
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 apply to this cover page.

ACTION REQUIRED BY SHAREHOLDERS:

This entire Circular is important and should be read with particular attention to the section entitled “*Action required by Shareholders*”, commencing on page 2.

If you are in any doubt as to what action to take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all your Niveus Shares, please forward this Circular and the attached Form of Proxy (*grey*) to the purchaser of such Niveus Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

NIVEUS

INVESTMENTS LIMITED

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

CIRCULAR TO SHAREHOLDERS

relating to:

- the approval of the La Concorde Unbundling, in terms of which a Subsidiary of Niveus, namely La Concorde, will unbundle the La Concorde Unbundling Shares to La Concorde Shareholders by way of a distribution *in specie*, constituting the disposal of the greater part of the assets or undertaking of La Concorde and which may, having regard to the consolidated financial statements of Niveus, constitute the disposal of the greater part of the assets or undertaking of Niveus, to the extent that such disposal requires the approval of the Shareholders by way of a special resolution, in terms of section 115(2)(b) of the Companies Act (to the extent that such section finds application);
- the approval of the Niveus Unbundling, in terms of which Niveus will unbundle the Niveus Distribution Shares to its Shareholders by way of a distribution *in specie*, amounting to the disposal of the greater part of the assets or undertaking of Niveus in terms of section 112 of the Companies Act, requiring the approval of Shareholders by way of a special resolution, in terms of section 115 of the Companies Act;

and incorporating:

- a Notice of General Meeting; and
 - a Form of Proxy (*grey*) for purposes of the General Meeting (only for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-Name Registration).
-



PSG CAPITAL

Corporate Adviser
and Sponsor



Legal Adviser



Independent Expert



Grant Thornton

Auditor and Independent
Reporting Accountant

Date of issue: Wednesday, 21 February 2018

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of Niveus and from the offices of PSG Capital, whose addresses are set out in the “Corporate information” section of this Circular, from Wednesday, 21 February 2018 until the date of the General Meeting (both days inclusive). A copy of this Circular will also be available on Niveus’ website (<http://www.niveus.co.za>).

CORPORATE INFORMATION

DIRECTORS

JA Copelyn* (Chairman)
MM Loftie-Eaton (Chief Executive Officer)
C Kristal (Chief Financial Officer)
A van der Veen*
Y Shaik*
LM Molefi**
JG Ngcobo**
RD Watson**

* Non-executive Directors

** Independent non-executive Directors

DATE AND PLACE OF INCORPORATION

15 May 1996
South Africa

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited
Suite 801
76 Regent Road
Sea Point, 8005
(PO Box 5251, Cape Town, 8000)

REGISTERED ADDRESS

La Concorde
57 Main Street
Paarl, 7646

INDEPENDENT EXPERT

KPMG Services Proprietary Limited
(Registration number 1999/012876/07)
1 Mediterranean Street
Foreshore, Cape Town, 8001
(PO Box 4609, Cape Town, 8000, South Africa)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

CORPORATE ADVISER AND SPONSOR

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor
Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and at:

2nd Floor, Building 3, 11 Alice Lane
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore 2010)

LEGAL ADVISER

Edward Nathan Sonnenbergs Incorporated
(Registration number 2006/018200/21)
1 North Wharf Square
Loop Street
Foreshore
Cape Town, 8001
(PO Box 2293, Cape Town, 8000)

HOLDING COMPANY OF NIVEUS

Hosken Consolidated Investments Limited
(Registration number 1973/007111/06)
Suite 801
76 Regent Road
Sea Point, 8005
(PO Box 5251, Cape Town, 8000)

AUDITOR AND INDEPENDENT REPORTING ACCOUNTANT

Grant Thornton Johannesburg Partnership
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
(Private Bag X28, Benmore, 2010)

ADMINISTRATOR

Johnnic Holdings Management Services Proprietary Limited
(Registration number 1969/014373/07)
Suite 801
76 Regent Road
Sea Point, 8005
(PO Box 5251, Cape Town, 8000)

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ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Shares in Niveus, please forward this Circular and the attached Form of Proxy to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at La Concorde, 57 Main Street, Paarl on Friday, 23 March 2018 at 11h00, at which General Meeting Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting attached to this Circular.

1. DEMATERIALISED SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALISED SHAREHOLDERS

1.1 Voting at the General Meeting

- 1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- 1.1.4 **You must not complete the attached Form of Proxy (grey).**

1.2 Attendance and representation at the General Meeting

- 1.2.1 In accordance with the custody agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:
 - 1.2.1.1 attend, speak and vote at the General Meeting; or
 - 1.2.1.2 send a proxy to represent you at the General Meeting.
- 1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

2. CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALISED SHAREHOLDERS

2.1 Voting and attendance at the General Meeting

- 2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (grey) in accordance with the instructions contained therein and lodging it, posting it or sending it via e-mail to the Transfer Secretaries to be received by them preferably by no later than 11h00 (South African time) on Tuesday, 20 March 2018, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the chairperson of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting. The details of the Transfer Secretaries are as set out below:

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)
Email: proxy@computershare.co.za

3. FOREIGN SHAREHOLDERS

- 3.1 This Circular has been prepared for the purposes of complying with the laws of South Africa and is subject to applicable laws and regulations, including but not limited to the Companies Act and the Companies Regulations and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.
- 3.2 The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

- 3.3 The distribution of the Niveus Distribution Shares to Niveus Shareholders not resident in South Africa (“**Foreign Shareholders**”) in terms of the Niveus Unbundling may be affected by the laws of such Foreign Shareholders’ relevant jurisdiction. Niveus reiterates that those Foreign Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements.
- 3.4 It is the responsibility of any Foreign Shareholder (including, without limitation, nominees, agents and trustees for such persons) to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Foreign Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.
- 3.5 Foreign Shareholders who are not entitled to receive Niveus Distribution Shares pursuant to the Niveus Unbundling should dispose of their Niveus Shares such that they are no longer reflected as a holder of Niveus Shares on the Niveus Unbundling Record Date, or alternatively, to the extent lawful under the applicable laws of the relevant territory, require the applicable CSDP and/or nominees, agents and trustees for such persons receiving the Niveus Distribution Shares on behalf of the shareholder to approach the Transfer Secretaries to dispose of the Niveus Distribution Shares on behalf of and for the benefit of the relevant Foreign Shareholder as soon as is reasonably practical after the implementation of the Niveus Unbundling.
- 3.6 Niveus reserves the right, but shall not be obliged, to treat as invalid any distribution of Niveus Distribution Shares, in terms of the Niveus Unbundling, which appears to Niveus or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or if Niveus believes or its agents believe that the same may violate applicable legal or regulatory requirements.
- 3.7 This Circular is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction other than South Africa. This Circular does not constitute a prospectus or a prospectus equivalent document. Shareholders are advised to read this Circular with care. Any decision to approve the La Concorde Unbundling, the Niveus Unbundling or any other response to the proposals should be made only on the basis of the information in this Circular.
- 3.8 Any Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

4. SHAREHOLDERS’ APPRAISAL RIGHTS

Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the Niveus Unbundling, are referred to **Annexure 2** of this Circular.

5. TAKEOVER REGULATION PANEL APPROVALS

Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions, such as the Niveus Unbundling, when it approves such transactions.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 5 apply to this page.

2018

Record date for Shareholders to be recorded in the Register in order to receive this Circular	Friday, 16 February
Circular incorporating the Notice of General Meeting and Form of Proxy (<i>grey</i>), distributed to Shareholders on	Wednesday, 21 February
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Wednesday, 21 February
Announcement of distribution of Circular and notice convening the General Meeting published in the South African press on	Thursday, 22 February
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting on	Tuesday, 13 March
Newco pre-listing statement made available by	Thursday, 15 March
Record date for a Shareholder to be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 16 March
For administrative reasons, Forms of Proxy (<i>grey</i>) in respect of the General Meeting to be lodged at the Transfer Secretaries preferably by 11h00 on	Tuesday, 20 March
Last date and time for Shareholders to give notice in terms of section 164 of the Companies Act to Niveus, objecting to the special resolution approving the Niveus Unbundling by 11h00 on	Friday, 23 March
Forms of Proxy (<i>grey</i>) not lodged with the Transfer Secretaries to be handed to the chairperson of the General Meeting before the proxy exercises the rights of the Shareholder at the General Meeting on	Friday, 23 March
General Meeting held at 11h00 on	Friday, 23 March
Results of the General Meeting published on SENS on	Friday, 23 March
Results of the General Meeting published in the South African press on	Monday, 26 March

If the La Concorde Unbundling and the Niveus Unbundling are approved by Shareholders:

Last date on which Shareholders who voted against the special resolutions approving the La Concorde Unbundling and the Niveus Unbundling may require Niveus to seek court approval in terms of section 115(3)(a), but only if the special resolution was opposed by at least 15% of the voting rights exercised thereon	Tuesday, 3 April
Last date on which Shareholders who voted against the special resolutions approving the La Concorde Unbundling and the Niveus Unbundling may make application to the court in terms of section 115(3)(b) of the Companies Act	Tuesday, 10 April
Last date for Niveus to send objecting Shareholders notice of the adoption of the special resolution approving the Niveus Unbundling, in terms of section 164 of the Companies Act	Tuesday, 10 April
Special resolutions approving the La Concorde Unbundling and the Niveus Unbundling passed, if Shareholders do not exercise their rights in terms of section 115(3)(a) and 115(3)(b) of the Companies Act	Tuesday, 10 April

Assuming that all the Niveus Unbundling Conditions are fulfilled or waived (to the extent legally permissible) and that neither court approvals nor the review of the La Concorde Unbundling or the Niveus Unbundling is required:

La Concorde Unbundling to occur on the La Concorde Unbundling Completion Date on	Friday, 13 April
Finalisation announcement in respect of the Niveus Unbundling released on SENS on	Monday, 16 April
Finalisation announcement in respect of the Niveus Unbundling published in the press on	Tuesday, 17 April
Last day to trade Shares in order to be recorded in the Register to participate in the Niveus Unbundling on	Monday, 23 April
Newco Shares lists on the JSE	Tuesday, 24 April
Shares trade <i>ex right</i> to Niveus Distribution Shares	Tuesday, 24 April
Announcement in respect of the cash value of fractional entitlements applicable to the Niveus Unbundling on	Wednesday, 25 April
Niveus Unbundling Record Date	Thursday, 26 April
Announcement in respect of the apportionment of tax cost for the Niveus Unbundling by	Thursday, 26 April
Niveus Unbundling Completion Date on which Shareholders will have their accounts at their CSDP or Broker updated to reflect the Niveus Distribution Shares	Monday, 30 April

Notes:

- The above dates and times are subject to amendment at the discretion of Niveus, subject to the Companies Act. Any such amendment will be released on SENS.
- Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 13 March 2018 will not be eligible to attend, participate in and vote at the General Meeting.
- Share certificates may not be Dematerialised or re-materialised between Tuesday, 24 April 2018 and Thursday, 26 April 2018, both days inclusive.
- The above dates may be amended to the extent that any Shareholders exercise their appraisal rights in terms of section 164 of the Companies Act.
- All dates and times indicated above are South African Standard Time.
- In terms of the Niveus Unbundling, Shareholders will receive the Niveus Distribution Shares in Dematerialised form only. Certificated Shareholders wishing to receive their Niveus Distribution Shares in Dematerialised form and Shareholders wishing to materialise their Niveus Distribution Shares following the implementation of the Niveus Unbundling, are referred to paragraph 5.7 of this Circular, which details the steps to be taken by them in this regard.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

