

NIVEUS

INVESTMENTS LIMITED

NIVEUS INVESTMENTS INTEGRATED ANNUAL REPORT **2018**

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"Niveus", "the Group" or "the Company": Niveus Investments Limited

ABOUT THIS REPORT

SCOPE OF INTEGRATED ANNUAL REPORT AND ASSURANCE

The integrated annual report of Niveus Investments Limited (“Niveus”) covers financial and non-financial information for the period 1 April 2017 to 31 March 2018. The information provides a summary of the Group’s financial, social and environmental performance in matters material to the Group and those of interest to the Group’s key stakeholders and is reflective of the Group’s commitment to create shareholder value. The board and management are committed to the principles of integrated reporting and embrace these as a means to improve reporting about Niveus continually in the short, medium and long term.

The integrated annual report is Niveus’s primary report to stakeholders and includes information that the board and management deem to be useful and relevant to stakeholders. The report was prepared according to and guided by:

- the Company’s memorandum of incorporation (“MOI”);
- requirements of the Companies Act, 71 of 2008, as amended (“the Companies Act”);
- International Financial Reporting Standards (“IFRS”);
- the Listings Requirements of the JSE Limited (“JSE” and “JSE Listings Requirements”); and
- recommendations of the King IV Report on Corporate Governance™ for South Africa, 2016 (“King IV™”).

Hosken Consolidated Investments Limited (“HCI”), a black empowerment investment company, owns 52,3% of Niveus and publishes its own integrated annual report, which is available at www.hci.co.za.

The financial information contained in this report relates to Niveus and its subsidiaries, associates and joint ventures (“Group”). Generally, no financial and non-financial targets or forward-looking statements are contained in this report. If, however, any forward-looking statements are included in this report, these would not have been reviewed or reported on by the Group’s independent auditor.

The integrated annual report contains summarised consolidated annual financial statements. A copy of the full audited annual financial statements is available at www.niveus.co.za (“Niveus website”).

Printed copies of this report can be requested from the company secretary, HCI Managerial Services Proprietary Limited, through Enid Nieuwoudt, on tel. 021 807 3800.

MATERIALITY

While many issues affect the business on a daily basis, the most material are those that have the greatest potential to impact ongoing success. In the determination of the matters that are material for disclosure in the integrated annual report, consideration was given to those that may affect Niveus’s strategy or business model. Identifying these issues involves the consideration of Niveus’s external and regulatory environment, its key business risks as well as inputs from stakeholders.

The following was taken into account in the development of our understanding of the most material issues:

- Agreements and commitments entered into by Niveus;
- Relevant current and future regulations and legislation;
- Niveus’s strategies, policies, systems, goals and values;
- Significant risks identified through Niveus’s risk management process; and
- Expectations, views, concerns and interests expressed by stakeholders.

STATEMENT OF THE BOARD OF DIRECTORS ON THE INTEGRATED ANNUAL REPORT

This integrated annual report is the result of combined input from Niveus and its subsidiaries on their activities and achievements for the year. No independent third-party assurance was obtained on the non-financial data included in this integrated annual report.

A key component of assurance is the approval of data and information by Niveus’s executive management, the audit and risk committee and, ultimately, the board.

The board acknowledges its responsibility to ensure the integrity of the integrated annual report, believes that it addresses all material issues, and that it fairly represents the integrated performance of Niveus.

The external auditor, Grant Thornton Johannesburg Partnership, provides assurance on the annual financial statements, which are available on the Niveus website.

The audit and risk committee and the board reviewed and approved the integrated annual report. The summarised consolidated annual financial statements were prepared in accordance with IFRS and the Companies Act.

In our opinion, the integrated annual report and summarised consolidated annual financial statements fairly reflect the financial position of the Group at 31 March 2018 and its operations during this period.

BOARD OF DIRECTORS

Executive directors

Muriel Loftie-Eaton (39)

Resigned effective 1 August 2018

Chief executive officer

CA(SA)

Muriel joined HCI in 2009 and served on various executive and audit and risk committees of HCI's subsidiaries. She qualified as a chartered accountant at PricewaterhouseCoopers, and worked for Adato Capital Holdings Limited (previously Quince Capital Holdings) prior to joining HCI. She was appointed to the Niveus board in January 2012.

Cisco Pereira (35)

Appointed – 1 July 2018

Financial director

CA(SA)

Cisco joined HCI as group financial manager in 2010 and has served on a number of executive committees of HCI's subsidiaries. He qualified as a chartered accountant at PKF (Cpt) Inc and worked at PSG Asset Management prior to joining HCI. He was appointed to the Niveus board in July 2018.

Non-executive directors

John Copelyn (67) – Chairman

BA (Hons), B.Proc

John joined HCI as chief executive officer in 1997. Prior to this he was a member of Parliament and general secretary of the Southern African Clothing and Textile Workers Union. He holds directorships in numerous companies within the Group. He is chairman of Deneb Investments, eMedia Holdings, Hospitality Property Fund, Tsogo Sun Holdings and the HCI Foundation. He was appointed to the Niveus board in May 1998.

Yunis Shaik (60)

CEO effective 1 August 2018

B.Proc

Prior to his appointment as executive director at HCI, Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former deputy general secretary of the Southern African Clothing and Textile Workers Union and served as a senior commissioner to the CCMA in KwaZulu-Natal. He is a director of La Concorde, Deneb Investments, eMedia Holdings and Tsogo Sun Holdings. He is chairman of Hosken Passenger Logistics and Rail. He was appointed to the Niveus board in January 2012.

Non-executive directors

André van der Veen (47)

CA(SA), CFA, ACMA

André joined HCI in 2004. He served on the board of Tsogo Sun Holdings from 2006 to 2012 and as an executive director of HCI from 2006 to 2009. Currently, he holds the position of the chief executive officer of eMedia Holdings. He is the non-executive chairman of HCI Coal and a director of La Concorde. He was appointed to the Niveus board in December 2011 and served as CEO until 30 October 2017.

Independent non-executive directors

Dr Moretlo Molefi (49)

BSc, MBChB, Telemed Diploma, SMP

Moretlo is a businesswoman with interests in healthcare, specifically eHealth. She serves in the ministerial advisory committee on eHealth in South Africa and has served as a strategic advisor to the WHO eHealth sector. She holds a number of leadership positions and serves on the boards of HCI, EOH Holdings and the South African Post Office. She was appointed to the Niveus board in January 2012 and as lead independent director on 20 March 2014.

Jabu Ngcobo (67)

Jabu served as regional secretary for Africa of the International Textile Garment and Leather Workers Federation from 2006. Prior to this appointment he held the position of general secretary of the Southern African Clothing and Textile Workers Union for six years. He is a director of HCI and Tsogo Sun Holdings. He was appointed to the Niveus board as a non-executive director in January 2012.

Rachel Watson (59)

Appointed – 19 May 2018

Rachel currently holds a position as manager of a local community radio broadcaster. Prior to this appointment she was employed within the clothing industry for 33 years, serving as a trade union representative and national media officer. She is a director of Deneb Investments, HCI and eMedia Holdings. She was appointed to the Niveus board in May 2017.

ANALYSIS OF SHAREHOLDERS

Listed below are analyses of shareholdings extracted from the register of ordinary shareholders at 31 March 2018.

