

# NIVEUS

INVESTMENTS LIMITED

Reg. no: 1996/005744/06

**UNAUDITED**

CONDENSED CONSOLIDATED  
INTERIM RESULTS

**for the six months ended 30 September 2017**

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sept 2017 R'000	Unaudited 30 Sept 2016 R'000	Audited 31 Mar 2017 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>926 543</b>	884 750	1 315 728
Property, plant and equipment	397 535	707 675	659 202
Investment properties	21 164	7 056	28 638
Goodwill	11 714	56 444	59 944
Intangible assets	13 187	19 157	18 480
Interest in associates and joint ventures	27 596	33 290	73 707
Deferred taxation	8 805	29 039	28 251
Loans receivable	446 542	32 089	447 506
<b>Current assets</b>	<b>882 946</b>	296 019	1 057 007
Other	232 074	151 970	348 273
Cash and cash equivalents	650 872	144 049	708 734
Assets of disposal group classified as held for sale	641 308	1 704 332	5 419
<b>Total assets</b>	<b>2 450 797</b>	2 885 101	2 378 154
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1 974 038</b>	2 049 248	1 881 755
Equity attributable to equity holders of the parent	1 417 532	1 390 022	1 314 265
Non-controlling interest	556 506	659 226	567 490
<b>Non-current liabilities</b>	<b>21 435</b>	186 641	231 344
Borrowings	–	74 347	205 623
Deferred taxation	21 435	84 321	21 348
Operating lease equalisation liability	–	5 694	4 373
Other payables	–	22 279	–
<b>Current liabilities</b>	<b>100 651</b>	437 532	262 596
Liabilities of disposal group classified as held for sale	354 673	211 680	2 459
<b>Total equity and liabilities</b>	<b>2 450 797</b>	2 885 101	2 378 154
<b>Net asset value per share (cents)</b>	<b>1 190</b>	1 166	1 103
<b>Net tangible asset value per share (cents)</b>	<b>1 169</b>	1 116	1 038

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 Restated R'000	Audited Year ended 31 Mar 2017 Restated R'000
Revenue	10 769	3 767	12 786
Net gaming win	20 272	13 190	27 354
Group revenue	31 041	16 957	40 140
Other income	463	2 781	2 851
Operating expenses	(58 490)	(55 864)	(107 002)
	(26 986)	(36 126)	(64 011)
Depreciation and amortisation	(20 685)	(15 865)	(32 545)
Share of income of associates and joint ventures	1 860	731	736
Investment income	48 880	1 204	49 711
Impairment of assets	(152)	(27)	(1 982)
Impairment of goodwill	-	-	(3 958)
Impairment of investment in associate	(412)	-	(6 971)
Gain on disposal of subsidiaries	1 772	-	6 074
Finance costs	(62)	(37)	(112)
Profit/(loss) before taxation	4 215	(50 120)	(53 058)
Taxation	(24 737)	803	(6 551)
Loss for the year from continuing operations	(20 522)	(49 317)	(59 609)
Net result from discontinued operations	174 375	42 903	(66 839)
Profit/(loss) for the period	153 853	(6 414)	(126 448)
<b>Attributable to:</b>			
Equity holders of the parent	134 524	25 350	(9 154)
Non-controlling interest	19 329	(31 764)	(117 294)
	153 853	(6 414)	(126 448)

Reconciliation of headline earnings	Unaudited Six months ended 30 Sept 2017 R'000		Unaudited Six months ended 30 Sept 2016 Restated R'000		Audited Year ended 31 Mar 2017 Restated R'000	
	Gross	Net	Gross	Net	Gross	Net
<b>Continuing operations</b>						
Loss attributable to equity holders of the parent		(29 745)		(43 129)		(70 220)
IAS 16 Gains on disposal of plant and equipment	(110)	(109)	-	-	(24)	(10)
IAS 16 Impairment of assets	152	139	27	7	1 982	889
IAS 27 Gains from disposal of subsidiaries	(1 772)	(1 240)	-	-	(6 074)	(4 252)
IAS 28 Impairment of investments in associates	412	288	-	-	6 971	4 880
IAS 36 Impairment of goodwill	-	-	-	-	3 958	3 958
		(30 667)		(43 122)		(64 755)
<b>Discontinued operations</b>						
Profit attributable to equity holders of the parent		164 269		68 479		61 066
IAS 16 Gains on disposal of plant and equipment	(493)	(355)	(152)	(317)	(495)	(299)
IAS 16 Impairment of assets	3 123	2 249	358	258	1 767	1 272
IAS 27 Loss from disposal of subsidiaries	2 723	2 555	-	-	-	-
IAS 28 Impairment of investment in joint venture	-	-	85	35	85	49
IFRS 5 Remeasurement to fair value less cost to sell	-	-	191 134	72 054	-	-
IAS 40 Fair adjustment to investment property	-	-	-	-	(403)	(313)
Loss on disposal of operating assets of KVV	-	-	-	-	503 629	216 485
		168 718		140 509		278 260