“Administration Agreement”	the administration agreement concluded between Niveus and the Administrator on 24 July 2012, as amended, in terms of which the Administrator provides 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 and interacting with key Shareholders, to Niveus;
“Administrator”	Johnnic Holdings Management Services Proprietary Limited (registration number 1969/014373/07), a private company incorporated under the laws of South Africa, particulars of which appear in the “ <i>Corporate Information</i> ” section of the Circular and which is a wholly-owned Subsidiary of HCI;
“B-BBEE”	broad-based black economic empowerment in terms of the Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003), as amended from time to time;
“Board” or “Directors”	the directors of Niveus from time to time, comprising, as at the Last Practicable Date, those persons whose names appear in the “ <i>Corporate Information</i> ” section of this Circular;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day, other than a Saturday, Sunday or public holiday in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares which have not yet been Dematerialised, title to which is represented, by a share certificate or other Document of Title;
“Circular”	this bound document, dated Wednesday, 21 February 2018 to Shareholders, including all annexures hereto;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended from time to time;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“CSDP”	a central securities depository participant registered in terms of the Financial Markets Act with whom a beneficial holder of shares holds a Dematerialised share account;
“Dematerialisation”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised Shareholders”	those Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to Niveus;
“Eljosa”	Eljosa Travel and Tours Proprietary Limited (registration number 2016/392192/07), a private company incorporated under the laws of South Africa, being a Subsidiary of HPLR, with HPLR holding 76% of the Eljosa shares in issue;
“Exchange Control Regulations”	the South African Exchange Control Regulations, promulgated in terms of the South African Currency and Exchanges, 1933 (Act No. 9 of 1933), as amended from time to time;
“Financial Markets Act”	the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended from time to time;
“Form of Proxy”	for purposes of the General Meeting, the form of proxy (<i>grey</i>) for use only by Certificated Shareholders and Own-name Dematerialised Shareholders;
“GABS”	Golden Arrow Bus Services Proprietary Limited (registration number 1992/001234/07), a private company incorporated under the laws of South Africa, which is a wholly-owned Subsidiary of HPLR;

“GABS Acquisition”	the acquisition by Newco of all the issued ordinary no par value shares in HPLR from HCI for a consideration equal to R1 800 000 000, which was settled by the allotment and issue of 180 Newco Shares (prior to the Share Split), constituting approximately 62% of the entire issued share capital of Newco following the issue thereof, by Newco to HCI, on the terms set out in the GABS Acquisition Agreement and as detailed in the GABS Acquisition Circular;
“GABS Acquisition Agreement”	the asset for share agreement concluded on or about 29 November 2017 between HCI, Newco and La Concorde, setting out the terms and conditions of the GABS Acquisition;
“GABS Acquisition Circular”	the circular in respect of the GABS Acquisition, distributed by the Company to its Shareholders on 18 December 2017;
“General Meeting”	the general meeting of Shareholders to be held at 11h00 on Friday, 23 March 2018, at La Concorde, 57 Main Street, Paarl, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular, together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
“HCI”	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE and being the Holding Company of Niveus;
“Holding Company”	a “holding company” as defined in the Companies Act, but also includes an entity incorporated outside South Africa which, if incorporated in South Africa, would be a “holding company” as defined in the Companies Act;
“HPLR”	Hosken Passengers Logistics and Rail Proprietary Limited (registration number 2000/010463/07), a private company incorporated under the laws of South Africa, which is the Holding Company of Eljosa and of GABS and which is a wholly-owned Subsidiary of Newco;
“Income Tax Act”	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended from time to time;
“Independent Board”	collectively, Lynette Moretlo Molefi, Jabulani Geffrey Ngcobo and Rachel Doreen Watson, being those Directors who have been appointed as the independent board for purposes of the Companies Act and the Companies Regulations;
“Independent Expert”	KPMG Services Proprietary Limited (registration number 1999/012876/07), further particulars of which appear in the “ <i>Corporate Information</i> ” section of the Circular;
“Independent Expert’s Report”	the fair and reasonable opinion prepared by the Independent Expert on the Niveus Unbundling, prepared in accordance with the provisions of regulation 90 read with regulation 110 of the Companies Regulations, and attached hereto as Annexure 1 ;
“Independent Reporting Accountant”	Grant Thornton Johannesburg Partnership, further particulars of which appear in the “ <i>Corporate Information</i> ” section of the Circular, being the auditor of Niveus;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company incorporated in terms of the laws of South Africa and which is licensed as an exchange in terms of the Financial Markets Act;
“JSE Listings Requirements”	the Listings Requirements of the JSE;
“La Concorde”	La Concorde Holdings Limited (registration number 2009/012871/06), a public company incorporated in terms of the laws of South Africa, being a Material Subsidiary of the Company, with the Company indirectly holding 58% of the issued share capital of La Concorde;
“La Concorde Circular”	the circular in respect of the La Concorde Unbundling distributed by La Concorde to its shareholders on Wednesday, 21 February 2018;
“La Concorde General Meeting”	the general meeting of La Concorde Shareholders to be held at 10h00 on Friday, 23 March 2018 at La Concorde, 57 Main Street, Paarl to consider and if deemed fit, approve <i>inter alia</i> the La Concorde Unbundling;
“La Concorde Shareholders”	the registered holders of ordinary par value shares of R0.00001 each in La Concorde’s issued share capital;
“La Concorde Unbundling”	the proposed distribution <i>in specie</i> by La Concorde of the La Concorde Unbundling Shares to La Concorde Shareholders, <i>pro rata</i> to their respective shareholdings in La Concorde;
“La Concorde Unbundling Completion Date”	the date, which is anticipated to be Friday, 13 April 2018, on which the La Concorde Unbundling has been completed and the La Concorde Unbundling Shares are acquired by the La Concorde Shareholders, registered as such on the La Concorde Unbundling Record Date;
“La Concorde Unbundling Conditions”	the conditions precedent to the La Concorde Unbundling, as set out paragraph 4.2 of this Circular;

“La Concorde Unbundling Record Date”	the date on which a La Concorde Shareholder must be registered in the securities register of La Concorde in order to be eligible to participate in the La Concorde Unbundling, which is anticipated as being Wednesday, 11 April 2018;
“La Concorde Unbundling Shares”	all 110 000 000 Newco Shares held by La Concorde after the implementation of the GABS Acquisition and the Share Split, comprising approximately 38% of the total issued share capital of Newco, which will be distributed to La Concorde Shareholders by La Concorde in terms of the La Concorde Unbundling;
“Last Practicable Date”	the last practicable date before finalisation of this Circular, which date was Monday, 12 February 2018;
“Legal Adviser”	Edward Nathan Sonnenbergs Inc., a firm of attorneys, the particulars of which are set out in the “ <i>Corporate Information</i> ” section of this Circular;
“Major Subsidiary”	a major subsidiary of Niveus, as defined in the JSE Listings Requirements, meaning a subsidiary that represents 25% or more of the total assets or revenue of the consolidated Niveus Group, it being noted that La Concorde is the only Major Subsidiary of Niveus as at the date of this Circular;
“MOI”	the memorandum of incorporation of Niveus;
“Newco”	Niveus Invest 17 Proprietary Limited (registration number 2015/250356/07), a private company duly incorporated under the laws of South Africa, currently being a Subsidiary of HCI, and which is in the process of changing its name to “ <i>Hosken Passenger Logistics and Rail Limited</i> ” and being converted into a public company in anticipation of a listing on the JSE main board;
“Newco Cash Distribution”	the declaration and payment, on 1 February 2018, by Newco of a cash dividend of R649 802 264 to Newco Shareholders, <i>pro rata</i> to their respective shareholdings in Newco;
“Newco Shares”	ordinary no par value shares in Newco’s share capital;
“Newco Shareholders”	the registered holders of Newco Shares, as at the date of this Circular, being HCI and La Concorde, holding approximately 62% and approximately 38% respectively;
“Niveus” or “the Company”	Niveus Investments Limited (registration number 1996/005744/06), a public company duly incorporated in terms of the laws of South Africa, the ordinary shares of which are listed on the JSE, being a Subsidiary of HCI, with HCI holding, as at the Last Practicable Date, approximately 52.28% of the Shares in issue;
“Niveus Distribution Shares”	all 62 749 383 Newco Shares distributed to and received by Niveus pursuant to the La Concorde Unbundling, comprising approximately 22% of the total issued share capital of Newco, subject to the withholding of the Niveus Tax Withholding Shares;
“Niveus Group” or “Group”	Niveus and its Subsidiaries;
“Niveus Tax Withholding Shares”	those Niveus Distribution Shares which are withheld by Niveus (if any) in relation to a particular Shareholder in terms of the Niveus Unbundling, in settlement of the dividends tax liability arising upon implementation of the Niveus Unbundling;
“Niveus Unbundling”	the proposed distribution <i>in specie</i> by Niveus, following the La Concorde Unbundling, of the Niveus Distribution Shares to its Shareholders, <i>pro rata</i> to their respective shareholdings in Niveus, as detailed in paragraph 5 of this Circular;
“Niveus Unbundling Completion Date”	the date, which is anticipated to be Monday, 30 April 2018, on which the Niveus Unbundling has been completed and the Niveus Distribution Shares are acquired by the Shareholders, registered as such on the Niveus Unbundling Record Date;
“Niveus Unbundling Conditions”	the conditions precedent to the Niveus Unbundling, as set out paragraph 5.2 of this Circular;
“Niveus Unbundling Record Date”	the date on which a Shareholder must be registered in the Register in order to be eligible to participate in the Niveus Unbundling, which is anticipated as being Thursday, 26 April 2018;
“Notice of General Meeting”	the notice of the General Meeting of Shareholders, forming part of this Circular;
“Own-name Registration” or “Own-name Registered” or “Own Name Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
“PSG Capital” or “Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, particulars of which appear in the “ <i>Corporate Information</i> ” section of this Circular;
“Rand” or “R”	South African Rand;

“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders” or “Niveus Shareholders”	registered holders of Shares;
“Shares” or “Niveus Shares”	no par value ordinary shares in the Company’s share capital;
“Share Split”	the increase in the number of authorised and issued ordinary shares of Newco by the subdivision of each ordinary no par value share in the authorised and issued share capital of Newco, as contemplated in paragraph 1.8 of this Circular, which is to be implemented prior to the La Concorde Unbundling;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
“STT”	securities transfer tax levied under the STT Act;
“STT Act”	the Securities Transfer Tax Act, 2007 (Act No. 25 of 2007), as amended from time to time;
“Subsidiary”	a “subsidiary” as defined in the Companies Act;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which are set out in the “ <i>Corporate Information</i> ” section of this Circular;
“TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act; and
“Treasury Shares”	Shares beneficially owned by Subsidiaries of Niveus.