DISTRIBUTION OF SHAREHOLDERS

			Number of shareholders	% of shareholders	Number of shares	% of issued capital
1	–	1 000 shares	179	47,2	50 633	0,0
1 001	–	10 000 shares	101	26,7	426 159	0,4
10 001	–	50 000 shares	50	13,2	1 100 411	0,9
50 001	–	100 000 shares	11	2,9	847 917	0,7
100 001	–	500 000 shares	21	5,5	4 602 868	3,9
500 001	–	1 000 000 shares	6	1,6	4 380 313	3,7
Over 1 000 000 shares			11	2,9	107 754 433	90,4
			379	100,0	119 162 734	100,0

TYPE OF SHAREHOLDER

			Number of shareholders	% of shareholders	Number of shares	% of shares
Bank			4	1,0	353 658	0,3
Close corporation			15	4,0	109 288	0,1
Endowment fund			1	0,3	30 000	0,0
Individual			288	76,0	23 762 097	19,9
Investment company			15	4,0	73 629 189	61,8
Pension fund			2	0,5	28 197	0,0
Private company			22	5,8	19 661 322	16,5
Public company			4	1,0	227 161	0,2
Trust			28	7,4	1 361 822	1,1
			379	100,0	119 162 734	100,0

SIGNIFICANT SHAREHOLDINGS

At 31 March 2018, 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	52,3
Directors as shown in Shareholder Analysis		

SHAREHOLDER ANALYSIS

31 March 2018	Number of shareholders	Number of shares	% of issued capital
Public	375	48 626 487	40.8
Non-public	4	70 536 247	59.2
HCI	1	62 294 907	52,3
JA Copelyn# (indirect)	1	7 173 840	6,0
A van der Veen** (indirect)	1	870 559	0,7
MM Loftie-Eaton# (indirect)	1	196 941	0,2
Total	379	119 162 734	100.0

Directors

* In addition, A van der Veen holds an indirect non-beneficial interest in 2 830 552 Niveus shares through Nport Investment Holdings Proprietary Limited.

CHIEF EXECUTIVE OFFICER'S REPORT

In November 2017 Niveus unbundled its gaming interest, other than its sports betting and lottery interests ("GameCo"), to Niveus shareholders with Tsogo Sun Holdings 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 condition precedent was met on 15 June 2018 and Niveus transferred the interest to Tsogo Sun Holdings Limited in exchange for settlement of the loan account. 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 advanced in June 2018.

The operations of Niveus AG ceased, following the closure of the Group's 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

30 July 2018
Paarl

GROUP OVERVIEW



52,3%

NIVEUS
INVESTMENTS LIMITED

LA CONCORDE

La Concorde
58%

www.laconcordeholdings.co.za

Following the unbundling of its principal gaming interests in November 2017, Niveus’s main investment is a 58% interest in La Concorde. Niveus also has various other smaller investments including sports betting, technology and cash.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH LAWS, CODES AND STANDARDS

Niveus complies with and respects the laws of the countries in which it operates. These include, but are not limited to, corporate and tax laws, common law as well as specific laws, including legislation of all the gambling boards. The Group operates in a highly regulated environment, and compliance officers ensure adherence to the various acts and codes. Each company has its own board of directors responsible for the management, including risk management and internal control, of that company and its business. No material non-compliance with laws, codes or standards has occurred.

DEALING IN THE COMPANY'S SECURITIES

Niveus complies with the continuing obligations of the JSE Listings Requirements. A Group-wide share trading policy is in place, which prohibits all directors and employees who have access to financial results and other price-sensitive information from dealing in Niveus's shares during certain prescribed restricted periods, as defined by the JSE or when the Company is operating under a cautionary announcement.

The company secretary regularly disseminates written notices to inform these employees of the insider trading legislation and to advise on closed periods. Details of share dealings by Niveus's directors or their subsidiaries are disclosed to the board and the JSE through the Stock Exchange News Service ("SENS"). Written requests by directors and their associates, officers and senior personnel to trade in shares and the requisite approval to trade in Niveus's shares, outside of closed periods, are kept on record at Niveus's office.

DISCLOSURES

Niveus ensures that accurate and timely disclosure of information which may have a material effect on the value of its securities or influence investment decisions is made to all shareholders to ensure shareholder parity. The Company publishes details of its corporate actions and performance via SENS and in Business Day. The Company maintains a website through which access to the Company's latest financial, operational and historical information, including its annual reports, is available to the broader community.

COMPOSITION OF THE BOARD

The Niveus board is responsible for leading and controlling the strategic and governance direction of Niveus and its subsidiaries and is regulated by a formal charter that sets out the roles and responsibilities of the directors. The board charter codifies the board's composition, appointment, authorities, responsibilities and processes, and sets out the fiduciary duties of the directors of the Company.

The composition of the board complies with the King IV™ principle which recommends that the board maintains a balance of power with its majority comprising non-executive directors, the greater part of which should be independent.

The board consists of eight members – six non-executive directors of which three are independent directors. The independence of the directors was evaluated by weighing all relevant factors, including duration of service on the board, which may compromise independence.

The roles of chairman and chief executive officer are separate, and the composition of the board ensures a balance of authority, which precludes any one director from exercising unfettered powers of decision-making. The directors are high-calibre individuals with diverse backgrounds and expertise. This facilitates independent judgement and broad deliberation in the decision-making process.

Chairman

The chairman is elected by the board on an annual basis after assessing his performance and his ability to add value. It should be noted that the current chairman, John Copelyn, is not an independent director due to his directorship at Niveus's major shareholder, HCI. In this regard, Niveus has appointed Dr Moretlo Molefi as lead independent director to act as chairperson where the independence of the chairman may be compromised. Given the chairman's knowledge of the business and his commercial experience, the board deems this arrangement appropriate and essential for achieving Niveus's business objectives.

Chief Executive Officer

The role and function of the chief executive officer is formalised. All senior executive-level appointments are confirmed by the board of directors. Succession planning is vital for business sustainability and succession plans are in place for senior executives.

Non-executive directors are selected for their broader knowledge and experience and are expected to contribute meaningfully to decision-making alongside the formulation of policy. Executive directors contribute insight into day-to-day operations.

The board delegates the power to manage the day-to-day operations of the Group to the chief executive officer, who may again delegate some of these powers. The board also delegates powers and responsibilities to the elected committees to execute its strategy and ensure that the objectives, as determined by the individual charters, are met. This ensures that there is a clear division of responsibilities at board level, which safeguards against an individual exercising an unfettered power of decision-making.

BOARD AND SUBCOMMITTEE INFORMATION

	Charter or mandate	Roles and responsibilities	Composition
Board	Yes	<ul style="list-style-type: none"> strategic direction and performance risk exposure, governance and tolerance levels business sustainability monitoring of relationship between management and stakeholders of the Group ethical leadership and corporate citizenship compliance and adherence to rules, codes, standards and best practice dispute resolution compliance with gender and race diversity policy 	<ul style="list-style-type: none"> two executive directors three non-independent non-executive directors three independent non-executive directors
Audit and risk	Yes	<ul style="list-style-type: none"> internal financial controls and accounting systems oversight of integrated reporting process oversight of risk management, exposure and internal controls monitoring of accounting and information systems oversight of internal audit function and external auditor, and IT systems evaluation of performance of the internal audit function protection of assets and public reporting compliance with relevant laws, rules, codes of conduct and standards recommendation of external auditor to shareholders 	<ul style="list-style-type: none"> three independent non-executive directors
Remuneration	Yes (included in board charter)	<ul style="list-style-type: none"> recommendations to the board on non-executive directors' fees provision of channel of communication between board and management on remuneration matters review of the Group's remuneration policies and practices, and proposals to change these, and to make recommendations in this regard to the board determination and approval of any share option grants to senior employees of the Group made pursuant to the Company's executive share scheme review and approval of any disclosures in the integrated annual report, or elsewhere, on remuneration policies or directors' remuneration 	<ul style="list-style-type: none"> two independent non-executive directors one non-executive director
Social and ethics	Yes	<ul style="list-style-type: none"> monitoring of Company compliance with relevant social, ethical and legal requirements and best practice codes guidance on relevant matters to the board report to shareholders on social and ethics matters social and economic development oversight of environment, health and public safety oversight of consumer, labour and employment relationships 	<ul style="list-style-type: none"> one executive director one non-executive director one independent non-executive director

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD SUBCOMMITTEES

The board has established subcommittees to assist it in discharging its duties and responsibilities. In line with King IV™, all board committees comprise only members of the board but appropriate personnel are invited to the meetings as required.

All committees are empowered to obtain such external or other independent professional advice as they consider necessary to carry out their duties. These committees play an important role in enhancing good corporate governance and improving internal controls and, as a result, the Company's performance. Each subcommittee acts according to its charter or mandate, approved by the board and reviewed annually, which sets out its purpose, membership requirements, and duties and reporting procedures.

The minutes of the subcommittee meetings are included in the agendas of subsequent board meetings with the chairmen of the subcommittees giving feedback to the board.

Notwithstanding the delegation of functions to the subcommittees, the board remains ultimately responsible for the proper fulfilment of such functions, except in the case of the audit and risk committee functions relating to the appointment, fees and terms of engagement of the external auditor.