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sept 2016 Restated	Audited Year ended 31 Mar 2017 Restated
Earnings per share (cents)	112,9	21,3	(7,7)
– Continuing operations	(25,0)	(36,2)	(58,9)
– Discontinued operations	137,9	57,5	51,2
Headline earnings per share (cents)	115,9	81,7	179,2
– Continuing operations	(25,7)	(36,2)	(54,3)
– Discontinued operations	141,6	117,9	233,5
Diluted earnings per share (cents)	112,1	21,1	(7,6)
– Continuing operations	(24,8)	(35,9)	(58,6)
– Discontinued operations	136,9	57,0	51,0
Diluted headline earnings per share (cents)	115,1	81,0	178,1
– Continuing operations	(25,5)	(35,9)	(54,0)
– Discontinued operations	140,6	116,9	232,1
Weighted average number of shares in issue ('000)	119 163	119 163	119 163
Actual number of shares in issue at end of year ('000)	119 163	119 163	119 163
Weighted average number of shares in issue (diluted) ('000)	119 960	120 258	119 909

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 Restated R'000	Audited Year ended 31 Mar 2017 Restated R'000
Profit/(loss) for the period	153 853	(6 414)	(126 448)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	9 572	(11 268)	(20 725)
Total comprehensive income/(loss)	163 425	(17 682)	(147 173)
<b>Attributable to:</b>			
Equity holders of the parent	144 091	14 264	(29 879)
Non-controlling interest	19 334	(31 946)	(117 294)
	163 425	(17 682)	(147 173)
<b>Total comprehensive income attributable to equity holders of the parent arises from:</b>			
– Continuing operations	(19 953)	(58 846)	(90 908)
– Discontinued operations	164 044	73 110	61 029
	144 091	14 264	(29 879)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 R'000	Audited Year ended 31 Mar 2017 R'000
Cash flows from operating activities	169 873	195 442	357 744
Cash generated from operations	212 121	248 490	430 038
Net interest	11 420	(12 174)	(7 519)
Taxation paid	(53 668)	(40 874)	(64 775)
Cash flows from investing activities	(104 996)	(120 969)	293 536
Property, plant and equipment: additions	(60 540)	(102 386)	(165 154)
Proceeds from disposal of assets	1 488	2 356	532 791
Investment in associates and joint ventures	(33 739)	(5 712)	(48 516)
Other	(12 205)	(15 227)	(25 585)
Cash flows from financing activities	(70 792)	(36 978)	(102 512)
Dividends paid	(55 188)	(17 516)	(38 965)
Long-term funding repaid	(15 604)	(19 462)	(63 547)
(Decrease)/increase in cash and cash equivalents	(5 915)	37 495	548 768
Classified as held for sale	(53 052)	(54 517)	(1 105)
Cash and cash equivalents			
At beginning of period	709 839	161 071	161 071
At end of period	650 872	198 566	709 839

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 R'000	Audited Year ended 31 Mar 2017 R'000
Balance at beginning of period	1 881 755	2 080 498	2 080 498
Total comprehensive income/(loss)	163 425	(17 682)	(147 173)
Equity-settled share-based payments	(2 675)	5 341	7 304
Effects of changes in holding	(15 599)	(1 043)	(4 425)
Business combinations	(1 092)	–	(1 596)
Disposal of subsidiaries	5 377	–	–
Capital reductions and dividends	(57 153)	(17 866)	(52 853)
Balance at end of period	1 974 038	2 049 248	1 881 755

