun Holdings Limited for the sale of all its interests in Vukani Gaming Corporation Proprietary Limited ("Vukani"), 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. These conditions were met in November 2017 and the sale became effective. 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 ("Net result from discontinued operations") on the face of the consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Discontinued operations (continued)

Unbundling of shares in gaming businesses (continued)

The operating results of the discontinued operations and the loss on sale of assets were as follows:

	Reviewed Year ended 31 March 2018 R'000	Audited Year ended 31 March 2017 R'000
Profit relating to discontinued operations		
Revenue	54 836	68 120
Net gaming win	865 097	1 269 924
Other income and operating costs	(702 086)	(888 799)
Share of losses of associates and joint ventures	(4 882)	(7 081)
Investment income	3 561	4 357
Depreciation and amortisation	(55 288)	(91 027)
Asset impairments	(17 394)	(1 767)
Fair value adjustments of investment properties	(1 426)	403
Loss on disposal of business	86 050	–
Finance costs	(15 384)	(31 479)
Profit before taxation	213 085	322 651
Taxation	(40 689)	(64 703)
Profit from discontinued operations	172 396	257 948
Cash flows from discontinued operations		
Cash flows from operating activities	418 039	229 539
Cash flows from investing activities	(485 729)	(97 948)
Cash flows from financing activities	170 644	(64 325)
	102 954	67 266
Proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed		
Property, plant and equipment	418 957	
Goodwill	50 433	
Intangible assets	10 381	
Investments in associates and joint arrangements	76 243	
Other financial assets	35 769	
Deferred tax asset	31 481	
Other non-current assets	12 027	
Inventories	8 385	
Trade and other receivables	116 085	
Cash and cash equivalents	181 154	
Trade and other payables	(349 528)	
Current income tax liabilities	(14 659)	
	576 728	
Non-controlling interest	12 443	
Disposal proceeds set off against repurchase consideration	(134 538)	
Dividend in specie	(540 683)	
Profit on disposal	86 050	
Cash and cash equivalents at date of disposal	(181 154)	
Net cash outflow	(181 154)	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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:

	Reviewed Year ended 31 March 2018 R'000	Audited Year ended 31 March 2017 R'000
Loss relating to discontinued operations		
Revenue	882	47
Net gaming win	–	4 000
Other income and operating costs	9 699	(5 846)
Depreciation and amortisation	(13)	(1 301)
Loss on disposal of subsidiary	(18 454)	
Finance costs	(2)	(3)
Loss from discontinued operations	(7 888)	(3 103)
Remeasurement of disposal group	–	–
Net result from discontinued operations	(7 888)	(3 103)
Cash flows from discontinued operations		
Cash flows from operating activities	447	(2 216)
Cash flows from investing activities	–	1 571
	447	(645)
Proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed		
Property, plant and equipment	1 503	
Intangible assets	1 187	
Other financial assets	42	
Trade and other receivables	834	
Cash and cash equivalents	189	
Other financial liabilities	(13 231)	
Trade and other payables	(1 650)	
	(11 126)	
Non-controlling interest	6 041	
Loss on disposal	(18 454)	
Cash and cash equivalents at date of disposal	(189)	
Net cash outflow	(23 728)	

Operating assets of KVV

During September 2017, the operating assets of KVV were disposed of to the Vasari group. The revenue and expenses, and gains and losses relating to these assets were removed from the results of continuing operations in the 2017 financial year and were included in the single line item "Net result from discontinued operations" on the face of the consolidated statement of profit or loss

Assets held for distribution

The current year assets of disposal group classified as held for sale balance represents the 38% shareholding in Hosken Passenger Logistics and Rail Limited ("HPL&R"), which is held for distribution – refer subsequent events note.

Subsequent events

Subsequent to year-end, La Concorde unbundled the shares it acquired in HPL&R to La Concorde shareholders by way of a distribution in specie.

COMMENTARY

In November 2017 Niveus unbundled its gaming interest, other than its sports betting and lottery interests ("GameCo"), to Niveus shareholders with Tsogo subsequently making an offer to shareholders to acquire their interest in GameCo. The interest in the Kuruman Casino was retained by Niveus on loan account with GameCo pending regulatory approval. The consolidated results reflect GameCo as discontinued operations until the unbundling and offer transaction.

La Concorde

The Niveus Group owns a 58% interest in the La Concorde Group. Prior to February 2018, a wholly owned subsidiary of La Concorde ("NewCo") was capitalised with R1,1 billion of cash and cash equivalents. In February 2018, NewCo acquired 100% of the issued shares in HPL and R Investments Proprietary Limited, which holds 100% of Golden Arrow Bus Services (Proprietary) Limited and 76% of ElJoSa Travel & Tours Proprietary Limited, from Hosken Consolidated Investments Limited ("HCI") for R1,8 billion. The purchase price was settled by the issue of approximately 62% of the issued shares in NewCo to HCI.

In February 2018, NewCo declared a cash dividend of approximately R650 million to its shareholders. La Concorde Group received approximately R247 million of the NewCo cash dividend and declared a dividend of R3,62 per share to its shareholders subsequently, in February 2018. Niveus, as a 58% shareholder of La Concorde Holdings Limited, received approximately R143 million and proceeded to declare a dividend of R1,20 per share to its shareholders on 14 February 2018.

NewCo's name was changed to Hosken Passenger Logistics and Rail Limited (HPL&R), and on 13 April 2018 La Concorde unbundled its interest in HPL&R to its shareholders. HPL&R was listed on the Main Board of the JSE on 24 April 2018 and unbundled by Niveus to its shareholders on 30 April 2018.

The remaining assets of La Concorde consist mainly of investment property, art and cash. Additions to the La Concorde head offices were made during the year with development plans for vacant land being considered.

Other assets

Niveus has an interest in online sports betting and retail sports betting licences of which five became operational during the year. Niveus is satisfied with the growth rates of the industry.

Niveus invested in a start-up investment developing radar tracing products in the golf industry. Continued development progress is made and R24 million was invested during the year with the remaining R5 million of an initial facility expected to be advanced in June 2018.

The operations of Niveus AG ceased, following the closure of the African operations as well as the sale of GameCo to Tsogo. Niveus AG has a cash balance of approximately R140 million.

Muriel Loftie-Eaton

Chief executive officer

23 May 2018

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^{*}, CE Kristal^{*}, A van der Veen[†], Y Shaik[†], ML Molefi[#], JG Ngcobo[#], RD Watson[#]

(* 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

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