NIVEUS'S ETHICS LINE

Niveus is committed to conducting healthy business practices with honesty and integrity. For this reason, Niveus has subscribed to a whistle-blowing service that will enable all stakeholders to report anonymously on suspected dishonest behaviour.

The Niveus whistle-blower's hotline is administered independently by the professional services firm, Whistle Blowers. Awareness is created by advertising on the websites of Niveus's subsidiaries and on staff notice forums. Reporting is entirely confidential.

LITIGATION

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened, of which the directors of Niveus are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of Niveus.

CONFLICTS OF INTEREST

The company secretary keeps a register of declarations of interest for all directors. Directors are not disqualified from contracting within the Group by virtue of their office. However, full disclosure of the nature of a director's interest is made at every board meeting. Should a matter arise in which a director has an interest, the director is disqualified from voting and may be required to recuse him/herself from any meeting where the matter is discussed.

Executive directors must distinguish between their role as director and that of manager. Should they be unable to reconcile the two roles, they are required to withdraw from the discussion and the voting.

ACCESS TO INFORMATION

No requests for information were lodged with the Company in terms of the Promotion of Access to Information Act, 2 of 2000.

GENDER DIVERSITY

The board of directors has adopted a policy on gender diversity at board level and agreed on voluntary targets. The board has surpassed its gender target of 25% women, all of which are women of colour.

RACE DIVERSITY

The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people of colour which were met.

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited held the office of the company secretary for the twelve months ended 31 March 2018. The secretarial department is under the supervision of Cheryl Philip (FCIS) who is empowered and authorised to provide corporate governance services to the board and management. The board has evaluated the performance and independence of the company secretary during the period under review and it is satisfied that the company secretary is competent and has the appropriate qualifications and experience required by the Group to administer the secretarial obligations of the Company. The secretary has an arm's-length relationship with the board of directors. The name, business and postal address of the company secretary are set out on the inside back cover.

MEETINGS OF THE BOARD

During the year, Niveus held three board meetings. The directors are briefed comprehensively, in advance, and are provided with all the necessary information to enable them to discharge their responsibilities. Individual directors' attendance at the board and committee meetings is set out in the table below:

	Board			Audit and risk			Social and ethics		Remune- ration
	19 May 2017	17 Nov 2017	23 Mar 2018	19 May 2017	17 Nov 2017	23 Mar 2018	19 May 2017	17 Nov 2017	20 May 2017
JA Copelyn	✓ ^c	✓ ^c	✓ ^c	–	–	–	✓	✓ ^c	✓
MM Loftie-Eaton****	✓	✓	✓	✓	✓	✓	✓	✓	–
A van der Veen	✓	✓	✓	–	–	–	–	–	–
LM Molefi	✓	via TC	via VC	✓ ^c	via TC	via VC ^c	✓ ^c	via TC	✓
JG Ngcobo	✓	✓	via TC	✓	✓ ^c	via TC	✓	✓	✓ ^c
Y Shaik	✓	✓	✓	–	–	–	–	–	✓
RD Watson*	N/A	✓	✓	N/A	✓	✓	N/A	–	N/A
CE Kristal**	N/A	–	✓	N/A	–	✓	N/A	–	N/A
KI Mampeule***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Appointed 19/05/2017

** Appointed 01/11/2017 and resigned 01/07/2018

*** Resigned 19/04/2017

**** Resigned 01/08/2018

^c Chairman

TC Teleconference

VC Video Conference

	Independent board meetings	
	27 Jul 2017	12 Feb 2018 TC
F-A du Plessis*	✓	N/A
WP van der Merwe*	✓	N/A
MN Joubert*	✓	N/A
RD Watson**	N/A	✓
Y Shaik**	N/A	✓
JG Ngcobo**	N/A	✓

* Appointed 2017/07/03 and resigned 2017/11/17 to the board and independent board

** Appointed 2018/01/20 and resigned 2018/04/30 to the independent board

REPORT OF THE AUDIT AND RISK COMMITTEE

Members: Dr LM Molefi (chairperson), RD Watson and JG Ngcobo

The audit and risk committee submits this report for the financial year ending 31 March 2018, 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. Their curricula vitae ("CVs") appear on page 3. 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.

Five audit and risk committee meetings were held during the year. Attendance is recorded on page 11. The chairperson of the committee participated in setting of and reaching an agreement on the agendas to the meetings.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

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

The audit and risk committee fulfils an independent oversight role regarding the Group's integrated annual report, financial statements and the reporting process, 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 IV™ 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 Companies 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;
- 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; and
- confirmed the independence of the external auditor as per section 92 of the Companies Act.

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.

COMBINED ASSURANCE

The Combined Assurance Forum (incorporating internal audit, external audit, the chief financial officer and the chief risk officer) provides assurance to the board that the risk management process is integrated into the daily business activities of the Company and that the appropriate levels of assurance are obtained.

EXTERNAL AUDITORS

The external auditors for the period under review were Grant Thornton Johannesburg Partnership and Ms M da Costa as the designated auditor.

The committee

- confirmed the independence of the external auditor as per section 92 of the Act;
- reviewed the performance of the external auditors and confirmed that the external auditors, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements;
- determined the fees to be paid to the external auditor and their terms of engagement;
- determined the nature and extent of any non-audit services that the external auditors may provide to the Company and its wholly owned subsidiaries;
- preapproved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries; and
- provided for regular confidential meetings between the committee members and the external and internal auditors.

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

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 ("CAE"). The CAE functionally reports to the chair of the committee and administratively to the financial director.

CORPORATE GOVERNANCE

The Niveus board of directors is committed to the principles of good corporate governance. Ethical behaviour in Company undertakings is maintained by all directors, officers and staff in accordance with the Group's ethics policy. The policy requires of individual employees that they comply with all relevant legal requirements and regulations that apply to their area of work, and provides guidance on matters such as respecting intellectual property rights and avoiding conflicts of interest. Niveus acknowledges and understands that the structure of its investments requires a shared set of core values and ethical conduct to which each employee is held accountable.

As a corporate citizen, Niveus has a responsibility to conduct its affairs with diligence and responsibility, and to safeguard the interests of all stakeholders. The board is accountable for the strategy, direction and corporate behaviour of the Company. This includes oversight of policies and procedures that promote Company conduct in accordance with the Niveus code of ethics.

With effect from 1 July 2014, the Group adopted an Anti-Corruption and Economic Crime Prevention Policy. The purpose of this document is to set out the policy of the Group in its management of bribery, corruption and other forms of economic crime. The policy includes control strategies for prevention and remedial action in order to limit the Group's exposure.

The directors of Niveus are required to act in accordance with the Group's directors' code of conduct. The governing principles are broadly defined as standards of diligence and good faith.

The board endorses the King IV Code™ on Corporate Governance ("King IV Code™") set out in King IV™ along with the Company's commitment to good corporate governance formalised in its charter and policies.

King IV™, which is on an "apply and explain" basis, was released on 1 November 2016. King IV™ advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

The board is satisfied that Niveus, in all material aspects, complies with the major recommendations of the King IV Code™ to ensure that sound corporate governance and structures are applied within the Group.

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

IT GOVERNANCE

As an investment holding Company with limited technology needs, Niveus has not deemed it necessary to focus on IT at a Group level. The company has outsourced its IT operations to a credible service provider via a service level agreement.

COMPLIANCE

The social and ethics committee has oversight of the Group's compliance programme. It is the responsibility of this committee to review the matters that pertain specifically to audit committees, such as tax compliance.

WHISTLE-BLOWING

The committee has oversight of the Company's whistle-blowing programme. During the period under review it was satisfied that adequate and appropriate provision was made for whistle-blowing. No instances requiring action at a Group level were raised or identified during the period under review.

SUSTAINABILITY REPORTING

The committee considered the Company's sustainability information, as disclosed in this report, and has assessed its consistency with operational and other information known to committee members. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

During the period under review, the committee considered the expertise and experience of the chief financial officer ("CFO"), Ms Carolyn Kristal, and was satisfied that, in terms of section 3.84(g)(i) of the JSE Listings Requirements, the CFO had the appropriate skills, expertise and experience to meet the responsibilities of the position.