## SEGMENTAL ANALYSIS

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 Restated R'000	Audited Year ended 31 Mar 2017 Restated R'000
<b>Revenue</b>			
<b>Continuing operations</b>	<b>10 769</b>	5 759	12 786
Gaming and entertainment	3 228	3 767	7 441
Property	7 541	1 992	5 345
<b>Discontinued operations</b>	<b>35 141</b>	609 167	640 798
Beverages	–	566 898	566 898
Gaming and entertainment	35 141	42 269	73 900
	<b>45 910</b>	614 926	653 584
<b>Net gaming win</b>			
<b>Continuing operations</b>			
Gaming and entertainment	20 272	13 190	27 354
<b>Discontinued operations</b>			
Gaming and entertainment	696 513	632 819	1 299 256
	<b>716 785</b>	646 009	1 326 610
<b>EBITDA</b>			
<b>Continuing operations</b>	<b>(26 986)</b>	(36 126)	(64 011)
Gaming and entertainment	(7 478)	(4 251)	(9 797)
Head office	(16 713)	(26 502)	(47 054)
Property	(2 795)	(5 373)	(7 160)
<b>Discontinued operations</b>	<b>265 186</b>	296 342	531 132
Beverages	–	81 725	81 725
Gaming and entertainment	265 186	214 617	449 407
	<b>238 200</b>	260 216	467 121
<b>Profit before tax</b>			
<b>Continuing operations</b>	<b>4 215</b>	(50 120)	(53 058)
Gaming and entertainment	(25 374)	(18 625)	(44 812)
Head office	(15 281)	(25 424)	(44 610)
Property	44 870	(6 071)	36 364
<b>Discontinued operations</b>	<b>221 484</b>	229 061	(105 075)
Beverages	–	77 452	(426 177)
Gaming and entertainment	221 484	151 609	321 102
	<b>225 699</b>	178 941	(158 133)
<b>Headline earnings</b>			
<b>Continuing operations</b>	<b>(30 667)</b>	(43 122)	(64 755)
Gaming and entertainment	(29 687)	(15 527)	(40 848)
Head office	(14 811)	(25 212)	(43 990)
Property	13 831	(2 383)	20 083
<b>Discontinued operations</b>	<b>168 718</b>	140 509	278 260
Beverages	–	31 658	31 528
Gaming and entertainment	168 718	108 851	246 732
	<b>138 051</b>	97 387	213 505

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Basis of preparation and accounting policies

The results for the six months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, 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 2017. The adoption of new standards that are applicable for this financial year had no impact on the figures presented. Details of the standards adopted will be provided in the annual financial statements. As required by the Listings Requirements 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 CE Kristal CA(SA), and have neither been audited nor independently reviewed by the Group's auditors.

## Discontinued operations

### Unbundling of shares in gaming businesses

During June 2017, Niveus accepted an indicative offer from Tsogo Sun Holdings Limited ("Tsogo") 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 to Tsogo subject to certain conditions precedent. 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 were as follows:

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 Restated R'000	Audited Year ended 31 Mar 2017 Restated R'000
<b>Profit relating to discontinued operations</b>			
Revenue	35 141	42 222	73 853
Net gaming win	695 751	630 769	1 295 256
Other income and operating costs	(465 997)	(457 855)	(917 903)
Share of losses of associates and joint ventures	(3 784)	(3 090)	(7 081)
Investment income	909	2 314	4 362
Fair value adjustments of investment properties	–	–	403
Depreciation and amortisation	(22 457)	(45 106)	(92 698)
Impairment of assets	(3 123)	(358)	(1 767)
Finance costs	(12 290)	(16 016)	(30 220)
Profit before taxation	224 150	152 880	324 205
Taxation	(47 109)	(37 506)	(64 789)
Profit from discontinued operations	177 041	115 374	259 416
<b>Cash flows from discontinued operations</b>			
Cash flows from operating activities	139 170	125 870	235 133
Cash flows from investing activities	(47 602)	(48 306)	(96 887)
Cash flows from financing activities	(21 091)	(25 972)	(69 324)
	70 477	51 592	68 922
<b>Assets of disposal group classified as held for sale</b>			
Property, plant and equipment	300 649		
Investment properties	7 526		
Goodwill	50 433		
Intangible assets	8 788		
Interest in associates and joint ventures	72 301		
Deferred taxation	10 037		
Other current assets	138 522		
Cash and cash equivalents	53 052		
	641 308		

