

Niveus Investments Limited
(Incorporated in the Republic of South Africa)
Registration number: 1996/005744/06
JSE share code: NIV
ISIN code: ZAE000169553
("the Company" or "the Group" or "Niveus")

UNAUDITED GROUP INTERIM RESULTS for the six months ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2018 R'000	Unaudited 30 September 2017 R'000	Audited 31 March 2018 R'000
ASSETS			
Non-current assets	443 770	926 543	484 664
Property, plant and equipment	51 219	397 535	114 159
Investment properties	263 622	21 164	262 758
Goodwill	8 214	11 714	11 714
Intangible assets	8 364	13 187	12 830
Interest in associates and joint ventures	43 555	27 596	35 322
Other financial assets	66 623	-	38 779
Deferred taxation	-	8 805	1 040
Loans receivable	2 173	446 542	8 062
Current assets	236 695	882 946	287 676
Trade and other receivables	114 395	232 074	27 806
Other	1 754	-	336
Cash and cash equivalents	120 546	650 872	259 534
Assets of disposal group classified as held for sale	-	641 308	855 273
Total assets	680 465	2 450 797	1 627 613
EQUITY AND LIABILITIES			
Equity	566 400	1 974 038	1 400 212
Equity attributable to equity holders of the parent	445 055	1 417 532	924 356
Non-controlling interest	121 345	556 506	475 856
Non current liabilities	42 997	21 435	44 088
Deferred taxation	42 997	21 435	44 088
Current liabilities	71 068	100 651	183 313
Liabilities of disposal group classified as held for sale	-	354 673	-
Total equity and liabilities	680 465	2 450 797	1 627 613
Net asset value per share (cents)	373	1 190	776
Net tangible asset value per share (cents)	360	1 169	756

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Unaudited Six months ended 30 September 2018	Unaudited Six months ended 30 September 2017
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	% Change	R'000	Restated R'000
Revenue	15,2%	9 029	7 841
Net gaming win	58,3%	29 968	18 928
Group revenue		38 997	26 769
Other income		-	463
Operating expenses		(57 358)	(52 763)
EBITDA		(18 361)	(25 531)
Depreciation and amortisation		(2 957)	(20 638)
Share of profits (losses) of associates and joint ventures		(2 393)	1 860
Investment income		6 836	49 011
Fair value adjustment of other financial assets		(24 469)	-
Impairment of assets		(720)	(152)
Impairment of investment in associate		-	(412)
Gain on disposal of subsidiaries		-	1 772
Finance costs		(1 999)	(62)
Profit before taxation		(44 063)	5 848
Taxation		9 103	(24 658)
Profit for the period from continuing operations		(34 960)	(18 810)
Net result from discontinued operations		30 761	172 663
Profit (loss) for the period		(4 199)	153 853
Attributable to:			
Equity holders of the parent		2 672	134 524
Non-controlling interest		(6 871)	19 329
		(4 199)	153 853

	% Change	Gross	Unaudited Six months ended 30 September 2018 R'000 Net	Gross	Unaudited Six months ended 30 September 2017 R'000 Net
Reconciliation of headline earnings					
Earnings attributable to equity holders of the parent			2 672		134 524
IAS 16 Losses/(gains) on disposal of plant and equipment		2 472	2 250	(603)	(464)
IAS 16 Impairment of assets		720	317	3 275	2 388
IAS 27 (Gain)/loss from disposal of subsidiaries		(30 174)	(30 174)	951	1 315
IAS 28 Impairment of investment in associate		-	-	412	288
	-118,1%		(24 935)		138 051

	% Change	Unaudited Six months ended 30 September 2018	Unaudited Six months ended 30 September 2017 Restated
Earnings per share (cents)	-98,0%	2,2	112,9
- Continuing operations		(23,3)	(24,1)
- Discontinued operations		25,5	137,0
Headline earnings per share (cents)	-118,1%	(20,9)	115,9
- Continuing operations		(21,1)	(24,8)
- Discontinued operations		0,2	140,7
Diluted earnings per share (cents)	-98,0%	2,2	112,1
- Continuing operations		(23,3)	(24,0)
- Discontinued operations		25,5	136,1

Diluted headline earnings per share (cents)	-118,1%	(20,9)	115,1
- Continuing operations		(21,1)	(24,7)
- Discontinued operations		0,2	139,8
Actual number of shares in issue at end of period ('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)		119 477	119 960