The committee has also, in terms of King IV™, assessed the expertise of the finance function and the committee is satisfied that the finance team have the required and adequate skills to perform their duties.

FINANCIAL STATEMENTS AND GOING CONCERN

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 review of the financial statements includes a review of the legal matters that could have a significant impact on the Group's financial statements and the key audit matters contained in the external audit report.

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.

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The committee has evaluated the integrated annual report, as well as the complete annual financial statements, of the Group for the period ended 31 March 2018 and, based on the information provided, has recommended them for approval by the board.



Dr Moretlo Molefi
CHAIRPERSON: AUDIT AND RISK COMMITTEE

REPORT OF THE REMUNERATION COMMITTEE

Members: JG Ngcobo (chairman), Dr LM Molefi and JA Copelyn

The chairman and the majority of the members of the remuneration committee are independent non-executive directors. In line with the recommendations of King IV™, the chief executive officer attends the meetings of the committee at the request of the committee, but recuses himself from the meeting before any decisions are made.

REMUNERATION POLICY

The committee is primarily responsible for overseeing the remuneration and incentives of the executive management of the Group. It takes cognisance of local best practice relating to remuneration in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company.

The HCI remuneration committee utilises the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management, which includes Niveus's management. This feedback is considered by Niveus's remuneration committee when determining the appropriate remuneration levels.

The Group's remuneration philosophy strives to reward employees in a fair and responsible way that ensures a culture of high performance so as to deliver returns to shareholders

through employees who are motivated, engaged and committed. The aim of this philosophy is to attract, retain and develop employees with scarce and critical skills who contribute to sustained business growth and are aligned with the strategic and operational requirements of the business.

In terms of the approved Niveus Employee Share Scheme, share options are allocated to participants at a 10% discount to the 20-business-day volume-weighted average middle-market price, as at date of grant. The number of share options granted is determined using a multiple of the participant's basic salary, divided by the discounted market price. The fair value of options granted is measured using the Black-Scholes Model.

Annual fees for directors' services to the Company have been proposed at R106 000 per non-executive director and at R45 580 per committee member, with effect from 1 April 2019, subject to shareholder approval at the annual general meeting. Where a non-executive director is a member of more than one subcommittee of the Company, the annual committee fee will be limited to R45 580. These fees are comparable with those of similarly sized companies. Non-executive directors do not receive short-term incentives and do not participate in the share incentive scheme.

Non-executive board fees for the year ending 31 March 2018 are set out in rand below:

Name	Board	Subcommittee	Total
JA Copelyn	95 000	40 000	135 000
RD Watson	82 577	34 769	117 346
LM Molefi	95 000	40 000	135 000
JG Ngcobo	95 000	40 000	135 000
Y Shaik	95 000	40 000	135 000
F-A du Plessis	–	60 000	60 000
MN Joubert	–	60 000	60 000
WP van der Merwe	–	60 000	60 000
A van der Veen	–	–	–
Total	460 000	185 000	645 000

REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

The remuneration committee further approved bonuses and annual increases for senior management.

Niveus and Johnnic Holdings Management Services Proprietary Limited (“the administrator”) entered into an administrative agreement to provide various services, including company secretarial support, the provision of cash management services as well as developing and advising Niveus in relation to appropriate capital management strategies, as well as interacting with key stakeholders.

According to the agreement, the chief executive officer and the financial director perform investment management and advisory services for Niveus in their capacity as executive directors of Niveus.

Given that the executive directors are remunerated by the administrator, the remuneration committee does not determine or approve the executive directors’ remuneration.

IMPLEMENTATION REPORT

Year ended 31 March 2018	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
Executive directors							
A van der Veen	–	–	4 533	699	2 435	2 210	9 877
MM Loftie-Eaton	–	–	2 102	45	630	1 252	4 029
CE Kristal	–	–	271	–	–	–	271
	–	–	6 906	744	3 065	3 462	14 177
Non-executive directors							
JA Copelyn	217	–	6 980	816	4 051	3 927	15 991
JG Ngcobo	1 021	–	–	–	–	–	1 021
LM Molefi	545	–	–	–	–	–	545
RD Watson	751	–	–	–	–	–	751
Y Shaik	217	–	3 609	–	1 371	1 758	6 955
Paid by Hosken Consolidated Investments Limited’s subsidiaries not in the Niveus Group	(1 936)	–	(10 589)	(816)	(5 422)	(5 685)	(24 448)
	815	–	6 906	744	3 065	3 462	14 992

Directors’ interest in Niveus’s share capital at the end of the financial year was:

Director	Number of shares	Percentage holding
Executive		
MM Loftie-Eaton (indirect beneficial)	196 941	0,2
A van der Veen* (direct) (indirect beneficial)	870 559	0,7
Non-executive		
JA Copelyn (indirect beneficial)	7 173 840	6,0

* In addition to the interest disclosed above, A van der Veen holds an indirect non-beneficial interest in 2 830 552 Niveus shares through Nport Investment Holdings Proprietary Limited.

The non-binding advisory vote in respect of the remuneration report, as included in the integrated annual report for the 2017 financial year, was tabled at the annual general meeting of the Company and passed by the requisite majority. In the event that the non-binding advisory votes in respect of the Company's remuneration implementation report or its remuneration policy, as summarised in this report, are voted against by 25% or more of votes cast at the annual general meeting, the board will seek to engage directly with the disapproving shareholders in order

to contemplate the reasons for dissent and implement corrective action, if it deems fit.



Jabu Ngcobo
CHAIRMAN: REMUNERATION COMMITTEE

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Members: Dr LM Molefi (chairperson), JA Copelyn and MM Loftie-Eaton

INTRODUCTION

The social and ethics committee has the pleasure of submitting this report, as required by sections 72(4) to 72(10) and regulation 43 of the Companies Act.

FUNCTIONS OF THE SOCIAL AND ETHICS COMMITTEE

The committee has been mandated to advise, oversee and monitor Niveus’s activities with regard to social and economic development, ethics, transformation, sustainability, corporate citizenship, environmental, health and public safety, stakeholder relationships, labour and employment matters. In executing its mandate, the committee strives to comply with recommended practices, as outlined in King IV™. The committee considers reports and information generated by the Group’s companies and reports back to the board of Niveus.

The social and ethics committee has discharged the monitoring functions in terms of regulation 43.5 of the

Companies Act that relate to social and ethics development, which includes the standing of the Company with regard to:

- the 10 principles set out in the United Nations Global Compact;
- the Employment Equity Act;
- the Broad-Based Black Economic Empowerment Act, 53 of 2003;
- good corporate citizenship;
- environment, health and public safety; and
- labour and employment.

Please refer to the corporate social responsibility report on pages 18 to 19, which incorporates the various aspects overseen by the committee.



Dr Moretlo Molefi
CHAIRPERSON: SOCIAL AND ETHICS COMMITTEE

CORPORATE SOCIAL RESPONSIBILITY

The social and ethics committee is responsible for maintaining the overall direction and control of social responsibility to ensure that Niveus remains a responsible corporate citizen. Its role and responsibilities are set out in the corporate governance report on page 9. Niveus subscribes to the King IV™ principles, which set out the ethical commitments and performance that lay the foundation for a socially responsible business.

The sustainability strategy recognises the importance and impact of socio-economic dynamics on the Company’s ability to continue creating value for stakeholders. Niveus defines its stakeholders as individuals, groups, organisations, members and systems that can materially affect its operations or investments. Niveus’s subsidiaries continuously engage with the following stakeholders through its value-creation activities:

Stakeholder	Value-creation activities
Customers/consumers	Delivery of high-quality products and services in entertainment and related industries
Suppliers	Long-term planning, contracting and subsequent payment for delivered goods and services
Government and regulators	Participating in the optimised regulation and structuring of the gaming industry
Regulatory bodies (gambling and betting boards)	Long-term engagement in terms of licensing and lobbying
Employees/unions	Employment, wages and other employee benefits
Shareholders/investors	Dividends and share price appreciation
Communities	Investment in community projects aimed at improved education, health and job creation

APPROACH TO SUSTAINABILITY REPORTING

The implementation of sustainable business practices is a continuous process for every organisation. To maintain and improve sustainability initiatives, Niveus, through the social and ethics committee, encourages its subsidiaries to embed a sustainability strategy into the core strategy of their businesses. Sustainability initiatives support the creation of value by leveraging opportunities and managing risks from a financial, social and environmental perspective.