NIVEUS

INVESTMENTS LIMITED

NIVEUS INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1996/005744/06)

Share code: NIV ISIN: ZAE000169553

("Niveus" or "the Company")

Directors:

JA Copelyn* (Chairman)

MM Loftie-Eaton (Chief Executive Officer)

C Kristal (Chief Financial Officer)

A van der Veen*

Y Shaik*

LM Molefi**

JG Ngcobo**

RD Watson**

* Non-executive Directors

** Independent non-executive Directors

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

- 1.1 Shareholders are referred to the announcement by Niveus on SENS on Thursday, 18 January 2018, advising that the GABS Acquisition has been approved by Niveus Shareholders, and to the Company's subsequent announcement on SENS dated Wednesday, 31 January 2018, advising that the GABS Acquisition, having become unconditional, would be implemented on Thursday, 1 February 2018.
- 1.2 On or about Thursday, 1 February 2018, following implementation of the GABS Acquisition, but prior to the implementation of the La Concorde Unbundling and the Niveus Unbundling, Newco declared and paid the Newco Cash Distribution, amounting in aggregate to R649 802 264, to its shareholders.
- 1.3 Following receipt of its portion, amounting to R246 476 721, of the Newco Cash Distribution, La Concorde declared, on 2 February 2018, a cash dividend to its shareholders in the amount of 362 cents per share, with such dividend subsequently being paid to La Concorde Shareholders on Monday, 12 February 2018. On 14 February 2018, the Company, in turn, announced the declaration of a dividend of R1.20 per Share to Niveus Shareholders.
- 1.4 In terms of the La Concorde Unbundling, a Subsidiary of Niveus, La Concorde, will distribute the La Concorde Unbundling Shares to La Concorde Shareholders by way of a distribution *in specie pro rata* to their respective shareholding in La Concorde, in the ratio of 1.59466 La Concorde Unbundling Shares for every 1 La Concorde share held by any such La Concorde Shareholder on the La Concorde Unbundling Record Date, subject to the withholding of certain Newco Shares in relation to dividend withholding tax and STT.
- 1.5 The La Concorde Unbundling, in addition to amounting to the disposal of the greater part of the assets or undertaking of La Concorde, may also constitute the disposal of the greater part of the assets or undertaking of Niveus having regard to the consolidated financial statements of Niveus, and may therefore require the approval of the Shareholders of Niveus by way of a special resolution, in terms of section 115(2)(b) of the Companies Act (to the extent that such section finds application).
- 1.6 Following the La Concorde Unbundling, Niveus will, in terms of the Niveus Unbundling, distribute the Niveus Distribution Shares to Niveus Shareholders by way of a distribution *in specie pro rata* to their respective shareholding in the Company, in the ratio of 0.52659 Niveus Distribution Shares for every 1 Niveus Share held by any such Shareholder on the Niveus Unbundling Record Date, but subject to the withholding of the Niveus Tax Withholding Shares, as contemplated in paragraph 5.8.5.2 of this Circular.
- 1.7 The effects of the La Concorde Unbundling and the Niveus Unbundling on the structure of the applicable companies are illustrated in the diagrams attached hereto in **Annexure 7**.
- 1.8 It is envisaged that Newco be listed on the JSE main board following the implementation of the La Concorde Unbundling, but prior to that of the Niveus Unbundling. In order to comply with the JSE's minimum shareholder spread requirements and to have sufficient share capital available to distribute pursuant to the La Concorde Unbundling and the Niveus Unbundling, Newco intends, prior to the listing of Newco on the JSE, in terms of section 36(2)(a) of the Companies Act, to increase the number of authorised and issued ordinary shares of Newco by the subdivision of each ordinary no par value share in the authorised and issued share capital of Newco into 1 000 000 ordinary shares of no par value, with the effect that after such subdivision the authorised ordinary share capital of Newco shall consist of 1 000 000 000 ordinary

shares of no par value and the issued ordinary share capital of Newco shall consist of 290 000 000 ordinary shares of no par value.

- 1.9 Whereas Newco is to be listed on the JSE prior to the Niveus Unbundling Completion Date, the Niveus Unbundling will not require the approval of shareholders under paragraph 5.85 of the JSE Listings Requirements. However, as the Niveus Unbundling will result in the disposal of the greater part of the assets or undertaking of Niveus in terms of section 112 of the Companies Act, it will require the approval of Shareholders by way of a special resolution, in compliance with the provisions of section 115 of the Companies Act.
- 1.10 It is noted that in terms of section 115(4) of the Companies Act, any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them will not be taken into account for purposes of calculating the percentage of voting rights:
 - 1.10.1 required to be present or actually present in determining whether the quorum requirements for the special resolutions approving the La Concorde Unbundling and the Niveus Unbundling have been satisfied; or
 - 1.10.2 required to be voted in support of the special resolutions approving the La Concorde Unbundling and the Niveus Unbundling or actually voted in respect thereof.
- 1.11 Since there is no acquiring party in relation to the La Concorde Unbundling and the Niveus Unbundling, all Shareholders are entitled to vote with regard to the special resolutions approving the La Concorde Unbundling and the Niveus Unbundling and will be taken into account for determining whether the quorum requirements have been met.
- 1.12 The Independent Expert has prepared the Independent Expert's Report in respect of the Niveus Unbundling, which is annexed to the Circular as **Annexure 1**.
- 1.13 The purpose of this Circular is to:
 - 1.13.1 provide Shareholders with the relevant information relating to the La Concorde Unbundling and the Niveus Unbundling to enable Shareholders to make an informed decision in respect of the resolutions set out in the Notice of General Meeting enclosed with this Circular; and
 - 1.13.2 convene the General Meeting to consider and, if deemed fit, approve the resolutions authorising the La Concorde Unbundling and the Niveus Unbundling.

2. RATIONALE FOR THE LA CONCORDE UNBUNDLING AND THE NIVEUS UNBUNDLING

The ultimate intention is for Newco to be listed on the main board of the JSE following the implementation of the La Concorde Unbundling, but prior to that of the Niveus Unbundling. The listing of Newco on the JSE will provide Newco Shareholders with more liquidity and flexibility in the event that they wish to trade their shares in Newco that they will acquire pursuant to the La Concorde Unbundling and/or the Niveus Unbundling.

3. THE BUSINESS OF NEWCO

- 3.1 The Niveus Distribution Shares to be distributed to Shareholders in terms of the Niveus Unbundling, comprise approximately 22% of Newco's issued share capital.
- 3.2 Pursuant to the completion of the GABS Acquisition, Newco currently owns 100% of HPLR's issued share capital, with HPLR, in turn, owning 100% of the issued share capital in GABS and a 76% shareholding in Eljosa, which operates in the luxury and semi luxury coach markets in Cape Town and the Winelands.
- 3.3 GABS is the major public transport operator in the Cape Metropole, providing commuter bus services throughout a large part of the City of Cape Town. It is the only scheduled passenger transport operator in the Cape Metropole with Road Transport Management System accreditation and the largest bus fleet in South Africa to achieve the accreditation.
- 3.4 GABS has been providing scheduled passenger services in Cape Town for over 157 years. It operates approximately 1 018 buses during peak hours, serving 1 300 routes and covering a total area of approximately 2 460 km². The fleet travels 63 million kilometres, conveying 55 million passengers, annually.
- 3.5 Table Bay Rapid Transit Proprietary Limited, a Subsidiary of GABS, has been an official vehicle operating company for the City of Cape Town since 2013. It operates the trunk service along the Atlantic corridor from Table View to Cape Town's central business district ("**CBD**"), as well as services from the CBD to Sea Point and Camps Bay. The MyCiTi services from Khayelitsha and Mitchells Plain are operated by GABS as a subcontractor to the N2 Express Joint Venture Proprietary Limited with Mitchells Plain and Khayelitsha taxi operators.
- 3.6 GABS operates out of depots in Montana, Woodstock, Atlantis, Philippi and Blackheath (which are owned by a Subsidiary of GABS) and depots in Simon's Town and Kraaifontein (which are leased). The services from Atlantis have been subcontracted to Sibanye Bus Services Proprietary Limited, a joint venture established in 2001 between GABS, and two emerging bus operators, Abahlobo Transport Services Proprietary Limited and Siyakhula Bus Services Proprietary Limited.
- 3.7 GABS employs approximately 2 700 people. More than half of these – drivers, inspectors, regulators, small business unit managers, and operations managers – are directly involved with the running of bus services. In addition, GABS employs a large contingent of engineering staff, comprising electricians, body builders, fitters and turners, welders, sign writers and painters. Management, administrative staff, storemen, cleaners, and security officials make up the rest of the staff complement.
- 3.8 For the year ended 31 March 2017, GABS and its subsidiaries posted a 9% increase in operating profit and 11% increase in profit after tax. This was largely achieved through an increase in the number of passengers carried within GABS operations, supplemented by a steady revenue flow from joint venture partnerships. This exceptional performance was underpinned by stringent cost containment measures and ongoing operational and technical interventions, aimed at

achieving benchmark efficiencies across the entire operation. These efficiencies will stand the company in good stead for the future, bearing in mind the weak outlook of the general economy.

- 3.9 Impetus has been given to a number of strategic focus areas in GABS, which includes inter alia, the recapitalisation of the bus fleet, depot expansions, the purchase of a state of the art automated ticketing system, the construction of a new learning and recruitment centre, the consolidation of corporate social investment projects, subscription to optimal B-BBEE ratings, the measurement and monitoring of sustainability indices and the institution of a company-wide risk registry.

Fleet Recapitalisation

- 3.10 An ambitious fleet recapitalisation programme has been introduced which realised the purchase of approximately 1 000 new buses at a cost of R1.5 billion from 2004 to date. This has enabled GABS to reduce the average age of its fleet from 18,3 years to 8,9 years which has markedly reduced overall maintenance and operational costs.

Depot Expansion

- 3.11 In 2008, the Southgate depot in Philippi was built at a cost of R42.3 million. This depot investment accommodates approximately a quarter of GABS' bus fleet and is strategically located to serve the sprawling and populous metro's south-eastern suburbs. The depot also received engineering accreditation as being an environmentally green building with all aspects of the design and construction implemented through the use of processes that are environmentally responsible and resource-efficient.

Automatic Fare Collection System

- 3.12 After a thorough procurement process, the tender for a company-wide roll-out of an Automatic Fare Collection ("AFC") system was awarded to Parkeon from the United Kingdom at a cost of R60 million. The AFC system will make provision for the selling and updating of contactless smart cards at various points and will control both cash fare validation and smart card validation aboard buses. It will also allow for the capturing of invaluable ridership data which had previously not been available for analysis and will facilitate better business decisions and ensure that GABS' offerings meet the exact needs of passengers.

New Learning Centre

- 3.13 With the extension of training to the City of Cape Town for MyCiTi Operators and the need to have a continuous and reliable pipeline of suitably qualified drivers, the GABS board of directors approved during August 2015 the construction of a new learning and recruitment centre at a cost of R30 million in Philippi. The centre will also accommodate the company's recruitment department and is poised to be entrenched as centre of driving excellence as well as promoting and developing skills and competencies that are allied to the commuter bus industry.