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended 30 September 2018 R'000	Unaudited Six months ended 30 September 2017 R'000
(Loss)/profit for the period	(4 199)	153 853
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	20 473	9 572
Total comprehensive income	16 274	163 425
Attributable to:		
Equity holders of the parent	23 145	144 091
Non-controlling interest	(6 871)	19 334
	16 274	163 425

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30 September 2018 R'000	Unaudited Six months ended 30 September 2017 R'000
Balance at beginning of period	1 400 212	1 881 755
Total comprehensive income	16 274	163 425
Equity-settled share-based payments	(10 414)	(2 675)
Effects of changes in holding	(8 221)	(15 599)
Business combinations and disposals	9 035	4 285
Capital reductions and dividends	(840 486)	(57 153)
Balance at end of period	566 400	1 974 038

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September 2018 R'000	Unaudited Six months ended 30 September 2017 R'000
Cash flows from operating activities	2 821	169 873
Cash generated from operations	15 883	212 121
Net interest	5 233	11 420
Taxation paid	(18 295)	(53 668)
Cash flows from investing activities	(146 911)	(104 996)

Additions to property, plant and equipment	(2 375)	(60 540)
Proceeds from disposal of assets	1 075	1 488
Investment in associates and joint ventures	(11 052)	(33 739)
Disposal of subsidiaries	565	-
Investment in financial assets	(37 398)	-
Short term receivable advanced	(96 403)	-
Other	(1 324)	(12 205)
Cash flows from financing activities	(7 109)	(70 792)
Dividends paid	-	(55 188)
Long-term funding repaid	-	(15 604)
Transactions with non-controlling shareholders	(7 109)	-
Decrease in cash and cash equivalents	(151 200)	(5 915)
Classified as held for sale	-	(53 052)
Cash and cash equivalents		
At beginning of period	259 534	709 839
Foreign exchange differences	12 212	-
At end of period	120 546	650 872
Bank balances and deposits	120 546	650 872

SEGMENTAL ANALYSIS

	Unaudited Six months ended 30 September 2018 R'000	Unaudited Six months ended 30 September 2017 Restated R'000
Revenue	9 029	7 841
Gaming and entertainment	-	300
Property	9 029	7 541
Net gaming win		
Gaming and entertainment	29 968	18 928
EBITDA	(18 361)	(25 531)
Gaming and entertainment	(2 814)	(6 023)
Head office and other	(14 731)	(16 713)
Property	(816)	(2 795)
Profit before tax	(44 063)	5 848
Gaming and entertainment	(6 549)	(23 741)
Head office and other	(21 225)	(15 281)
Property	(16 289)	44 870
Headline earnings		
Continuing operations	(25 215)	(29 611)
Gaming and entertainment	(2 961)	(28 631)
Head office and other	(17 578)	(14 811)
Property	(4 676)	13 831
Discontinued operations		
Gaming and entertainment	280	167 662
	(24 935)	138 051

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation and accounting policies

The interim results for the six months ended 30 September 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, No. 71 of 2008 (as amended) and the Listings Requirements of the JSE Limited. The accounting policies of the Group are consistent with those applied for the year ended 31 March 2018, except for the adoption of IFRS 9 and IFRS 15 in the current period, which did not have a material impact on the results of the Group. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 4/2018 - Headline Earnings, as issued by the South African Institute of Chartered Accountants. These financial statements were prepared under the supervision of the financial director, Mr AF Pereira CA(SA).

The interim results for the six months ended 30 September 2018 has not been audited or reviewed by the Group's auditors.

Discontinued operations

During June 2017, Niveus accepted an indicative offer from Tsogo Sun Holdings Limited for the sale of all its interests in Vukani Gaming Corporation Proprietary Limited ("Vukani"), Galaxy Gaming and Entertainment Proprietary Limited ("Galaxy") and all their associated entities, trusts and businesses (collectively the "Gaming Businesses") to Tsogo subject to certain conditions precedent. These conditions were met in November 2017 and the sale became effective. The results of these operations are included in discontinued operations in the prior comparative period.

During June 2017, the Group disposed of subsidiaries Jacaranda Royal Casino Limited, Vslots Lesotho Proprietary Limited and VSlots Swaziland Proprietary Limited. The results of these operations were included in discontinued operations in the prior comparative period.

