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

REVIEWED PROVISIONAL GROUP CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2016 R'000	Audited 31 March 2015 R'000
ASSETS		
Non-current assets	1 428 016	1 338 005
Property, plant and equipment	1 204 622	1 150 507
Investment properties	6 978	6 813
Goodwill	57 386	60 360
Intangible assets	73 637	77 279
Interest in associates and joint ventures	35 400	21 693
Deferred taxation	25 650	16 991
Loans receivable	24 343	4 362
Current assets	1 548 041	1 514 756
Other	1 386 970	1 382 470
Cash and cash equivalents	161 071	132 286
Total assets	2 976 057	2 852 761
EQUITY AND LIABILITIES		
Equity	2 079 228	1 985 645
Equity attributable to equity holders of the parent	1 381 267	1 295 018
Non-controlling interest	697 961	690 627
Non-current liabilities	245 422	391 526
Borrowings	92 983	261 033
Deferred revenue	10 900	-
Deferred taxation	129 372	120 591
Operating lease equalisation liability	5 235	4 079
Other payables	6 932	5 823
Current liabilities	651 407	475 590
Total equity and liabilities	2 976 057	2 852 761
Net asset value per share (cents)	1 159	1 107
Net tangible asset value per share (cents)	1 061	1 002

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Reviewed Year ended 31 March 2016 R'000	Audited Year ended 31 March 2015 R'000
Revenue	1 296 205	1 205 348
Net gaming win	1 166 767	999 695
Group revenue	2 462 972	2 205 043
Other income	17 852	32 603
Other operating expenses	(2 144 841)	(1 917 810)
	335 983	319 836
Depreciation and amortisation	(164 166)	(129 820)
Share of (losses)/profits of associates and joint ventures	(2 019)	1 474
Investment income	5 874	5 801
Fair value adjustment of remaining investment	(1 094)	-
Impairment of assets	(9 384)	(4 837)
Impairment of goodwill	(8 190)	-
Impairment of investment in joint ventures	(400)	(903)
Loss on disposal of subsidiaries	(6 781)	-
Finance costs	(31 609)	(24 217)
Profit before taxation	118 214	167 334
Taxation	(61 607)	(73 326)
Profit for the year	56 607	94 008
Attributable to:		
Equity holders of the parent	44 721	80 286
Non-controlling interest	11 886	13 722
	56 607	94 008

	Reviewed Year ended 31 March 2016 R'000		Audited Year ended 31 March 2015 R'000	
Reconciliation of headline earnings	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent		44 721		80 286
IAS 12 Change in tax rate	1 747	998	-	-
IAS 16 Losses/(gains) on disposal of plant and equipment	1 622	473	76	(37)

IAS 16 Impairment of assets	9 384	6 767	4 837	3 585
IAS 27 Loss from disposal of subsidiaries	6 781	6 781	-	-
IAS 28 Impairment of investment in joint ventures	400	177	903	419
IAS 36 Impairment of goodwill	190	8 190	-	-
IFRS 10 Fair value adjustment of remaining investment	1 094	1 094	-	-
Headline earnings		69 201		84 253

	Reviewed Year ended 31 March 2016	Audited Year ended 31 March 2015
Earnings per share (cents)	37,9	69,0
Headline earnings per share (cents)	58,6	72,4
Diluted earnings per share (cents)	37,8	67,8
Diluted headline earnings per share (cents)	58,5	71,2
Weighted average number of shares in issue ('000)	118 133	116 402
Actual number of shares in issue at end of year ('000)	119 163	116 957
Weighted average number of shares in issue (diluted) ('000)	118 390	118 367

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Reviewed Year ended 31 March 2016 R'000	Audited Year ended 31 March 2015 R'000
Profit for the year	56 607	94 008
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	24 213	2 875
Total comprehensive income	80 820	96 883
Attributable to:		
Equity holders of the parent	68 648	83 030
Non-controlling interest	12 172	13 853
	80 820	96 883

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed Year ended 31 March 2016 R'000	Audited Year ended 31 March 2015 R'000
Balance at beginning of year	1 985 645	1 902 357
Stated capital		
Shares issued	57 643	30 754
Current operations		
Total comprehensive income	80 820	96 883
Equity-settled share-based payments	(5 214)	6 194
Effects of changes in holding	-	(12 550)
Business combination	811	-
Capital reductions and dividends	(40 477)	(37 993)
Balance at end of year	2 079 228	1 985 645