Corporate Social Investment

- 3.14 Through the HCI Foundation, GABS has been able to continue its support for the core projects that were started under the auspices of the erstwhile Golden Arrow Foundation; most notably the much vaunted Community Transport Programme, the provision of tertiary bursaries to dependants of employees, the Grassroots Educare Trust and the Heartlands Child Care Centre.

4. TERMS OF THE LA CONCORDE UNBUNDLING

4.1 Overview

- 4.1.1 La Concorde holds the La Concorde Unbundling Shares, comprising approximately 38% of the total issued share capital of Newco.
- 4.1.2 In terms of the La Concorde Unbundling, the Company's Subsidiary, La Concorde will unbundle the La Concorde Unbundling Shares, to La Concorde Shareholders, by way of a distribution *in specie pro rata* to their respective shareholding in La Concorde as at the La Concorde Unbundling Record Date, in the ratio of 1.59466 La Concorde Unbundling Shares for every 1 La Concorde share held by any such La Concorde Shareholder on the La Concorde Unbundling Record Date, subject to the withholding of certain Newco Shares in relation to dividend withholding tax and STT.
- 4.1.3 Further details of the La Concorde Unbundling appear in the La Concorde Circular.

4.2 La Concorde Unbundling Conditions

- 4.2.1 As indicated in the La Concorde Circular, the La Concorde Unbundling is subject to the fulfilment or waiver by La Concorde (to the extent legally permissible) of the following conditions precedent ("**La Concorde Unbundling Conditions**"), namely that:
- 4.2.1.1 by no later than Thursday, 31 May 2018:
- 4.2.1.1.1 Newco has been converted from a private company to a public company and each ordinary no par value share in the authorised and issued share capital of Newco has been subdivided into 1 000 000 ordinary shares of no par value, and such changes have been filed with the Companies and Intellectual Property Commission (it is currently anticipated that this will occur on or before 15 March 2018);
- 4.2.1.1.2 the board of directors of La Concorde has approved the La Concorde Unbundling in accordance with section 46 of the Companies Act;
- 4.2.1.1.3 the TRP has issued a compliance certificate, in accordance with section 119(4)(b) of the Companies Act, to La Concorde in respect of the La Concorde Unbundling; and

- 4.2.1.1.4 La Concorde Shareholders have approved the La Concorde Unbundling in terms of sections 112 and 115 of the Companies Act, by the requisite majority of La Concorde Shareholders at the La Concorde General Meeting voting in favour of the resolutions approving the La Concorde Unbundling; and
- 4.2.1.2 within the time period prescribed in section 164(7) of the Companies Act, La Concorde Shareholders have not voted against the special resolution approving the La Concorde Unbundling and have not exercised their appraisal rights, by giving valid demands in accordance with sections 164(5) and 164(8) of the Companies Act, in respect of 2.5% or more of the issued La Concorde shares (or such other number as the board of directors of La Concorde may determine).
- 4.2.2 As indicated in the La Concorde Circular, the board of directors of La Concorde may, at any time prior to Thursday, 31 May 2018, extend the date for fulfilment of the La Concorde Unbundling Conditions or waive, wholly or in part, the La Concorde Unbundling Condition referred to in paragraph 4.2.1.2 of this Circular.

4.3 **The implementation date of the La Concorde Unbundling**

The La Concorde Unbundling will be implemented after the La Concorde Unbundling Conditions are fulfilled or waived (to the extent legally permissible), as the case may be, on the La Concorde Unbundling Completion Date, which is anticipated to be Friday, 13 April 2018.

4.4 **Classification of the La Concorde Unbundling**

The La Concorde Unbundling may constitute the disposal of the greater part of the assets or undertaking of Niveus having regard to the consolidated financial statements of Niveus, in which case the approval of Shareholders by way of a special resolution, in terms of section 115(2)(b) of the Companies Act (to the extent that such section finds application), will be sought at the General Meeting.

5. **TERMS OF THE NIVEUS UNBUNDLING**

5.1 **Overview**

- 5.1.1 After the implementation of the La Concorde Unbundling, Niveus will hold the Niveus Distribution Shares, comprising approximately 22% of the issued share capital of Newco.
- 5.1.2 In terms of the Niveus Unbundling, Niveus will unbundle the Niveus Distribution Shares to Shareholders, by way of a distribution *in specie pro rata* to their respective shareholding in Niveus as at the Niveus Unbundling Record Date, in the ratio of 0.52659 Niveus Distribution Shares for every 1 Niveus Share held by any such Shareholder on the Niveus Unbundling Record Date, but subject to the withholding of the Niveus Tax Withholding Shares, as contemplated in paragraph 5.8.5.2 of this Circular.
- 5.1.3 The distribution of the Niveus Distribution Shares by Niveus to Shareholders will give rise to a liability for dividends tax in accordance with the Income Tax Act in the event that any beneficial owner of the Niveus Distribution Shares does not qualify for an exemption from dividends tax. Niveus will withhold the relevant Niveus Tax Withholding Shares in relation to a particular Shareholder in order allow it to dispose of such shares to enable it to make payment of such liability for dividends tax.

5.2 **Niveus Unbundling Conditions**

- 5.2.1 The Niveus Unbundling is subject to the fulfilment or waiver by Niveus (to the extent legally permissible) of the following conditions precedent ("**Niveus Unbundling Conditions**"), namely that:
 - 5.2.1.1 by no later than Thursday, 31 May 2018:
 - 5.2.1.1.1 the Board has approved the Niveus Unbundling in accordance with section 46 of the Companies Act and the JSE Listings Requirements;
 - 5.2.1.1.2 the TRP has issued a compliance certificate, in accordance with section 119(4)(b) of the Companies Act, to Niveus in respect of the Niveus Unbundling;
 - 5.2.1.1.3 the JSE has approved the listing of the entire issued ordinary share capital of Newco on the JSE main board, subject to meeting the minimum public shareholder spread requirements that are acceptable to the JSE;
 - 5.2.1.1.4 the La Concorde Shareholders have approved the La Concorde Unbundling in terms of sections 112 and 115 of the Companies Act, in the manner set out in paragraph 4.2.1.1.4, and that the La Concorde Unbundling is thereafter implemented; and
 - 5.2.1.1.5 Shareholders have approved the Niveus Unbundling in terms of sections 112 and 115 of the Companies Act by the requisite majority of Shareholders at the General Meeting voting in favour of the resolution approving the Niveus Unbundling;
 - 5.2.1.2 within the time period prescribed in section 164(7) of the Companies Act, Niveus Shareholders have not voted against the special resolution approving the Niveus Unbundling and have not exercised their appraisal rights, by giving valid demands in accordance with sections 164(5) and 164(8) of the Companies Act, in respect of 2.5% or more of the issued Niveus Shares (or such other number as the Board may determine).
- 5.2.2 The Board may, at any time prior to Thursday, 31 May 2018, extend the date for fulfilment of the Niveus Unbundling Conditions or waive, wholly or in part, the Niveus Unbundling Condition referred to in paragraph 5.2.1.2 of this Circular.

5.3 Fractions

Where a Shareholder's entitlement to the Niveus Distribution Shares in terms of the Niveus Unbundling, calculated in accordance with the ratio set out in paragraph 5.1.2 of this Circular, gives rise to a fraction of a Niveus Distribution Share, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole Niveus Distribution Shares and a cash payment for the fraction. The value of such cash payment will be equal to the weighted average traded price of the Niveus Distribution Share as at Tuesday, 24 April 2018, less 10%. Such amount will be announced on SENS on Wednesday, 25 April 2018.

5.4 The implementation date of the Niveus Unbundling

The Niveus Unbundling will be implemented after the Niveus Unbundling Conditions are fulfilled or waived (to the extent legally permissible), as the case may be on the Niveus Unbundling Completion Date, which is anticipated to be Monday, 30 April 2018.

5.5 Classification of the Niveus Unbundling

The Niveus Unbundling constitutes the disposal of the greater part of the assets or undertaking of Niveus in terms of section 112 of the Companies Act and therefore requires the approval of the TRP and the approval of Shareholders by way of a special resolution, in terms of the provisions of section 115 of the Companies Act.

5.6 Shareholders' appraisal rights

5.6.1 Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the Niveus Unbundling are referred to the requirements stipulated in **Annexure 2** of this Circular, read with the note thereon in the Notice of General Meeting.

5.6.2 Should any Shareholder exercise its appraisal rights in terms of section 164 of the Companies Act, such Shareholder will no longer be entitled to receive Niveus Distribution Shares in terms of the Niveus Unbundling. Accordingly, the Niveus Distribution Shares which were due to be distributed *in specie* to such Shareholders (had they not exercised their appraisal rights) will be retained by Niveus and may be sold by Niveus, if it elects to do so.

5.7 Implementation of Niveus Unbundling

For purposes of the Niveus Unbundling, Shareholders will receive their respective Newco Shares in Dematerialised form only. Accordingly, all Certificated Shareholders wishing to receive their Newco Shares in Dematerialised form must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive such Newco Shares on their behalf. Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive Newco Shares on its behalf, it will be issued with a statement of allocation representing its Newco Shares by the Transfer Secretaries. Such Shareholders can instruct the Transfer Secretaries to transfer their Newco Shares represented by the statement of allocation to their appointed CSDP or can instruct the Transfer Secretaries to issue them with a share certificate at any time following the Niveus Unbundling. If you are in any doubt as to what action you should take, please consult your Broker, CSDP, banker, attorney or other professional adviser.

5.8 Tax considerations relating to the Niveus Unbundling

5.8.1 The following is a general description of certain aspects of South African tax considerations relating to the Niveus Unbundling as at the date of this Circular. It is not intended to be, nor should it be considered as legal or taxation advice. South African tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect. Shareholders should consult their own professional advisers with regard to the South African tax implications arising in respect of the Niveus Unbundling. Niveus makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this section.

5.8.2 The Niveus Unbundling will constitute a distribution *in specie* by Niveus of the Niveus Distribution Shares to its Shareholders, *pro rata* to their respective shareholdings in Niveus as at the Niveus Unbundling Record Date.

5.8.3 Distribution of Niveus Distribution Shares

5.8.3.1 The distribution of the Niveus Distribution Shares by Niveus to its Shareholders constitutes a "dividend" as defined in the Income Tax Act, and will be subject to South African income tax in the hands of each Shareholder, unless the dividend is exempt from South African income tax in terms of section 10(1)(k)(i) of the Income Tax Act. In terms of section 10(1)(k)(i) of the Income Tax Act, a "dividend", as defined in section 1 of the Income Tax Act, which is received by or accrues to any Shareholder during any year of assessment is exempt from income tax, subject to certain exclusions.

5.8.3.2 For purposes of the capital gains tax ("CGT") provisions contained in the Eighth Schedule to the Income Tax Act, Shareholders will be deemed to have acquired the Niveus Distribution Shares for an amount of expenditure equal to the market value of such shares on the Niveus Unbundling Completion Date for purposes of determining the "base cost" (as such term is defined in the Eighth Schedule to the Income Tax Act) of the relevant Niveus Distribution Shares.

5.8.3.3 Any Shareholder who holds the Niveus Distribution Shares as trading stock will be deemed to have acquired the Niveus Distribution Shares at a cost equal to the market value of such shares on the Niveus Unbundling Completion Date for purposes of the trading stock provisions contained in the Income Tax Act.