ECONOMIC SUSTAINABILITY

Economic sustainability is critical in attracting and retaining customers, employees and investors. Sustainability initiatives increase the value of the Company by leveraging opportunities and managing risk.

ENVIRONMENTAL SUSTAINABILITY

Niveus recognises its responsibility for the impact it has on its surrounding communities and the environment in general.

Niveus is committed to integrating leading environmental practices and sustainability principles into its core business strategy, thereby ensuring balance between economic, social and environmental needs.

Niveus acknowledges that the development and implementation of plans required to effect change will take considerable effort and time, but it is strongly believed that the commitment to manage the business sustainably serves

the interests of both current and future generations and constitutes the foundation for enduring success.

Niveus has an environmental policy that dictates the Company's approach to environmental management. This includes:

- promoting sustainable development to ensure that the actions of the Group meet the needs of the present, while minimising the cost to the future;
- monitoring compliance with environmental legislation, regulations and other requirements, and observing the standards propagated by appropriate local or international authorities where no such legislation exists;
- reporting on environmental and recycling initiatives;
- encouraging and motivating all Group employees to adhere to environmental protection and pollution prevention policies in order to meet environmental objectives; and
- measuring, monitoring and reviewing subsidiaries' progress.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Niveus is a subsidiary of Hosken Consolidated Investments ("HCI") and is included in the HCI Group B-BBEE scorecard. HCI achieved a Level 2 B-BBEE status for the 2018 financial year as follows:

Level Two Contributor				
Scorecard Information	Actual score	Target score	Analysis	Results
Ownership	25,00	25,00	Black ownership percentage	81,29%
Management control	13,12	19,00	Black women ownership percentage	44,60%
Skills development	17,25	20,00	Modified flow through principle applied	No
Enterprise and supplier development	37,73	40,00	Exclusion principle applied	Yes
Socio-economic development	5,00	5,00	51% Black owned designated group supplier	No
			Empowering supplier	Yes
Total score	98,10	109,00	Vat number	4220262267
Procurement recognition level	125,00%		Financial year end	31 March 2018
Discounting principle applicable	No		Issue date	20 June 2018
Recorded procurement recognition level	125,00%		Expiry date	19 June 2019
			Re-issue date	26 June 2018

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 property and cash.

BUSINESS COMBINATIONS AND DISPOSAL OF SUBSIDIARIES

During the year, the Group acquired control of Galaxy Bingo Butterworth Proprietary Limited. Refer to the Business Combinations/Disposals note of the annual financial statements for more details on the business combination.

During March 2017, the Group contracted to dispose of subsidiaries Jacaranda Royal Casino Limited, VSlots Lesotho Proprietary Limited and VSlots Swaziland Proprietary Limited. In addition, effective November 2017, the Group unbundled its interests in Vukani Gaming Corporation Proprietary Limited, Galaxy Gaming and Entertainment Proprietary Limited and all associated entities and businesses. 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 and loss. Refer to the Discontinued Operations note of the annual financial statements for more details on these disposals.

STATED CAPITAL

The authorised share capital at 31 March 2018 was 500 000 000 ordinary shares of no par value.

At 31 March 2018, the total shares issued was 119 162 734.

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

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2018, the Group's investment in property, plant and equipment and investment properties amounted R114 million (2017: R660 million).

MAJORITY SHAREHOLDER

HCI is the holding company of Niveus with an effective interest of 52,3%.

DIRECTORATE AND COMPANY SECRETARY

The directors of the Company appear on page 3 and the company secretary's details are set out on the inside back cover. Khutso Mampeule resigned during the year under review. Rachel Watson was appointed as an independent non-executive director in May 2017. Francine-Ann du Plessis,

Michael Joubert and Wessel van der Merwe were temporarily appointed as independent non-executive directors in July 2017 for the purpose of the proposed unbundling of Niveus's shares in wholly owned subsidiary Niveus Invest 19 Limited.

André van der Veen served as CEO until 30 October 2017 and thereafter as non-executive director. Muriel Loftie-Eaton served as financial director until 30 October 2017, as CEO from 1 November 2017 until 31 July 2018 and resigned from the board effective 1 August 2018.

Yunis Shaik served as non-executive director until 31 July 2018 and as CEO effective 1 August 2018. Carolyn Kristal served as financial director from 1 November 2017 and resigned from the board effective 1 July 2018. Cisco Pereira was appointed financial director on 1 July 2018.

Details of directors' shareholdings and emoluments appear on page 16. As noted in the remuneration report, the executive directors are employed and remunerated by JHMS.

In accordance with the Company's MOI, JG Ngcobo, Y Shaik and A van der Veen will retire by rotation at the forthcoming annual general meeting. The retiring directors, being eligible, offer themselves for re-election.

GOING CONCERN

The board considers the going concern status of the 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.

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 2018.

SUBSEQUENT EVENTS

Refer to the annual financial statements 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 in 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 Muriel Loftie-Eaton CA(SA).

AUDITORS

Subject to shareholder approval Grant Thornton Johannesburg Partnership will continue in office in accordance with section 90 of the South African Companies Act for the 2019 financial year. The directors have recommended that Ms M da Costa be re-appointed as the designated auditor.

AUDITOR'S REPORT

The consolidated annual financial statements have been audited by Grant Thornton Johannesburg Partnership and their unqualified audit report on the annual financial statements are available for inspection at the registered office of the Company. These summarised financial statements are extracted from audited information but is not itself audited.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting of shareholders held on 1 November 2017:

- Approval of the fees payable to non-executive directors for their services as directors or as members of the board subcommittees in respect of the financial period 1 April 2018 to 31 March 2019;
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings Requirements 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company; and
- Granting the directors of the Company the authority in terms of section 45 of the Companies Act, to cause the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise, to any company or corporate entity which is related or inter-related to the Company. The special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the Company.

The following special resolutions were passed by the Company's shareholders at the general meeting of shareholders held on 23 March 2018:

- Approval of the La Concorde Unbundling which constitutes the disposal of the greater part of the assets or undertaking of La Concorde in terms of section 112 of the Companies Act and, having regard

to the consolidated financial statements of Niveus, may also constitute the disposal of the greater part of the assets or undertaking of Niveus in terms of section 115(2)(b) of the Companies Act; and

- Approval of the Niveus Unbundling which constitutes the disposal of the greater part of the assets or undertaking of Niveus in terms of sections 112 and 115 of the Companies Act.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

SHAREHOLDING OF DIRECTORS

The shareholding of directors of the Company and their participation in the share incentive scheme of the Company as at 31 March 2018 are set out in the remuneration report on page 16.

DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the Company and its subsidiaries for the year ended 31 March 2018 are set out in the remuneration report on page 16.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in annexure A to the annual financial statements available on the company website at www.niveus.co.za.

BORROWING POWERS

There are no limits placed on borrowing in terms of the memorandum of incorporation. Certain companies in the Group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the Group which may restrict the Group's borrowing powers. Details of these covenants and undertakings are available from the registered office of the Company.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Niveus Investments Limited are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Company and the Group, and for other information contained in this report.

The summarised annual financial statements, set out on pages 24 to 31, and the annual financial statements for the year ended 31 March 2018, available on the Niveus website, were prepared in accordance with IFRS and the requirements of the Companies Act on the going concern basis and incorporate full and responsible disclosure. The summarised information included in this report has been extracted from the audited annual financial statements. The annual financial statements are based upon appropriate accounting policies and are supported by reasonable and prudent judgements and estimates. The annual financial statements were prepared under the supervision of 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, although not absolute, assurance regarding the reliability of the annual financial statements, the safeguarding of assets, and the prevention and detection of 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 auditing firm, Grant Thornton Johannesburg Partnership, to which unrestricted access was given to all financial records and related data. The unqualified audit report can be found in the annual financial statements on the Niveus website.