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Year ended 31 March 2016 R'000	Audited Year ended 31 March 2015 R'000
Cash flows from operating activities	162 849	130 264
Cash flows from investing activities	(182 357)	(292 620)
Cash flows from financing activities	48 293	71 202
Increase/(decrease) in cash and cash equivalents	28 785	(91 154)
Cash and cash equivalents		
At beginning of year	132 286	223 440
At end of year	161 071	132 286
Bank balances and deposits	161 071	132 286
Cash and cash equivalents	161 071	132 286

SEGMENTAL ANALYSIS

	Reviewed Year ended 31 March 2016 R'000	Audited Year ended 31 March 2015 R'000
Revenue		
Gaming and entertainment	71 991	49 963
Beverages	1 224 214	1 155 385
Total	1 296 205	1 205 348

Net gaming win		
Gaming and entertainment	1 166 767	999 695
EBITDA		
Gaming and entertainment	347 858	266 064
Beverages	67 345	92 152
Head office	(79 220)	(38 380)
Total	335 983	319 836
Profit before tax		
Gaming and entertainment	160 220	127 276
Beverages	34 969	61 678
Head office	(76 975)	(21 620)
Total	118 214	167 334
Headline earnings		
Gaming and entertainment	128 859	93 304
Beverages	16 646	26 958
Head office	(76 304)	(36 009)
Total	69 201	84 253

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation and accounting policies

The results for the year ended 31 March 2016 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 2015. The adoption of new standards that are applicable for this financial year had no impact on the figures presented. Details of the standards adopted will be provided in the annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 2/2015 - Headline Earnings, as issued by the South African Institute of Chartered Accountants. These financial statements were prepared under the supervision of the financial director, Ms MM Loftie-Eaton CA(SA).

Shares issued

On 15 September 2015, 1 750 000 shares were issued to Johnnic Holdings Management Services Limited for R45 million in cash as approved by shareholders at the general meeting held on 9 September 2015. On 29 September 2015, 455 964 shares were issued to Group employees in terms of the Niveus Employee Share Scheme.

COMMENTARY

The growth in our gaming division continues to outperform the general economy and other sectors of the gaming industry. We are very fortunate to achieve this and remain positive that our growth will continue to surpass the country's overall growth rate. However, our gaming business is impacted by the lower profitability of the hospitality sector in general where our own in-house restaurants in Galaxy and our site owners' businesses in Vukani are affected by reduced profitability.

Legislative changes remain the most significant threat to the group. The recent release of the Department of Trade and Industry's ("dti") National Gambling Policy provides an indication of National Government's policy direction. The policy still contains provisions that are negative to the bingo industry, especially regarding the number and type of electronic bingo terminals ("EBTs"). We are engaging with the provincial gaming boards to ensure that the roll-out of EBTs continue and that economic feasibility of bingo licences are not compromised significantly.

Illegal gaming is growing unabated. The South African Police Service and other regulatory structures are not able to curtail the growth, and the illegal operators are becoming even more audacious in the location and type of sites they are opening. In some instances illegal gaming is conducted in premises in very close proximity to police stations. The dti continues to focus on restricting legal gaming when millions of rands in taxes are being lost through illegal gaming activities.

The significant depreciation of the rand will have a negative effect on our gaming business as most of our equipment is imported. In KWV it will have a positive effect since a large portion of our wine is exported and our bulk brandy sales are predominantly to the export market.

During the year, we invested R185 million in capital expenditure in the gaming business, including losses from new operations and R45 million in capital expenditure in KWV. The level of the group's capital expenditure is mainly determined by our machine replacement policy in Vukani and new licences in Galaxy.

Debt held with recourse to Niveus is R312 million, which at 1,16 times EBITDA (excluding KWV) is well within tolerable risk limits.

Gaming - Galaxy Gaming and Casino ("Galaxy")

EBITDA increased to R62 million (2015: R33 million), of which fully developed sites contributed R130 million (2015: R86 million). The fully developed sites' EBITDA was reduced to R62 million by head office costs, development and bid costs for new sites, start-up costs and trading losses. We estimate that the head office costs to manage the fully developed sites would be less than R10 million per annum.

The new bid costs and legal costs of the group amounted to approximately R12 million. These costs are expected to increase due to litigation over the award of our licences in the Eastern Cape and the legal cases relating to the KwaZulu-Natal ("KZN") province where the province's bingo licences and EBT awards were challenged by the MEC of Finance.

The number of EBTs in operation in the group is 1 642. Galaxy's site development costs are depreciated over the term of our leases and we expect the costs of redeveloping/maintaining the sites following the initial lease term to be substantially lower than the current depreciation charge. There is a limited depreciation charge associated with our EBTs since most are rented.