- 5.8.3.4 Shareholders are advised to consult their own professional advisers to ascertain whether the abovementioned provisions or any other provisions of the Income Tax Act will apply in relation to the Niveus Unbundling.
- 5.8.3.5 Shareholders who do not constitute a “resident” as defined in the Income Tax Act are advised to consult their own professional advisers to ascertain the South African tax treatment and the tax treatment of the Niveus Unbundling in their country of residence, having regard to any applicable double taxation agreement between South Africa and their country of residence.

5.8.4 **Securities transfer tax**

- 5.8.4.1 In terms of the STT Act, STT will be payable on the transfer of the Niveus Distribution Shares to Niveus Shareholders pursuant to the Niveus Unbundling. The amount of STT to be imposed will be calculated as 0.25% of the closing price of the Niveus Distribution Shares on the Niveus Unbundling Record Date.
- 5.8.4.2 The CSDP of the relevant Niveus Shareholder will be liable for the STT payable in respect of the transfer of the Niveus Distribution Shares distributed pursuant to the Niveus Unbundling.
- 5.8.4.3 In terms of the STT Act, the CSDP of the relevant Niveus Shareholder is, however, entitled to recover the amount of STT payable by Newco from the Niveus Shareholder to whom Niveus Distribution Shares are distributed pursuant to the Niveus Unbundling.
- 5.8.4.4 Accordingly, the STT payable on the transfer of the Niveus Distribution Shares distributed to a Niveus Shareholder pursuant to the Niveus Unbundling, will be automatically debited by such Shareholder’s CSDP to such Niveus Shareholder’s banking account maintained with such Niveus Shareholder’s CSDP. Against such debit being made:
 - 5.8.4.4.1 the CSDP will credit the securities account of such Niveus Shareholder with the Niveus Distribution Shares to which such Niveus Shareholder is entitled pursuant to the Niveus Unbundling; and
 - 5.8.4.4.2 the CSDP will pay the STT concerned to the Transfer Secretaries who will in turn pay the STT concerned to the South African Revenue Service on behalf of the CSDP of the relevant Niveus Shareholder.
- 5.8.4.5 Should any transfer of Niveus Distribution Shares to a Niveus Shareholder pursuant to the Niveus Unbundling qualify for an exemption from STT in terms of the STT Act, such Niveus Shareholder must contact the Transfer Secretaries or their CSDP before 11h00 on Friday, 23 March 2018 in order to ensure that there will be no debit in respect of STT to such Niveus Shareholder’s banking account in accordance with paragraph 5.8.4.4.

5.8.5 **Dividends tax**

- 5.8.5.1 The distribution of the Niveus Distribution Shares will constitute a “dividend” as defined in the Income Tax Act. The distribution will give rise to a liability for dividends tax in accordance with the Income Tax Act in the event that any beneficial owner of the Niveus Distribution Shares does not qualify for an exemption from the dividends tax.
- 5.8.5.2 In the event that any beneficial owner of the Niveus Distribution Shares does not qualify for an exemption from the dividends tax, Niveus will withhold the relevant Niveus Tax Withholding Shares in relation to a particular Shareholder in order to enable it to make payment of such liability for dividends tax to the South African Revenue Service.

6. **BUSINESS AND PROSPECTS OF NIVEUS AFTER NIVEUS UNBUNDLING**

- 6.1 Following the implementation of the Niveus Unbundling, the business of Niveus and its Subsidiaries will comprise the following:

6.1.1 **La Concorde**

Niveus holds approximately 58% of La Concorde’s issued share capital. La Concorde (formerly known as “KWW Holdings Limited”) was one of the leading wine and spirits producers in South Africa. The operational assets of La Concorde were sold on or about 1 October 2016 to the Vasari group for approximately R1 150 000 000. This disposal did not include the non-operational assets, including the Laborie Estate, La Concorde’s art collection, the La Concorde head office building and other non operational land, which continue to be held by La Concorde.

6.1.2 **Bet.co.za**

Niveus owns 42.59% of Betcoza Proprietary Limited, which operates online and retail sports betting licences in the Western Cape and Gauteng Provinces. In addition, it has non-operational licences in the Limpopo and Northern Cape Provinces.

6.1.3 **Niveus AG**

Niveus indirectly holds all the issued shares of Niveus AG, a company incorporated in Switzerland that procures and leases gambling machines to licenced operators in various jurisdictions.

6.2 **Prospects of Niveus**

Niveus remains committed to developing its sports betting interest and will consider various investment opportunities, opportunistically.

7. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations insofar as they have application to Shareholders and is not a comprehensive statement of the South African Exchange Control Regulations. Shareholders who are in any doubt as to the action to be taken should consult their professional advisers immediately.

Note: The following provisions only apply to Shareholders who are recorded on the South African Register, either in their own name or through an intermediary.

7.1 Insofar as the Niveus Unbundling is concerned

7.1.1 Residents of the Common Monetary Area

For all Shareholders whose addresses are within the Common Monetary Area and whose Documents of Title or accounts have not been restrictively endorsed in terms of the Exchange Control Regulations, the distribution *in specie* of the Niveus Distribution Shares will be freely made to the Shareholders.

7.1.2 Emigrants from the Common Monetary Area

7.1.2.1 Certificated Shareholders

The share certificates for the shares issued in favour of any emigrant Shareholder pursuant to the distribution *in specie* will be restrictively endorsed "non-resident" and sent to the authorised dealer controlling such emigrant's blocked assets. In terms of the Exchange Control Regulations, such Niveus Distribution Shares are not freely transferable from the Common Monetary Area. The authorised dealer or its CSDP will ensure that all requirements of exchange control are adhered to in respect of their clients falling into this category of investor.

7.1.2.2 Dematerialised Shareholders

The Niveus Distribution Shares credited to the Shareholder's account with his CSDP or Broker will be flagged "non-resident" and linked to the applicable emigrant blocked account in the books of the authorised dealer or authorised bank concerned. In terms of the Exchange Control Regulations, such Niveus Distribution Shares are not freely transferable from the Common Monetary Area. The CSDP or Broker will ensure that all exchange control requirements are adhered to in respect of their clients falling into this category of investor.

7.1.3 All other non-residents of the Common Monetary Area

7.1.3.1 Certificated Shareholders

Non-resident Shareholders whose Documents of Title are endorsed "non-resident" will receive certificates for their Niveus Distribution Shares which are similarly endorsed. The Broker or the Transfer Secretaries will ensure that all exchange control requirements are adhered to in respect of these shares.

7.1.3.2 Dematerialised Shareholders

The Niveus Distribution Shares credited to the Shareholders account with his CSDP or Broker will be flagged "non-resident" and linked to the applicable non-resident account in the books of the authorised dealer or authorised bank concerned. The CSDP or Broker will ensure that all requirements of exchange control are adhered to in respect of their clients falling into this category of investor.

8. FINANCIAL INFORMATION

8.1 Historical financial information of Niveus

8.1.1 Extracts of the consolidated historical financial information of Niveus for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, are annexed hereto as **Annexure 3** and extracts of the consolidated financial information of Niveus for the six months ended 30 September 2017, are annexed hereto as **Annexure 4**.

8.1.2 Copies of the aforementioned historical financial information of Niveus will also be available for inspection by Shareholders during normal business hours at the registered office of Niveus and at the offices of the Sponsor from Wednesday, 21 February 2018, until the date of the General Meeting (both days inclusive).

8.2 *Pro forma* financial information of Niveus

8.2.1 The consolidated *pro forma* financial effects of the La Concorde Unbundling and the Niveus Unbundling, as set out below, are the responsibility of the Independent Board. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of Niveus has been prepared and in terms of Niveus' accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not fairly present Niveus' financial position, changes in equity, results of operations or cash flows post the implementation of the La Concorde Unbundling and the Niveus Unbundling.

8.2.2 The *pro forma* financial information of Niveus has been prepared based on the published reviewed interim financial information of Niveus for the six months ended 30 September 2017.

8.2.3 The consolidated *pro forma* financial effects set out below should be read in conjunction with the consolidated *pro forma* statement of comprehensive income and the consolidated *pro forma* statement of financial position as set out in **Annexure 5**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 5**.

8.2.4 The report of the Independent Reporting Accountant in respect of the *pro forma* financial information appears in **Annexure 6** to this Circular.

	<i>Pro forma</i> financial information post the GABS Acquisition	<i>Pro forma</i> adjustment – Newco Cash Distribution	<i>Pro forma</i> adjustment – dividend <i>in specie</i> – Niveus Unbundling	<i>Pro forma</i> financial information post the Niveus Unbundling	Change %
Net asset value per Share (cents)	960.4	(120.2)	(417.2)	423.0	(56.0%)
Net tangible asset value per Share (cents)	939.5	(120.2)	(417.2)	402.1	(57.2%)
Earnings per Share (cents)	121.9	–	(23.0)	98.9	(18.9%)
– Continuing operations	(53.6)	–	(23.0)	(76.6)	42.9%
– Discontinued operations	175.5	–	–	175.5	0%
Headline earnings per Share (cents)	(53.8)	–	(22.8)	(76.6)	42.5%
– Continuing operations	(54.5)	–	(22.8)	(77.3)	41.9%
– Discontinued operations	0.7	–	–	0.7	0%
Number of Shares in issue and weighted average number of Shares in issue excluding Shares held in treasury ('000)	119 163	119 163	119 163	119 163	–
Weighted average number of Shares in issue (diluted) ('000)	119 960	119 960	119 960	119 960	–

Notes and Assumptions:

The Niveus *pro forma* financial information post the GABS Acquisition column, has been extracted from the GABS Acquisition Circular dated 18 December 2017 relating to the GABS Acquisition.

Further detailed notes and assumptions to the *pro forma* financial information of Niveus are set out in **Annexure 5**.

9. FURTHER INFORMATION RELATING TO NIVEUS

9.1 Share capital

9.1.1 As at the Last Practicable Date, the authorised and issued Share capital of Niveus was as follows:

	Number of Shares	R'000
Authorised		
Ordinary Shares with no par value	500 000 000	–
Issued		
Stated capital – ordinary Shares with no par value	119 162 734	–
Treasury Shares	–	–

9.2 Major Shareholders and interests

As far as the Directors are aware, as at the Last Practicable Date, the following persons are the direct or indirect beneficial owners of 5% or more of the Shares in issue:

Shareholder	Number of Shares	Percentage of total issued Share capital
HCI	62 294 907	52.28%
JA Copelyn	7 173 840	6.02%
Total	69 468 747	58.30%

Save as indicated in paragraph 10.2 of this Circular, there are no direct or indirect interest in, or holdings of, securities, or actions to be affected by any person as contemplated in regulation 106(7)(d) of the Companies Regulations.