The annual financial statements for the year ended 31 March 2018 were approved by the board of directors on 30 July 2018 and are signed on its behalf by:



Muriel Loftie-Eaton
CHIEF EXECUTIVE OFFICER

30 July 2018
Paarl

DECLARATION BY COMPANY SECRETARY

I hereby confirm, in my capacity as company secretary of Niveus Investments Limited, that for the period ended 31 March 2018, the Company has filed all required returns and notices in terms of the Companies Act 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*

HCI Managerial Services Proprietary Limited
COMPANY SECRETARY

SUMMARISED ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Audited	
	2018 R'000	2017 R'000
Assets		
Non-current assets	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
Current assets	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		
Equity	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
Non-current liabilities	44 088	231 344
Borrowings	–	205 623
Deferred taxation	44 088	21 348
Operating lease equalisation liability	–	4 373
Current liabilities	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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Audited	
	2018 R'000	2017 R'000 Restated
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)

RECONCILIATION OF HEADLINE EARNINGS

FOR THE YEAR ENDED 31 MARCH 2018

	Audited			
	2018		2017 Restated	
	Gross R'000	Net R'000	Gross R'000	Net R'000
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)	–	–
		(4 570)		(63 276)
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
		88 095		276 781

SUMMARISED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Audited	
	2018 R'000	2017 R'000 Restated
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 (loss)/income	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)
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 ('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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Audited	
	2018 R'000	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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Audited	
	2018 R'000	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

SUMMARISED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2018

	Audited	
	2018 R'000	2017 R'000 Restated
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 SUMMARISED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised consolidated annual 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 are 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 Muriel Loftie-Eaton CA(SA). The Group’s reportable segments are reported on in a manner consistent with internal reporting to the chief operating decision-maker for purposes of allocating Company resources and assessing the segments’ 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 purposes.

CHANGE IN USE

The change in use of certain properties 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

In November 2017 Niveus unbundled its gaming interest, other than its sports betting and lottery interests (“GameCo”). 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 SUMMARISED 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:

	2018 R'000	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)	

DISCONTINUED OPERATIONS (CONTINUED)**OTHER 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:

	2018 R'000	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 2016, 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 to the 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. On 30 April 2018, the Company distributed the shares, received from La Concorde, to its shareholders. The condition precedent for the transfer of the Kuruman Casino to Tsogo was met on 15 June 2018. The shares in the casino were transferred in exchange for settlement of the loan account.

NOTICE OF ANNUAL GENERAL MEETING

NIVEUS INVESTMENTS LIMITED
Registration number 1996/005744/06
Incorporated in the Republic of South Africa
ISIN code: ZAE000169553
Share code: NIV
("NIVEUS" or "the Company")



NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2018

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held on Monday, 22 October 2018 at 08:00 at the offices of Hosken Consolidated Investments Proprietary Limited, Suite 801, 76 Regent Road, Sea Point, 8005. Registration will start at 07:30.

This document is available in English only. The proceedings at the meeting will be conducted in English.

GENERAL INSTRUCTIONS AND INFORMATION

The board of directors of the Company ("the Board") determined, in accordance with section 59 of the Companies Act, 71 of 2008, as amended ("the Act"), that the record date for the purpose of determining when persons must be recorded as shareholders in the securities register of the Company in order to be entitled to receive notice of the annual general meeting is Friday, 20 July 2018. The Board determined that the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 12 October 2018 with the last day to trade being Tuesday, 9 October 2018. Accordingly, only shareholders who are registered in the securities register of the Company on Friday, 12 October 2018 will be entitled to participate in and vote at the annual general meeting.

All shareholders are encouraged to attend, speak and vote at the annual general meeting and are entitled to appoint a proxy to attend, speak and vote at the meeting in place of the shareholder. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the Company. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

If you hold certificated shares (i.e. you have not dematerialised your shares in the Company) or are registered as an "own name" dematerialised shareholder (i.e. you have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively;
- you may appoint one or more proxies (who need not be shareholders of the Company) to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries (Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2107), to be received by no later than 08:00 on 19 October 2018 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting; and/or
- you may participate in the annual general meeting by way of electronic participation as stipulated in this notice.

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the annual general meeting by way of video conference in Johannesburg. Should you wish to participate in the annual general meeting by way of video conference as aforesaid, you are required to give notice of such proposed participation to the Company at its registered office or at the office of the transfer secretaries by no later than 08:00 on Wednesday, 17 October 2018. In order for the notice to be valid, it must be accompanied by the following:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;
- if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the annual general meeting and a certified copy of the authorised representative's identity document and/or passport;
- a valid e-mail address and/or facsimile number for the purpose of receiving details of the video conference facility that will be made available.

Upon receipt of the aforesaid notice and documents, the Company shall use its reasonable endeavours to notify you of the relevant details of the video-conference facilities available in Johannesburg at which you can participate in the annual general meeting by way of electronic communication.

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited's ("JSE") electronic settlement system, Share Transactions Totally Electronic ("STRATE")) held through a CSDP or broker (or their nominee) and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to participate in the annual general meeting (either being physically present at the meeting or by way of electronic participation), you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the Company's transfer secretaries (Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2107) to be received by 08:00 on 19 October 2018 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

In accordance with section 63(1) of the Act, participants at the annual general meeting will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly provide a copy of their identity document, passport or driver's licence at the annual general meeting for verification.

Shareholders of the Company that are companies, that wish to participate in the annual general meeting, may authorise any person to act as its representative at the annual general meeting.

Voting at the annual general meeting

On a show of hands, every shareholder present in person (or by way of electronic participation) or represented by proxy at the annual general meeting and entitled to vote, shall have only 1 (one) vote irrespective of the number of shares such shareholder holds. On a poll, shareholders present in person (or by way of electronic participation) or represented by proxy at the annual general meeting and entitled to vote, shall be entitled to 1 (one) vote per ordinary share held by such shareholder.

Unless otherwise specifically provided in this notice of annual general meeting, for any of the ordinary resolutions to be adopted, 50% of the voting rights plus 1 (one) vote exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

Details of directors, shareholders, share capital and analysis of shareholders, no-change statement and directors' responsibility statement

The integrated annual report of which this notice of annual general meeting forms part, provides details of:

- the directors and management of the Company, including brief CVs of the directors nominated for re-election, on page 3;
- the major shareholders of the Company on pages 4 and 5;
- the directors' interests in securities on page 16; and
- the share capital of the Company and an analysis of shareholders on pages 4 and 5.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

No-change statement

Other than the facts and developments reported on in the integrated annual report, there have been no material changes to the Company and its subsidiaries' ("the group") financial or trading position, nor are there any legal or arbitration proceedings that may materially affect the financial position of the group between the signature date of the audit report and the date of this notice.

Director's responsibility statement

The directors, whose names appear on page 3 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement in this notice false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice of annual general meeting contains all information required by the Listings Requirements of the JSE ("JSE Listings Requirements").

Purpose of annual general meeting

The purpose of the annual general meeting is to transact the business set out in the agenda below and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's memorandum of incorporation ("MOI") and the Act, as read with the JSE Listings Requirements.

AGENDA

1. Presentation of the Audited Annual Financial Statements of the Company, including the reports of the directors, external auditors and the audit committee, for the year ended 31 March 2018

In terms of the Act, the audited annual financial statements of the Company (including the reports of the directors and the audit committee) for the year ended 31 March 2018 as approved by the Board of directors will be presented to the shareholders of the Company.

A summary of the audited annual financial statements of the group is set out on pages 24 to 31 of the integrated annual report, of which this notice of annual general meeting forms part. This summary is not exhaustive and the complete annual financial statements of the group should be read in their entirety for a full appreciation of their contents. The complete audited annual financial statements of the group, including the unmodified audit opinion, are available on Niveus's website at www.niveus.co.za. Alternatively, shareholders of the Company may request and obtain a copy of the complete annual financial statements of the group in person, at no charge, at the registered office of Niveus (La Concorde, 57 Main Street, Paarl, 7646) during office hours.

2. Presentation of Social and Ethics Committee Report

In accordance with Regulation 43 of the Companies Regulations, 2011, the Company's Social and Ethics Committee report for the financial year ended 31 March 2018, prepared and approved by the Company's Social and Ethics Committee and set out on pages 18 and 19 of the integrated annual report, of which this notice of annual general meeting forms part, will be presented to the shareholders of the Company. Any specific questions to the Social and Ethics Committee may be sent to the Company Secretary prior to the annual general meeting.