The performance of the Kuruman casino is poor, partly due to the decline of the mining industry in the region, and operational issues. The business has positive cash-flows, but it is not generating an economic return on our investment. We are working on plans to increase activity in the complex, but this remains a challenge given the economic conditions. We remain positive about this licence and its prospects.

Gaming - Vukani

Vukani increased its EBITDA to R291 million (2015: R260 million). This included losses in sports betting of R9 million (2015: R7 million) and exceptional items of R12 million (2015: R8 million). Adjusted for these items, the core business grew EBITDA by 14%. This is a satisfactory performance but below our expectations, mainly due to the underperformance of the Eastern Cape licence where a new competitor reduced our market share and the KZN province where we did not receive many new licences due to the issues at the KZN Gaming and Betting Board.

The installed machine base increased to 5 265 machines (2015: 5 052). This is only 41 machines more than what we reported in our September results. While this increase is very small and below our expectation, the Group also closed approximately 100 sites (500 limited pay-out machines ("LPMs")) during the year as part of a programme to optimise our return on capital. The gross new site installations for the year were 213 (approximately 715 LPMs). We will continue with this programme as we think there is significant capacity to replace underperforming sites in the group, rather than purely focusing on new roll-outs.

The average monthly gross gaming revenue ("GGR") per machine was R18 492 (2015: R17 832) with total GGR growing 11% year on year.

Operating expenses for the year were R199 million (2015: R184 million). On a like-for-like basis expenses increased by 7,3%, which included the full operating cost of the new Northern Cape licence.

The depreciation charge increased by 27% as the cost of machine replacements at a higher cost was accounted for. It is our policy to depreciate gaming machines over six years and assess machine replacement requirements based on a number of factors to ensure that we receive an appropriate return on capital on this significant investment.

Despite incurring losses in our sports betting offering, we remain confident that it is a profitable gaming sector and acknowledge that we need to improve our execution and focus. Our effective shareholding in Bet.co.za is 42,6%. We incurred greater losses in this business segment than we expected at the prior reporting date and have subsequently adapted our business model. We intend to combine our retail operations with Bet.co.za and to consolidate our sports betting offering under one brand, Bet.co.za, that will leverage marketing spend and overhead costs.

KWV

KWV reported headline earnings of R31 million (2015: R48 million). While this is lower than the previous year, it included foreign exchange losses of R40 million (2015: profit R31 million) and reduced income from bulk brandy sales of R8 million (2015: R34 million).

Revenue from wine sales increased by 13%, with volume growth of 8%. Our core brands are performing well and despite a decline in the South African wine category internationally, our brands have managed to retain and grow volume.

Revenue from spirit sales only declined by 17,5% despite a 31% decline in volume, mainly as a result of lower bulk spirits sales. Despite the lower sales volume, the profitability of our core brands increased significantly as a result of our premiumisation strategy.

The core business of KWV is improving every year and the depreciation of the rand will have a positive effect on earnings in the 2017 financial year.

The Group has announced the disposal of the core operating assets of KWV subsequent to the end of the financial year. The disposal for R1,15 billion is subject to a number of conditions precedent, including a due diligence and approval by the regulatory authorities.

Auditors' review

The Provisional Condensed Consolidated Results have been reviewed by the Company's auditors, Grant Thornton Johannesburg Partnership.Their unqualified review opinion is available for inspection at the registered office of the Company.

Dividend to Shareholders

On Friday, 20 May 2016, the directors declared and approved a gross ordinary dividend of 10 cents per share for the year ended 31 March 2016 out of income reserves. The dividend will be payable on Monday, 20 June 2016. As at 25 May 2016, there are 119 162 734 ordinary shares in issue.

The dividend meets the definition of a dividend in terms of the Income Tax Act, No. 58 of 1962. The dividend amount, net of South African dividends tax of 15%, is 8,5 cents per share to those shareholders that are not exempt from dividends tax. The Company's tax reference number is 9564/137/84/3.

Last day to trade cum dividend	Thursday, 9 June 2016
Trading ex dividend commences	Friday, 10 June 2016
Record date	Friday, 17 June 2016
Payment date	Monday, 20 June 2016

Share certificates may not be dematerialised or rematerialised between Friday, 10 June 2016 and Friday, 17 June 2016, both days inclusive.

Andre van der Veen

Chief executive officer

25 May 2016

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CORPORATE INFORMATION

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

Company secretary: HCI Managerial Services Proprietary Limited
Transfer secretaries: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001

Sponsor: PSG Capital Proprietary Limited

Website: www.niveus.co.za