On 15 June 2018 the Group disposed of the entire share capital of Niveus Invest 1 Proprietary Limited, the owner of the Grand Oasis Casino in Kuruman, Northern Cape, for consideration of R94,9 million. The results of these operations are classified under discontinued operations in the current and prior comparative period.

The Group disposed of its entire interests in Niveus Invest 13 Proprietary Limited and Slots and Keno Limited, effective 1 April 2018 and 31 May 2018, respectively, for total consideration of R5 million. The results of these operations have been reclassified to discontinued operations in the current and prior comparative period.

The results of discontinued operations were as follows:

	Unaudited Six months ended 30 September 2018 R'000	Unaudited Six months ended 30 September 2017 R'000
Revenue	1 079	38 069
Net Gaming Win	7 029	697 857
Other income and operating costs	(7 139)	(472 195)
Share of losses of associates and joint ventures	-	(3 784)
Investment income	112	778
Depreciation and amortisation	(230)	(22 736)
Asset impairments	-	(3 123)
Gain (Loss) on disposal of business	30 174	(2 723)
Finance costs	(8)	(12 292)
Profit before taxation	31 017	219 851
Taxation	(256)	(47 188)
Profit from discontinued operations	30 761	172 663
Cash flows from discontinued operations		
Cash flows from operating activities	13	139 482
Cash flows from investing activities	(505)	(47 666)
Cash flows from financing activities	-	(22 424)
	(492)	69 392

Proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed

Property, plant and equipment

59 043

Other non-current assets	7 541
Cash and cash equivalents	4 435
Other current assets	2 345
Current liabilities	(12 610)
	60 754
Non-controlling interest	9 035
Profit on disposal	30 174
Disposal proceeds	99 963
Set-off against existing liability	(94 963)
Cash and cash equivalents at date of disposal	(4 435)
Net cash inflow	565

COMMENTARY

During the prior financial year Niveus disposed of its limited payout and bingo operations. It also utilised the majority of cash and promissory notes held by the La Concorde Group ("La Concorde") to purchase an interest in Hosken Passenger Logistics and Rail Limited, which interest was distributed to shareholders during April 2018.

The Group received regulatory approval to dispose of its interest in the Grand Oasis Casino during June 2018, resulting in the conclusion of the disposal of the Group's limited payout, bingo and casino operations to Tsogo Sun Holdings.

Niveus' remaining investments consist significantly of its interests in La Concorde, online and retail sports betting operator, BETcoza, and golf radar tracing technology company, Alphawave.

La Concorde

The assets of La Concorde consist mainly of investment property, art and cash, as well as HPL&R shares acquired during the acquisition and distribution of the Group's interest in that company. The La Concorde office building is fully tenanted and improved utilisation of the Laborie estate's existing facilities is being planned. Further development of other properties is continuously being considered, however, the current zoning of certain properties will result in significant delays.

BETcoza

Niveus has an interest in online sports betting and retail sports betting licences of which four are currently operational. While certain key performance indicators of the business are encouraging, it remains in a start-up phase and may require further funding to scale appropriately.

Alphawave

Niveus invested in a start-up investment, developing radar tracing products in the golf industry, during the previous financial year. Development progress is in line with planned targets. Due to the early phase nature of this business, further investment will be required to reach commercial viability.

CHANGES IN DIRECTORATE

Mr Andre van der Veen resigned as non-executive director effective 1 August 2018. Ms Muriel Loftie-Eaton resigned as executive director and CEO on 1 August 2018, Mr Yunis Shaik replacing her as CEO effective the same date. Ms Carolyn Kristal resigned as financial director effective 1 July 2018, replaced by Mr Cisco Pereira from the same date.

DIVIDEND

The directors have resolved not to declare an interim dividend.

Yunis Shaik
Chief executive officer

21 November 2018
Paarl

Directors: JA Copelyn+, ML Molefi#, JG Ngcobo#, AF Pereira*, Y Shaik*, RD Watson#
(* executive + non-executive # independent non-executive)

Company secretary: HCI Managerial Services Proprietary Limited

Transfer secretaries: Computershare Investor Services Proprietary Limited

Sponsor: PSG Capital Proprietary Limited