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 Restated R'000	Audited Year ended 31 Mar 2017 Restated R'000
<b>Liabilities of disposal group classified as held for sale</b>			
Borrowings	225 375		
Deferred taxation	180		
Operating lease equalisation liability	4 792		
Other current liabilities	124 326		
	<b>354 673</b>		
<b>Net asset value of disposal group</b>	<b>995 981</b>		
<b>Fair value less cost to sell ITO IFRS 5</b>	<b>995 981</b>		
Fair value of disposal group assets	641 308		
Fair value of disposal group liabilities	354 673		
<b>Remeasurement of disposal group</b>	<b>–</b>		

#### *Shares in African gaming businesses*

During March 2017, the Group contracted to dispose of subsidiaries Jacaranda Royal Casino Limited, VSlots Lesotho (Proprietary) Limited and VSlots Swaziland (Proprietary) Limited. The disposal was concluded in June 2017. 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:

	Unaudited Six months ended 30 Sept 2017 R'000	Unaudited Six months ended 30 Sept 2016 Restated R'000	Audited Year ended 31 Mar 2017 Restated R'000
<b>Loss relating to discontinued operations</b>			
Revenue	–	47	47
Net gaming win	762	2 050	4 000
Other income and operating costs	(471)	(2 616)	(5 846)
Investment income	–	37	–
Depreciation and amortisation	(232)	(788)	(1 301)
Finance costs	(2)	(1)	(3)
Profit/(loss) from discontinued operations	57	(1 271)	(3 103)
Loss on disposal	(2 723)	–	–
Net result from discontinued operations	<b>(2 666)</b>	<b>(1 271)</b>	<b>(3 103)</b>
<b>Cash flows from discontinued operations</b>			
Cash flows from operating activities	447	(2 736)	(2 216)
Cash flows from investing activities	–	1 533	1 571
	<b>447</b>	<b>(1 203)</b>	<b>(645)</b>
<b>Proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed</b>			
Property, plant and equipment	1 524		
Intangible assets	1 194		
Trade and other receivables	417		
Bank and cash balances	1 371		
Trade and other payables	(3 129)		
	<b>1 377</b>		
Non-controlling interest	4 596		
Loss on disposal of subsidiaries	(2 723)		
Consideration received in cash	3 250		
Less cash at date of disposal	(1 371)		
Net cash inflow	<b>1 879</b>		



## COMMENTARY

The unbundling of the Niveus gaming assets, other than its sports betting and lottery interests, ("GameCo") to Niveus shareholders, and the subsequent offer by Tsogo to acquire these shares, substantially changed the nature of Niveus.

The effective date of the unbundling was 10 November and Tsogo extended an offer to all Niveus shareholders to acquire their shares as detailed in the circular to shareholders. The unbundling resulted in Niveus shareholders receiving GameCo shares at an effective value of R33,54 per Niveus share.

Niveus retained 6,25% of the GameCo shares and sold these shares to Tsogo as part of the minority offer. Proceeds from this sale were used to settle the debt of the Group, and Niveus is now debt free.

The consolidated results of the Group reflect the GameCo assets as discontinued operations.

The board has also approved, subject to certain conditions, various transactions and initiatives to distribute a portion of its interest in La Concorde Holdings Limited ("La Concorde") to shareholders, following the acquisition of Golden Arrow Bus Services Proprietary Limited ("GABS").

Following the completion of the transactions described above, the Group will hold interests in some smaller assets, as described below in Other Assets, and some cash.

### Discontinued operations

Vukani and Galaxy continued to trade well during the period under review, despite the general slow down in spending in the gaming sector and the low levels of consumer confidence.

The consolidated EBITDA of the gaming businesses increased to R265 million from R215 million in the comparative period. Headline earnings increased to R168 million from R109 million in the comparative period.