9.3 The contents of the GABS Acquisition Circular are incorporated herein by reference and can be accessed on the Company's website. The GABS Acquisition Circular will also be available for inspection in accordance with paragraph 15 of this Circular:

Disclosure	Document	Website link
Financial and other information	GABS Acquisition Circular	https://www.niveus.co.za/pdf/Niveus_GABS%20Circular.pdf

10. INFORMATION RELATING TO DIRECTORS

10.1 Details of Directors

The full names, age, capacity and business address of each of the Directors of Niveus are outlined below:

Full name	Age	Capacity	Business Address
John Anthony Copelyn	66	Non-executive chairman	4 Stirling Street, Zonnebloem, Cape Town, 7925
Muriel Matilda Loftie-Eaton	39	Chief Executive Officer	La Concorde, 57 Main Street, Paarl, 7646
Carolyn Kristal	35	Chief Financial Officer	La Concorde, 57 Main Street, Paarl, 7646
André van der Veen	46	Non-executive Director	La Concorde, 57 Main Street, Paarl, 7646
Yunis Shaik	59	Non-executive Director	4 Stirling Street, Zonnebloem, Cape Town, 7925
Lynette Moretlo Molefi	48	Independent non-executive Director	65 Kyalami Boulevard, Kyalami, Gauteng, 1684
Jabulani Geoffrey Ngcobo	66	Independent non-executive Director	2 Dale Street, New Hanover, KwaZulu-Natal, 3230
Rachel Doreen Watson	58	Independent non-executive Director	Fernando Building, Mark Street, Wesfleur, Atlantis, 7349

Directors' interests in the issued Shares of Niveus

10.1.1 The table below sets out the direct and indirect beneficial interests of the Directors (and their associates) in Niveus' issued Shares, as at the Last Practicable Date:

Director	Direct Beneficial	Indirect Beneficial	Total	Percentage of issued Shares held
JA Copelyn	–	7 173 840	7 173 840	6.02%
A van der Veen	–	870 559	870 559	0.73%
MM Loftie-Eaton	–	196 941	196 941	0.17%
C Kristal	–	–	–	–
Y Shaik	–	–	–	–
LM Molefi	–	–	–	–
JG Ngcobo	–	–	–	–
RD Watson	–	–	–	–
Total		8 241 340	8 241 340	6.92%

Note:

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.

10.1.2 There have been no dealings in respect of beneficial holdings by Directors in Shares since 31 March 2017 until the Last Practicable Date.

10.2 Service contracts of executive Directors

10.2.1 Niveus and the Administrator entered into the Administration Agreement in terms of which the Administrator provides various services to Niveus, including company secretarial support, the provision of cash management services as well as developing and advising Niveus in relation to appropriate capital management strategies, and interacting with key stakeholders.

10.2.2 In terms of the Administration Agreement, the chief executive officer and the chief financial officer perform investment management and advisory services for Niveus in their capacity as executive Directors of Niveus and are employed and remunerated by the Administrator. The Administration Agreement may be cancelled by a three-year notice period. There are no service contracts between the Company and any director or proposed director of the Company.

10.2.3 A copy of the Administration Agreement is available for inspection by Shareholders in accordance with paragraph 15 of this Circular.

11. GENERAL MEETING

11.1 The General Meeting of Shareholders will be held at La Concorde, 57 Main Street, Paarl at 11h00 on Friday, 23 March 2018, to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required to give effect to the La Concorde Unbundling and the Niveus Unbundling, as contained in the Notice of General Meeting attached to this Circular.

11.2 Details of the action required by Shareholders are set out in the "Action required by Shareholders" section of this Circular.

12. THE VIEWS OF THE INDEPENDENT BOARD IN RELATION TO THE NIVEUS UNBUNDLING

12.1 In accordance with the Companies Regulations, the Board has appointed the Independent Board comprised of independent non-executive Directors of Niveus. The Independent Board has appointed the Independent Expert to prepare a report on the Niveus Unbundling. The Independent Expert has determined that the Niveus Unbundling is fair and reasonable to Shareholders of Niveus, for the reasons and on the basis set out in the Independent Expert's Report.

- 12.2 The Independent Board, after due consideration of the Independent Expert's Report, has determined that it will place reliance on the valuations performed by the Independent Expert for the purposes of reaching its own opinion regarding the Niveus Unbundling, as contemplated in regulation 110(3)(b) of the Companies Regulations. The Independent Board has formed a view of the fair value range of the Newco Shares, which accords with the range contained in the Independent Expert's Report, in considering its opinion and recommendation.
- 12.3 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) and has not taken any such factors into account, in forming its opinion.
- 12.4 The Independent Board, taking into account the report of the Independent Expert in relation to the Niveus Unbundling, has considered the terms and conditions of the Niveus Unbundling and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders and, accordingly, recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting relating to the approval of the La Concorde Unbundling and the Niveus Unbundling.
- 12.5 As at the Last Practicable Date, the Independent Board has not received any offers, as defined in section 117(1)(f) of the Companies Act.
- 12.6 The Directors on the Independent Board, in their personal capacities, intend to vote any Shares beneficially owned by them in favour of the resolutions to be proposed at the General Meeting.

13. RESPONSIBILITY STATEMENT OF THE INDEPENDENT BOARD IN TERMS OF THE COMPANIES REGULATIONS

The Independent Board accepts responsibility for the information contained in this Circular and confirms that, to the best of its knowledge and belief, such information is true and this Circular does not omit anything likely to affect the importance of such information.

14. ADVISERS' CONSENTS

- 14.1 Each of the advisers, whose name appears in the "Corporate information" section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of its name and, where applicable, to the inclusion of its reports in this Circular in the form and context in which they appear and has not withdrawn its consent prior to the publication of this Circular.
- 14.2 As indicated in this Circular, PSG Capital fulfils the functions of Corporate Advisor and Sponsor to the Company. It is PSG Capital's opinion that the performance of these functions do not represent a conflict of interest for PSG Capital, impair PSG Capital's independence from the Company or impair PSG Capital's objectivity in its professional dealings with the Company.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Niveus and at the offices of the Sponsor from Wednesday, 21 February 2018, until the date of the General Meeting (both days inclusive):

- 15.1 the MOI of Niveus;
- 15.2 the published audited annual financial statements of Niveus for the preceding three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, together with the interim financial statements for the six months ended 30 September 2017;
- 15.3 the Independent Reporting Accountant's report on the *pro forma* financial information of Niveus, as reproduced in **Annexure 6**;
- 15.4 the Independent Expert's Report, as reproduced in **Annexure 1**;
- 15.5 the Administration Agreement;
- 15.6 the written consents from each of the advisers referred to in paragraph 14;
- 15.7 the approval letter issued by the TRP in respect of the Circular;
- 15.8 the GABS Acquisition Circular: and
- 15.9 a copy of this Circular and all annexures hereto.

SIGNED ON 19 FEBRUARY 2018 BY LM MOLEFI ON BEHALF OF THE INDEPENDENT BOARD OF NIVEUS, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS



LM MOLEFI
Chairperson of the Independent Board

LM Molefi
JG Ngcobo
RD Watson

INDEPENDENT EXPERT'S REPORT

The Independent Board of Directors
Niveus Investments Limited
57 Main Street
Paarl
7646

15 February 2018

Dear Sirs

INDEPENDENT EXPERT'S REPORT REGARDING THE PROPOSED DISTRIBUTION BY NIVEUS INVESTMENTS LIMITED ("NIVEUS") OF SHARES IN NIVEUS INVEST 17 PROPRIETARY LIMITED ("NEWCO") TO NIVEUS SHAREHOLDERS

Introduction

Following the implementation on 1 February 2018 of the GABS Acquisition, as defined and detailed in the circular dated 18 December 2017 by Niveus to its shareholders, La Concorde Holdings Limited ("**La Concorde**"), a subsidiary in which Niveus holds approximately 58%, is a 38% shareholder of Newco. Newco, in turn, holds 100% of the issued shares in Hosken Passengers Logistics and Rail Proprietary Limited ("**HPLR**"), while HPLR is the 100% shareholder of Golden Arrow Bus Services Proprietary Limited ("**GABS**") and the 76% shareholder of Eljosa Travel and Tours Proprietary Limited ("**Eljosa**").

The GABS Acquisition involved the acquisition by Newco of 100% of the issued share capital in HPLR from Hosken Consolidated Investments Limited ("**HCI**") for a purchase consideration of R1.8 billion, which was settled through the issue of Newco shares to HCI, such shares representing, following their issue, approximately 62% of Newco's issued share capital.

On or about 1 February 2018, Newco distributed a cash dividend of R649 802 264 to its shareholders, being HCI and La Concorde.

La Concorde intends to distribute its shareholding in Newco to La Concorde shareholders *pro rata* to their respective shareholdings in La Concorde ("**La Concorde Distribution**"). The parties intend to list Newco on the Johannesburg Stock Exchange ("**Listing**") after the La Concorde Distribution.

Niveus intends to distribute the shares to which it is entitled under the La Concorde Distribution to Niveus shareholders *pro rata* to their respective shareholdings in Niveus ("**Niveus Distribution**") immediately after the Listing.

Prior to the implementation of the Niveus Distribution, each share in Newco's authorised and issued share capital will be subdivided into 1 000 000 shares ("**Share Split**").

Full details of the proposed transactions are contained in the circular to Niveus shareholders to be dated on or about Wednesday, 21 February 2018 ("**Circular**"), which will include a copy of this letter.

Scope

The independent board of directors of Niveus ("**Independent Board**") will consider the Niveus Distribution in terms of section 112 and section 115 of the Companies Act, No. 71 of 2008 ("**Companies Act**") read with the Companies Regulations, 2011, promulgated under the Companies Act ("**Companies Regulations**").

KPMG Services Proprietary Limited ("**KPMG**") has been appointed by the Independent Board as the independent professional expert to advise it on whether the terms and conditions of the distribution of Newco shares by Niveus is fair and reasonable to shareholders of Niveus ("**Shareholders**").

Responsibility

The compliance with the Companies Act is the responsibility of the Independent Board. Our responsibility is to report on the terms and conditions of the in compliance with the related provisions of the Companies Act.

We confirm that our fair and reasonable opinion has been provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Shareholders.

Definition of the terms "fair" and "reasonable"

The assessment of fairness is primarily based on quantitative issues. A transaction may be considered fair if the consideration received per share by a company's shareholders is considered to be equal to or greater than the value surrendered by a company's shareholders in terms of the transaction.

The assessment of reasonableness is generally based on qualitative considerations surrounding a transaction. Hence, even though the consideration received by a company's shareholders may be less than the value surrendered by a company's shareholders, the entire transaction may still be reasonable in certain circumstances after considering other significant qualitative factors.