3. Ordinary resolution number 1 (1.1 to 1.4): *Retirement, re-election and confirmation of appointment of directors*

- 3.1 Ordinary resolution number 1.1: Re-election of Mr Y Shaik as director
"Resolved that Mr Y Shaik be and is hereby re-elected as a director of the Company."
- 3.2 Ordinary resolution number 1.2: Re-election of Mr JG Ngcobo as director
"Resolved that Mr JG Ngcobo be and is hereby re-elected as a director of the Company."
- 3.3 Ordinary resolution number 1.3: Re-election of Mr A van der Veen as director
"Resolved that Mr A van der Veen be and is hereby re-elected as a director of the Company."

Explanatory note

The reason for ordinary resolution numbers 1.1 to 1.3 is to propose the re-election of Mr Y Shaik, Mr JG Ngcobo and Mr A van der Veen who have retired as directors in accordance with the Company's MOI. These elections will be conducted by a series of separate votes in respect of each candidate.

Accordingly, the shareholders are requested to consider and if deemed fit, to re-elect Mr Y Shaik, Mr JG Ngcobo and Mr A van der Veen by way of passing the ordinary resolutions set out above.

The Board has considered the proposed re-election of Mr Y Shaik, Mr JG Ngcobo and Mr A van der Veen and recommends that they be re-elected as directors of the Company.

Brief CV details of the above-mentioned directors are on page 3 of the integrated report, of which this notice of annual general meeting forms part.

- 3.4 Appointment of director – ordinary resolution number 1.4: *Election of Mr AF Pereira as director.*
“Resolved that Mr AF Pereira be and is hereby elected as a director of the Company.”

The reason for ordinary resolution number 1.4 is to elect a director for the company who was appointed during the course of the year and who retires as a director in accordance with the MOI and the Act. The Board has considered the proposed election of Mr AF Pereira and recommends that he be elected as a director of the Company. Brief CV details of Mr AF Pereira is on page 3 of the integrated report, of which this notice of annual general meeting forms part.

Accordingly, the shareholders are requested to consider and if deemed fit, to elect Mr AF Pereira by way of passing the ordinary resolution set out above.

4. Ordinary resolution number 2: *Re-appointment of external auditor*

“Resolved that Grant Thornton Partnership Johannesburg and Ms M da Costa, as designated auditor, is hereby appointed as the auditor to the Company for the ensuing year.”

Explanatory note

In terms of the Act, the Company, being a public company, must have its financial results audited and such auditor of the Company must each year at the Company's annual general meeting be appointed or re-appointed, as the case may be, as an external auditor. The Company's current external auditor is Grant Thornton Johannesburg Partnership, which has indicated that Ms M da Costa, who is a director of the firm and a registered auditor and accredited with the JSE in accordance with the JSE Listings Requirements, will undertake the audit.

The Company's audit committee has recommended that Grant Thornton Johannesburg Partnership be re-appointed as the auditors of the Company, for the ensuing year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2019 is Ms M da Costa.

5. Ordinary resolution number 3 (3.1 to 3.3): *Re-appointment of the members of the audit and risk committee of the Company*

- 5.1 Ordinary resolution number 3.1: *Re-appointment of Dr LM Molefi as member of the audit and risk committee*
“Resolved that Dr LM Molefi be and is hereby re-appointed to the audit and risk committee of the Company.”
- 5.2 Ordinary resolution number 3.2: *Re-appointment of Mr JG Ngcobo as member of the audit and risk committee*
“Resolved that Mr JG Ngcobo be and is hereby re-appointed to the audit and risk committee of the Company.”
- 5.3 Ordinary resolution number 3.3: *Re-appointment of Ms RD Watson as member of the audit and risk committee*
“Resolved that Ms RD Watson be and is hereby re-appointed to the audit and risk committee of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Explanatory note

In terms of the Act, at each annual general meeting an audit and risk committee comprising at least three members must be elected. It is proposed that the following independent non-executive directors be re-elected as members of the audit and risk committee for the ensuing year. The Board has considered the proposed re-appointment of Dr LM Molefi, Mr JG Ngcobo and Ms RD Watson and recommends that they be re-appointed to the audit and risk committee. The re-appointment of each member of the audit committee will be voted on separately.

The re-appointment of Mr JG Ngcobo to the Audit Committee is subject to the approval of ordinary resolution 1.2 above.

Brief CVs of the members are on page 3 of the integrated annual report, of which this notice of annual general meeting forms part.

6. Ordinary resolution number 4: *General authority over authorised but unissued shares*

“Resolved that, as required by the Company’s MOI and subject to the provisions of the Act and the JSE Listings Requirements, the authorised but unissued shares in the Company be and are hereby placed under the control of the directors, subject to the provisions of the Act, the MOI and the JSE Listings Requirements, as presently constituted and which may be amended from time to time, and provided that such authority may not, in the aggregate, in any one financial year, exceed 5%, being 5 958 137 ordinary shares, of the aggregate number of shares of the relevant class of shares in issue (excluding treasury shares), and such authority to endure until the next annual general meeting of the Company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting), provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting until the next annual general meeting.”

Explanatory note

In terms of the Company’s MOI, read with the JSE Listings Requirements, the shareholders of the Company may authorise the directors to, inter alia, issue any authorised but unissued ordinary shares and/or grant options over them on such terms and conditions and to such persons whether they be shareholders or not, as the directors in their discretion deem fit. The authority will be subject to the provisions of the Act and the JSE Listings Requirements. The Board has decided to seek annual renewal of this authority from the shareholders of the Company in accordance with best practice. The Board has no current plans to make use of this authority (other than in terms of the HCI employee share scheme), but wish to ensure, by having this authority in place, that the Company retains its flexibility in managing the group’s capital resources and to enable the Company to take advantage of any business opportunity that may arise in the future.

7. Ordinary resolution number 5: *Directors’ authority to implement Company resolutions*

“Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting.”

8. Non-binding advisory votes: *Advisory endorsement of the remuneration policy and implementation report*

8.1. Non-binding advisory vote 1:

“Resolved, by way of a non-binding advisory vote, that the Company’s remuneration policy, as set out on pages 15 to 16 of this annual report, be and is hereby accepted and endorsed”.

8.2. Non-binding advisory vote 2:

“Resolved, by way of a non-binding advisory vote, that the Company’s implementation report in regard to the remuneration policy, as set out on pages 16 to 17 of this annual report, be and is hereby endorsed”.

Explanatory note

In terms of Part 5.4, principle 14 (recommended practice 37) of the King IV Report on Corporate Governance™ for South Africa, 2016 (“King IV™”) the Company’s remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. Furthermore, King IV™ recommends that the remuneration policy should record the measures that the Board commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by the shareholders.

The shareholders are requested to separately endorse the Company's remuneration policy and the implementation report included in the Remuneration Report as set out on pages 15 to 17 of this annual report, by way of separate non-binding advisory votes.

9. Special resolution number 1: General authority to issue shares, options and convertible securities for cash

"Resolved that, subject to the passing of ordinary resolution number 4, the provisions of the Act and the provisions of the JSE Listings Requirements, the directors be and are hereby authorised to allot and issue ordinary shares of the Company (or to issue options or convertible securities convertible into ordinary shares) for cash to such person or persons, on such terms and conditions as they may deem fit, subject to the following:

- *the securities shall be of a class already in issue, or convertible into a class already in issue;*
- *the securities shall be issued to public shareholders as defined in the JSE Listings Requirements and not to related parties as defined in the JSE Listings Requirements;*
- *ordinary shares which are the subject of general issues for cash, in the aggregate, may not exceed 5% (five percent) of the Company's relevant number of ordinary shares in issue as at the date of this notice, constituting 5 958 137.*
- *any number of ordinary shares issued under the authority must be deducted from the number of ordinary shares authorised immediately above;*
- *the maximum discount at which the shares may be issued shall be 10% (ten percent) of the weighted average traded price of the shares of the Company over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company;*
- *the Company shall publish such announcements (if any) as may be required by the JSE Listings Requirements pursuant to the issue of shares under this authority; and*
- *the authority hereby granted will be valid until the Company's next annual general meeting provided that it will not extend beyond 15 months from the date on which this resolution is passed."*

Explanatory note

In terms of ordinary resolution number 4, the shareholders authorise the directors to allot and issue a portion of the authorised but unissued shares, as the directors in their discretion think fit. The existing general authority to issue shares for cash granted by the shareholders at the previous annual general meeting, held on 1 November 2017, will expire at this annual general meeting, unless renewed. The authority will be subject to the provisions of the Act and the JSE Listings Requirements. The aggregate number of ordinary shares capable of being allotted and issued for cash are limited as set out in the resolution. The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in future.