### Continuing operations

#### *La Concorde*

The Group owns an effective 58% in La Concorde. During the period Niveus announced the acquisition, by a subsidiary of La Concorde ("NewCo"), of 100% of the issued shares in Hosken Passenger Logistics and Rail Proprietary Limited (of which GABS is a wholly owned subsidiary), from Hosken Consolidated Investments Limited ("HCI") for R1,8 billion ("GABS Acquisition"). NewCo will be capitalised with R1,1 billion of cash or cash equivalents by La Concorde and the purchase consideration for the GABS Acquisition will be settled by the issue of shares in NewCo to HCI. On completion, La Concorde will own approximately 38% of NewCo, with the remaining 62% held by HCI. The GABS Acquisition is, inter alia, subject to the conclusion of transaction agreements, the positive completion of a due diligence and Niveus shareholder approval.

Shareholders are referred to the transaction announcement on 14 September 2017 for more information on the GABS Acquisition.

A circular detailing the terms of the GABS Acquisition will be distributed to shareholders in due course, once the legal agreements for the GABS Acquisition have been concluded. It is anticipated that the circular will be distributed during or about the week commencing on 18 December 2017.

It is envisaged that NewCo will, following the implementation of the GABS Acquisition, make a cash distribution to its shareholders, with the ultimate aim thereafter being to list NewCo on the JSE. It is anticipated that, upon such listing, NewCo shares will be distributed to the La Concorde shareholders, following which Niveus will unbundle the NewCo shares received to its shareholders.

The remaining assets of La Concorde consist of property and art.

### Other assets

The other assets of the Niveus Group are its interests in BET.co.za, a leading online sports betting company, its remaining African gaming investments and the residual cash retained in the Group.

The online sports betting market is a growing market in South Africa, albeit small compared to the other gaming sectors. The gross gaming revenue of BET.co.za increased during the period but the increased marketing spend limited profit growth. It is anticipated that the business will continue to invest significantly in marketing in the future as it seeks to increase its registered clients. In addition, BET.co.za has opened retail outlets and holds licences for additional outlets in Limpopo and Gauteng.

The Group disposed of its gaming operations in Zambia, Lesotho and Swaziland. The only gaming operation remaining is the route operator and sports betting operations in Tanzania. This business is marginally profitable and does not require significant investment to grow in future.

The Group also holds an interest in a start-up investment that provides radar tracking to the golf industry. R28 million has been committed to the investment with a further R20 million potential investment.

### **Future of the Group**

The directors are considering the future plans and strategy of the Group following unbundling of the Group's major assets and the plans to distribute most of the value in La Concorde. The remaining assets of the Group are unlisted and substantially smaller in value. The directors believe that these assets have good growth prospects but may not be adequate to sustain the separate listing of Niveus. Shareholders will be advised in due course about the board's future plans for the Group.

### **Change in management**

André van der Veen resigned as CEO of Niveus and La Concorde, effective 1 November 2017, following his appointment as CEO of eMedia Holdings Limited. He will however remain on the board of Niveus and La Concorde as executive director. Muriel Loftie-Eaton was appointed as CEO and Carolyn Kristal as financial director of Niveus and La Concorde, effective 1 November 2017. Following the implementation and completion of the GameCo unbundling, the three additional independent non-executive directors appointed for the purpose of the unbundling, Francine-Ann du Plessis, Mike Joubert and Wessel van der Merwe, have resigned from the board, effective 17 November 2017.

### **Muriel Loftie-Eaton**

*Chief executive officer*

22 November 2017  
Paarl

## **CORPORATE INFORMATION**

### **Niveus Investments Limited**

(Incorporated in the Republic of South Africa)

**Registration number:** 1996/005744/06

**JSE share code:** NIV

**ISIN code:** ZAE000169553

("the Company" or "the Group" or "Niveus")

**Directors:** JA Copelyn<sup>†</sup>, CE Kristal\*, MM Loftie-Eaton\*, ML Molefi#, JG Ngcobo#, Y Shaik<sup>†</sup>, A van der Veen\* (\* executive † non-executive # independent non-executive)

**Company secretary:** HCI Managerial Services Proprietary Limited

**Transfer secretaries:** Computershare Investor Services Proprietary Limited

**Sponsor:** PSG Capital Proprietary Limited

**[www.niveus.co.za](http://www.niveus.co.za)**