Information utilised and procedures performed

Key fairness considerations

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness of the Niveus Distribution:

- obtained an understanding of the structure of the **Niveus Distribution**;
- reviewed the terms and conditions of the **Niveus Distribution**;
- reviewed the income statement and balance sheet of Newco;
- considered the Circular to Shareholders, to be dated on or about Wednesday, 21 February 2018, in respect of the Niveus Distribution;
- reviewed certain publicly available information relating to the GABS Group and HPLR and Eljosa ("**HPLR Group**"), including company announcements and media articles;
- considered the historical performance of the GABS and its subsidiaries and the HPLR Group with reference to its audited financial statements for the financial years ended 31 March 2017, 2016 and 2015 and the unaudited management accounts for the periods ended 31 March 2015, 31 March 2016, 31 March 2017 and 30 September 2017;
- held discussions with the directors and management of the GABS Group and HPLR Group to establish its strategy and considered such other matters as we consider necessary, including assessing the prevailing economic, legal and market conditions in the gambling industry;
- reviewed GABS Group's and HPLR Group's financial forecast for the three years ending 31 March 2020 and the basis of the assumptions therein including the prospects of the business. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management;
- reviewed the process followed in the preparation of the financial forecast and reliance placed thereon;
- assessed the assumptions made against our analysis of future macro-economic factors, as well as the overall industry outlook;
- considered any further material adjustments to value based on matters arising in the period from 30 September 2017 to the date of this opinion;
- considered the discount of subsidiary companies in typical pyramid/holding company structures;
- reviewed the reasonableness of material assumptions in the financial forecast relating to:
 - Volume and price growth;
 - Gross and trading profit margins;
 - Working capital management;
- stress tested the material assumptions applied in the financial forecast which included, inter alia, discount rate, exchange rates, future growth in the business, gross and trading profit margins, working capital management and optimisation of the existing asset base;
- evaluated the risks and expected returns associated with the GABS Group and HPLR Group; and
- determined a valuation range for the Newco shares (inclusive of the HPLR Group) before and after the Niveus Distribution

Key qualitative considerations

In arriving at our opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Niveus Distribution:

- consideration of the rationale for the Niveus Distribution and the benefits thereof to Niveus Shareholders as set out in the Circular and based on discussions with members of the Niveus board of directors; and
- our understanding of the process followed in the Niveus Distribution and the options considered.

Valuation

KPMG performed a valuation of Newco to determine whether the distribution of its shares represents fair value to Niveus Shareholders. The discounted cash flow methodology was the primary valuation methodology employed. This was supplemented with another valuation methodology such as the capitalisation of maintainable earnings before interest, taxation, depreciation and amortisation ("**EV/EBITDA**") methodology.

The valuation was performed taking cognisance of risk and other market and industry factors affecting the HPLR Group. Additionally, sensitivity analyses were performed considering key assumptions.

The valuation assumed that HPLR Group continues as a going concern.

Where appropriate, adjustments were made to the financial forecast based on the information and procedures described above and our understanding of the markets in which the HPLR Group operates.

Key value drivers to the primary valuation included the discount rate, exchange rates, future growth in the business segments, operating margins, cost saving initiatives, working capital management and optimisation of the existing asset base.

Prevailing market and industry conditions were also considered in assessing the risk profile of the HPLR Group. Sensitivity analyses were performed on key value drivers in arriving at a valuation range.

In arriving at our opinion, we compared the valuation range for the Newco shares prior to the Niveus Distribution, of between R7.71 and R8.45 per share on a minority basis (after implementation of the Share Split), to the valuation range for the Newco Shares post the Niveus Distribution of between R8.14 and R8.92 per share on a minority basis (after implementation of the Share Split). The valuation above is provided solely in respect of this fair and reasonable opinion and should not be used for any other purposes.

Opinion

KPMG has considered the terms and conditions of the Niveus Distribution and, based upon and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Niveus Distribution are fair to the Shareholders.

Based on the qualitative considerations set out above, we are of the opinion that the terms and conditions of the Niveus Distribution are reasonable in the circumstances.

Our opinion is necessarily based upon the information available to us up to 31 December 2017, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the Niveus Distribution have been or will be timeously fulfilled and/or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Limiting conditions

This opinion is provided to the Independent Board in connection with and for the purposes of the Niveus Distribution for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Shareholders. This opinion is prepared solely for the Independent Board for use in the indicated manner and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This opinion does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Shareholder's decision as to whether to accept the Niveus Distribution may be influenced by his particular circumstances.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of the HPLR subsidiaries, by reference to publicly available or independently obtained information. While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, the forecasts of the HPLR Group relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of the HPLR Group will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the management of the HPLR subsidiaries. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Niveus Distribution will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Niveus and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the transaction will be legally enforceable.

Independence, competence and fees

We confirm that we have no direct or indirect interest in any Newco shares or the Niveus Distribution. We also confirm that we have the necessary qualifications and competence to provide the fair and reasonable opinion on the Niveus Distribution.

Furthermore, we confirm that our professional fees of approximately R50 000 are not contingent upon the success of the transaction.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to Shareholders in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours Faithfully

Jacques Pienaar
Director: Deal Advisory

WORDING OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT

“Section 115: Required approval for transactions contemplated in Part A

- (1) *Despite section 65, and any provision of a company’s memorandum of incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:*
- (a) *the disposal, amalgamation or merger, or scheme of arrangement:*
 - (i) *has been approved in terms of this section; or*
 - (ii) *is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and*
 - (b) *to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to:*
 - (i) *dispose of all or the greater part of its assets or undertaking;*
 - (ii) *amalgamate or merge with another company; or*
 - (iii) *implement a scheme of arrangement,*
- the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).*
- (2) *A proposed transaction contemplated in subsection (1) must be approved:*
- (a) *by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s memorandum of incorporation, as contemplated in section 64(2); and*
 - (b) *by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if:*
 - (i) *the holding company is a company or an external company;*
 - (ii) *the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and*
 - (iii) *having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and*
 - (c) *by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).*
- (3) *Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:*
- (a) *the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or*
 - (b) *the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).*
- (4) *For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:*
- (a) *required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or*
 - (b) *required to be voted in support of a resolution, or actually voted in support of the resolution.*
- (4A) *In subsection (4), ‘act in concert’ has the meaning set out in section 117(1)(b).*
- (5) *If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:*
- (a) *within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or*
 - (b) *treat the resolution as a nullity.*
- (6) *On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:*
- (a) *is acting in good faith;*
 - (b) *appears prepared and able to sustain the proceedings; and*
 - (c) *has alleged facts which, if proved, would support an order in terms of subsection (7).*
- (7) *On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:*

- (a) *the resolution is manifestly unfair to any class of holders of the company's securities; or*
 - (b) *the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.*
- (8) *The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:*
- (a) *notified the company in advance of the intention to oppose a special resolution contemplated in this section; and*
 - (b) *was present at the meeting and voted against that special resolution.*
- (9) *If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:*
- (a) *the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;*
 - (b) *the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;*
 - (c) *the transfer of shares from one person to another;*
 - (d) *the dissolution, without winding-up, of a company, as contemplated in the transaction;*
 - (e) *incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or*
 - (f) *any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.*

SECTION 164: Dissenting shareholders appraisal rights

- (1) *This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.*
- (2) *If a company has given notice to shareholders of a meeting to consider adopting a resolution to:*
- (a) *amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or*
 - (b) *enter into a transaction contemplated in section 112, 113, or 114,*
- that notice must include a statement informing shareholders of their rights under this section.*
- (3) *At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.*
- (4) *Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:*
- (a) *gave the company a written notice of objection in terms of subsection (3); and*
 - (b) *has neither:*
 - (i) *withdrawn that notice; or*
 - (ii) *voted in support of the resolution.*
- (5) *A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:*
- (a) *the shareholder:*
 - (i) *sent the company a notice of objection, subject to subsection (6); and*
 - (ii) *in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;*
 - (b) *the company has adopted the resolution contemplated in subsection (2); and*
 - (c) *the shareholder:*
 - (i) *voted against that resolution; and*
 - (ii) *has complied with all of the procedural requirements of this section.*
- (6) *The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.*
- (7) *A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:*
- (a) *20 business days after receiving a notice under subsection (4); or*
 - (b) *if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.*

- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
- (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
- (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court:
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

- (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
- (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:

- (a) that shareholder must comply with the requirements of subsection 13(a); and
- (b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:

- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
- (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:

- (a) the provisions of that section; or
- (b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

- (a) expressly provided in this section; or
- (b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

EXTRACTS OF THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF NIVEUS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF NIVEUS INVESTMENTS LIMITED AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

INTRODUCTION

The historical financial information of Niveus Investments Limited and its subsidiaries set out below has been extracted from the audited annual financial statements of Niveus Investments Limited and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017. The annual financial statements were audited by Grant Thornton Cape Inc. and reported on without qualification.

The historical financial information of Niveus Investments Limited and its subsidiaries is the responsibility of the Directors of Niveus Investments Limited and its subsidiaries.

The historical financial information of Niveus Investments Limited and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 were authorised for issue on 7 July 2017 by the Board of Directors.

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 Niveus Group's interests consist mainly of investments in the gaming and property sectors. The main investments are Galaxy Gaming and Entertainment Proprietary Limited ("**Galaxy**"), Vukani Gaming Corporation Proprietary Limited ("**Vukani**") and La Concorde Holdings Limited ("**KWV**").

RESULTS

The Niveus Group made attributable headline earnings of R214 million (2016: R69 million) (2015: R84 million) for the year.

Earnings per share decreased from 37.9 cents to a loss per share of 7.7 cents while headline earnings per share increased from 58.6 cents to 179.2 cents.

Vukani's year-on-year gross gambling revenue ("**GGR**") grew 12%, EBITDA 18% and 14% on a normalised EBITDA basis after adding back non-recurring and abnormal items in the current and prior years. Bingo GGR from fully developed sites grew 12% from the prior year and its EBITDA grew 17%. Total bingo businesses EBITDA grew 68% year-on-year partly due to a significant reduction in costs from non-operational licence, legal and bid costs.

While the market value of Niveus' investment in KWV exceeds the historical acquisition cost, an accounting loss of R216 million net of minority interest was recognised on the sale of the operational assets of KWV. The loss recognised by Niveus on consolidation is due to fair value adjustments written off, which were required to be recognised in terms of IFRS upon the acquisition of control in KWV. The loss is added back for the calculation of consolidated headline earnings.

A final dividend of 22 cents per share was declared after year-end on 19 May 2017, paid on 19 June 2017, and was therefore not provided for in the annual financial statements.

STATED CAPITAL

The authorised share capital at 31 March 2017 was 500 000 000 ordinary shares of no par value.

At 31 March 2017, the total Shares issued was 119 162 734.

Refer to note 11 to the annual financial statements for more information on the Niveus Group's stated capital.

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2017, the Niveus Group's investment in property, plant and equipment amounted R0.7 billion (2016: R1.2 billion) (2015: R1.15 billion).

MAJORITY SHAREHOLDER

HCI is the holding company of Niveus with an effective interest of 52.28%.

SECRETARY

The secretary of the company is HCI Managerial Services Proprietary Limited. Please refer to the company information section for its business and postal addresses.

AUDITORS

At the date of this report, Grant Thornton Johannesburg Partnership held office in accordance with section 90 of the Companies Act.