10. Special resolution number 2: Approval of annual fees to be paid to non-executive directors

"Resolved that for the period 1 April 2019 to 31 March 2020, the remuneration payable to non-executive directors of the Company for their services as directors will be as follows:

<i>Type of fee</i>	<i>Current fee (excl. VAT) R'000</i>	<i>New proposed fee (excl. VAT) R'000</i>
<i>Board member</i>	100	106
<i>Subcommittee member</i>	43	45,58

Invitation fee

All non-executive directors who attend the committee meetings by invitation at the request of the Board shall be eligible to receive up to a maximum of 50% of the fee as if they were a member of the committee, as determined by the Board."

Explanatory note

In terms of section 66(8) of the Act, the Company may pay remuneration to its directors for their services as directors. In terms of section 66(9) of the Act the remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders during the previous 2 (two) years.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

11. Special resolution number 3: General authority to repurchase Company shares

“Resolved that the Company hereby approves, as a general approval contemplated in paragraph 5.72 of Section 5 of the JSE Listings Requirements, the repurchase by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI, the provisions of the Act and the JSE Listings Requirements, as presently constituted and which may be amended from time to time, and provided further that:

- *acquisitions by the Company and its subsidiaries of shares in the capital of the Company in terms of this general authority to repurchase shares may not, in the aggregate, exceed in any one financial year 20% (twenty per cent) of the Company’s issued share capital of the class of the repurchased shares from the date of the grant of this general authority;*
- *any such repurchase shall be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;*
- *the Company (or any subsidiary) is authorised to do so in terms of its MOI;*
- *this general authority shall only be valid until the Company’s next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;*
- *in determining the price at which the Company’s shares are repurchased by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;*
- *at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company’s behalf;*
- *the Company or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the relevant period are fixed and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company’s securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;*
- *an announcement will be published on SENS as soon as the Company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% (three per cent) of the initial number of shares of the class of shares in issue at the time that this general authority is granted by the shareholders, and each time the Company acquires a further 3% (three per cent) of the initial number thereafter, which announcement(s) shall contain full details of such repurchases as required in terms of the JSE Listings Requirements; and*
- *a repurchase shall only be effected if the Board of directors have at the time of the repurchase passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries.”*

Explanatory note

The reason for special resolution number 3 is to grant the directors of the Company and/or subsidiaries of the Company a general authority in terms of the Act and the JSE Listings Requirements to acquire the Company’s ordinary shares, subject to the terms and conditions set out in the special resolution. The directors require that such general authority should be implemented in order to facilitate the repurchase of the Company’s ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the Company and its shareholders.

Director’s statement

Pursuant to and in terms of the JSE Listings Requirements, the Board of directors of the Company hereby states that:

- it is their intention to utilise the general authority to acquire shares in the Company if at some future date the cash resources of the Company are in excess of its requirements and the opportunity presents itself to do so during the year, which the Board deems to be in the best interest of the Company and its shareholders, taking prevailing marketing conditions and other factors into account;
- in determining the method by which the Company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such repurchase will take place, the directors of the Company will only make the repurchase if at the time of the repurchase they are of the opinion that the following conditions have been and will be met:
 - o the Company and the group will be able to pay their debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;

- o the assets of the Company and the group are to be in excess of the liabilities of the Company and group for a period of 12 (twelve) months after the date of this notice of annual general meeting (for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the audited financial statements for the year ended 31 March 2018);
- o the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- o the working capital of the Company and the group are adequate for the ordinary business purposes for a period of 12 (twelve) months after the date of approval of this notice of annual general meeting; and
- o resolution being passed by the Board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the group.

The authority granted in terms of this Special Resolution number 3 is limited to paragraph 5.72(a), (c), (d) and paragraph 5.68 of the JSE Listings Requirements.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- major beneficial shareholders – page 5 of the document of which this notice of annual general meeting forms part; and
- share capital of the Company – page 5 of the document of which this notice of annual general meeting forms part.

12. Special resolution number 4: *Shareholders' general authorisation of financial assistance*

"Resolved that, to the extent required by sections 44 and 45 of the Act, the Board of directors of the Company may, subject to compliance with the requirements of the Company's MOI and the Act, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to;

- 12.1. *any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company; and/or*
- 12.2. *any of its present or future subsidiaries and/or any other company or corporation that is or becomes related to or inter-related with the Company for any purpose or in connection with any matter; and/or*
- 12.3. *any of the present or future directors or prescribed officers (or any person related to any of them or to any company or entity related or inter-related to any of them), or to any other person who is or may be a participant in any of the HCI employee share scheme, current or future employee share plans or other incentive schemes, or any share scheme trust or other entity facilitating any such scheme, for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company or entity or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such plan or scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Act.*

The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 (two) years after such date."

Explanatory note

As part of the normal conduct of the business of the Company and its subsidiaries from time to time, the Company, where necessary, provides financial assistance to its related and inter-related companies and entities (as contemplated in the Act) including the provision of guarantees and other forms of security to third parties which provide funding to the Company's subsidiaries, whether by way of loans, subscribing for shares (including preference shares) or otherwise. In the circumstances and in order to ensure that, among other things, the Company and its subsidiaries and other related and inter-related companies and entities continue to have access to, and are able to appropriately structure their financing for purposes of funding their corporate and working capital requirements, it is necessary that the Company obtains the approval of shareholders in terms of this special resolution number 4.

The Company may furthermore wish to provide financial assistance to its subsidiaries and other related and inter-related

NOTICE OF ANNUAL GENERAL MEETING (*CONTINUED*)

companies and corporations including pursuant to the Company's employee and other share schemes.

Sections 44 and 45 of the Companies Act provide that the financial assistance required can only be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which resolution must have approved such financial assistance either for the specific recipient or generally for a category of potential recipients (and the specific recipient falls within that category), and the directors must be satisfied that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as defined in section 4 of the Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The passing of this special resolution number 4 will have the effect of authorising the Company to provide direct or indirect financial assistance in accordance with sections 44 and 45 of the Companies Act, for a period of two years after the adoption of this resolution.

13. To transact such other business which may be transacted at an annual general meeting

By order of the board

*HCI Managerial Services
Proprietary Limited*

HCI Managerial Services Proprietary Limited
COMPANY SECRETARY

30 July 2018
Cape Town

SHAREHOLDERS' DIARY

Financial year-end	31 March 2018
Annual general meeting	22 October 2018
Reports	
– Preliminary report	May
– Interim report to 30 September 2018	November
– Annual financial statements	July

CORPORATE ADMINISTRATION

Company name and registration

Niveus Investments Limited
Registration number: 1996/005744/06
ISIN code: ZAE000169553
Share code: NIV

Registered office

La Concorde, 57 Main Street, Paarl, 7646
Tel: 021 807 3800

Company secretary

HCI Managerial Services Proprietary Limited
Suite 801, 76 Regent Road, Sea Point, 8005
PO Box 5251, Cape Town, 8001

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Tel: 011 370 7700

Auditor

Grant Thornton Johannesburg Partnership

Sponsor

PSG Capital Proprietary Limited

Executive directors

Muriel Loftie-Eaton
Cisco Pereira

Non-executive directors

John Copelyn
Yunis Shaik
André van der Veen

Independent non-executive directors

Dr Moretlo Molefi
Jabu Ngcobo
Rachel Watson

Resignations

Francine-Ann du Plessis – Resigned 17/11/2017
Michael Joubert – Resigned 17/11/2017
Wessel van der Merwe – Resigned 17/11/2017
Carolyn Kristal – Appointed 1/11/2017, Resigned 30/06/2018
Khutso Mampeule – Resigned 19/04/2017

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