SUBSEQUENT EVENTS

No material change in the nature of the business of Niveus and its Subsidiaries occurred, and no material fact or circumstance has occurred between the end of the latest financial year of Niveus and the date of this Circular, in so far as not already dealt with in the historical financial information outlined in this Annexure other than disclosed in Note 34 of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2017

Notes	Niveus Group			Niveus		
	2017 R'000	2016 Restated R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
Assets						
<i>Non-current assets</i>						
Property, plant and equipment	1	659 202	1 204 622	1 150 507	–	–
Investment properties	2	28 638	6 978	6 813	–	–
Goodwill	3	59 944	56 444	60 360	–	–
Intangible assets	4	18 480	76 487	77 279	–	–
Investments in associates and joint ventures	5	73 707	35 400	21 693	2 029	–
Investments in Subsidiaries	6	–	–	–	5 127 879	747 977
Deferred taxation	7	28 251	25 650	16 991	–	–
Loans receivable	8	447 506	24 343	4 362	–	4 101
		1 315 728	1 429 924	1 338 005	5 129 908	752 078
						688 735
<i>Current assets</i>						
Inventories	9	6 285	1 034 797	1 039 406	–	–
Derivative financial instruments		–	19 626	3 715	–	–
Trade and other receivables	10	122 590	328 142	320 163	14 642	202
Loans receivable	8	218 947	2 839	17 944	300	229
Taxation		451	1 566	1 242	–	–
Cash and cash equivalents	24.5	708 734	161 071	132 286	319	557
		1 057 007	1 548 041	1 514 756	15 261	988
						11 600
Assets of disposal group classified as held for sale	32	5 419	–	–	–	–
Total assets		2 378 154	2 977 965	2 852 761	5 145 169	753 066
						700 335
Equity and liabilities						
<i>Capital and reserves</i>						
Stated capital	11	925 399	925 399	867 756	925 399	867 756
Other reserves	12	(65 988)	(46 183)	(70 216)	4 333	3 966
Accumulated profits/(losses)		454 854	502 051	497 478	4 176 312	(362 935)
Equity attributable to equity holders of the parent		1 314 265	1 381 267	1 295 018	5 106 044	566 666
Non-controlling interest	6.2	567 490	699 231	690 627	–	–
		1 881 755	2 080 498	1 985 645	5 106 044	566 666
						639 556
<i>Non-current liabilities</i>						
Operating lease equalisation liability		4 373	5 235	4 079	–	–
Borrowings	13	205 623	92 983	261 033	–	–
Other payables	15	–	6 932	5 823	–	6 932
Deferred revenue: government grant		–	10 900	–	–	–
Deferred taxation	7	21 348	130 010	120 591	–	–
		231 344	246 060	391 526	–	6 932
						3 457
<i>Current liabilities</i>						
Trade and other payables	15	206 710	376 396	444 589	39 125	8 130
Deferred revenue: government grant		–	1 875	–	–	–
Derivative financial instruments		–	47 424	1 585	–	–
Loans from Subsidiaries	6	–	–	–	–	171 338
Current portion of borrowings	13	38 512	217 887	17 454	–	–
Finance lease liabilities	14	532	1 399	2 231	–	–
Taxation		16 842	6 426	9 731	–	–
		262 596	651 407	475 590	39 125	179 468
						57 322
Liabilities of disposal group classified as held for sale	32	2 459	–	–	–	–
Total equity and liabilities		2 378 154	2 977 965	2 852 761	5 145 169	753 066
						700 335
Net Asset Value (NAV)						
per share (cents)		1 103	1 159	1 107		
Net Tangible Asset Value (NTAV)						
per share (cents)		1 038	1 061	1 002		

STATEMENTS OF PROFIT OR LOSS

For the year ended 31 March 2017

	Notes	Niveus Group			Niveus		
		2017 R'000	2016 Restated R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
Revenue	17	86 639	74 941	1 205 348	–	–	–
Net gaming win		1 322 610	1 162 298	999 695	–	–	–
		1 409 249	1 237 239	2 205 043	–	–	–
Other income		6 489	3 033	32 603	–	–	–
Operating expenses		(1 028 543)	(972 809)	(1 917 810)	(17 876)	(55 006)	(20 786)
Depreciation and amortisation		(125 243)	(132 458)	(129 820)	–	–	–
Share of (losses)/profits of associates and joint ventures		(6 345)	(1 366)	1 474	–	–	–
Investment income	18	54 073	3 969	5 801	170 136	29 764	196 931
Fair value adjustment investment in associate		–	(1 094)	–	–	–	–
Fair value adjustment investment property		403	–	–	–	–	–
Impairment of assets	1	(3 749)	(7 927)	(4 837)	–	–	–
Impairment of goodwill	3	(3 958)	(8 190)	–	–	–	–
Impairment of investment in joint venture	5	(6 971)	–	(903)	–	–	–
Impairment of loans to Subsidiaries	6	–	–	–	162 377	(60 840)	(93 461)
Gain/(loss) on disposal of Subsidiary	24.4	6 074	(6 781)	–	4 281 510	–	–
Finance costs	20	(30 332)	(29 977)	(24 217)	(12 850)	(12 378)	(6 235)
Profit/(loss) before taxation	21	271 147	83 639	167 334	4 583 297	(98 460)	76 449
Taxation	22	(71 340)	(50 147)	(73 326)	–	(180)	–
Profit/(loss) for the year from continuing operations		199 807	33 492	94 008	4 583 297	(98 640)	76 449
Discontinued operations	32	(326 255)	23 115	–	–	–	–
Group (loss)/profit		(126 448)	56 607	94 008	4 583 297	(98 640)	76 449
Attributable to:							
Equity holders of the parent		(9 154)	44 721	80 286			
Non-controlling interest		(117 294)	11 886	13 722			
		(126 448)	56 607	94 008			
Earnings per share (cents)	23	(7.7)	37.9	69.0			
– Continuing operations		150.1	28.5	69.0			
– Discontinued operation		(157.8)	9.4	–			
Diluted earnings per share (cents)	23	(7.6)	37.8	67.8			
– Continuing operations		149.2	28.4	67.8			
– Discontinued operation		(156.8)	9.4	–			

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	Niveus Group			Niveus		
		2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
(Loss)/profit for the year		(126 448)	56 607	94 008	4 583 297	(98 640)	76 449
Other comprehensive income net of tax:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation differences	12	(20 725)	24 213	2 875	–	–	–
Total comprehensive (loss)/income for the year		(147 173)	80 820	96 883	4 583 297	(98 640)	76 449
Attributable to:							
Equity holders of the parent		(29 879)	68 648	83 030			
Non-controlling interest		(117 294)	12 172	13 853			
		(147 173)	80 820	96 883			
Total comprehensive income attributable to equity holders of the parent arises from:							
– Continuing operations		157 852	56 618	83 030			
– Discontinued operations		(187 731)	12 030	–			
		(29 879)	68 648	83 030			

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Notes	Stated capital R'000	Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000
Niveus Group						
Balances as at 31 March 2014		837 002	(76 971)	413 543	728 783	1 902 357
<i>Stated capital</i>						
Shares issued	11	30 754	-	-	-	30 754
<i>Current operations</i>						
Total comprehensive income for the year		-	2 744	80 286	13 853	96 883
Equity-settled share-based payments		-	6 194	-	-	6 194
Effects of changes in holding		-	15	33 794	(46 359)	(12 550)
Capital reductions and dividends		-	-	(32 343)	(5 650)	(37 993)
Transfer of reserves		-	(2 198)	2 198	-	-
Balance as at 31 March 2015		867 756	(70 216)	497 478	690 627	1 985 645
<i>Stated capital</i>						
Shares issued	11	57 643	-	-	-	57 643
<i>Current operations</i>						
Total comprehensive income for the year		-	23 927	44 721	12 172	80 820
Equity-settled share-based payments		-	7 278	(12 493)	-	(5 215)
Non-controlling interest on acquisition of Subsidiaries		-	-	-	2 082	2 082
Capital reductions and dividends		-	-	(34 827)	(5 650)	(40 477)
Transfer of reserves		-	(7 172)	7 172	-	-
Balance as at 31 March 2016		925 399	(46 183)	502 051	699 231	2 080 498
<i>Current operations</i>						
Total comprehensive loss for the year		-	(20 725)	(9 154)	(117 294)	(147 173)
Business combinations	31.3	-	-	-	(1 596)	(1 596)
Equity-settled share-based payments		-	7 304	-	-	7 304
Effects of changes in holding		-	-	2 476	(6 901)	(4 425)
Capital reductions and dividends		-	-	(46 903)	(5 950)	(52 853)
Transfer of reserves		-	(6 384)	6 384	-	-
Balance as at 31 March 2017		925 399	(65 988)	454 854	567 490	1 881 755

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Notes	Stated capital R'000	Other reserves R'000	Accumulated losses R'000	Total R'000
Company					
Balances at 31 March 2014		837 002	3 321	(278 786)	561 537
<i>Stated capital</i>					
Shares issued	11	30 754	–	–	30 754
<i>Current operations</i>					
Total comprehensive income for the year		–	–	76 449	76 449
Equity-settled share-based payments		–	3 159	–	3 159
Transfer of reserves		–	(2 514)	2 514	–
Capital reductions and dividends		–	–	(32 343)	(32 343)
Balances at 31 March 2015		867 756	3 966	(232 166)	639 556
<i>Capital reductions and dividends</i>					
Shares issued	11	57 643	–	–	57 643
<i>Current operations</i>					
Total comprehensive loss for the year		–	–	(98 640)	(98 640)
Equity-settled share-based payments		–	2 934	–	2 934
Transfer of reserves		–	(2 698)	2 698	–
Capital reductions and dividends		–	–	(34 827)	(34 827)
Balances at 31 March 2016		925 399	4 202	(362 935)	566 666
<i>Capital reductions and dividends</i>					
Shares issued					
<i>Current operations</i>					
Total comprehensive loss for the year		–	–	4 583 297	4 583 297
Equity-settled share-based payments		–	2 984	–	2 984
Transfer of reserves		–	(2 853)	2 853	–
Capital reductions and dividends		–	–	(46 903)	(46 903)
Balances at 31 March 2017		925 399	4 333	4 176 312	5 106 044

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2017

Notes	Niveus Group			Niveus			
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000	
	Cash flows from operating activities						
	357 744	162 849	130 264	(14 219)	(53 401)	(18 765)	
Cash generated by/(utilised in) operations	24.1	422 554	386 550	331 113	9 325	(51 676)	(13 672)
Investment income		28 135	6 054	5 600	5	13	79
Changes in working capital	24.2	10 889	(135 612)	(133 030)	(23 549)	(1 614)	(5 172)
Cash generated by/(utilised in) operating activities		461 578	256 992	203 683	(14 219)	(53 275)	(18 765)
Finance costs		(35 654)	(30 476)	(22 042)	-	-	-
Taxation paid	24.3	(68 180)	(63 667)	(51 377)	-	(126)	-
	Cash flows from investing activities						
		293 536	(182 357)	(292 620)	(2 101)	(4 324)	(19 431)
Business combinations	24.4	466	(2 868)	(1 067)	-	-	-
Investment in:							
- Subsidiary companies		(4 426)	-	(11 874)	-	-	(19 424)
- Associated companies and joint ventures	5	(48 516)	(21 196)	(6 648)	(2 029)	-	-
Dividends received		-	255	236	-	-	-
Disposal of Subsidiaries	24.4	-	(449)	(1 227)	-	-	-
Loans receivable: repayments		-	-	9 849	-	-	-
Loans receivable: advances		(18 164)	(11 187)	(8 009)	(72)	(4 324)	(7)
Intangible assets: additions		(3 368)	(3 243)	(3 337)	-	-	-
Investment property: additions		(93)	(165)	-	-	-	-
Disposal of business assets	32	520 483	-	-	-	-	-
Property, plant and equipment:							
- Additions		(165 154)	(151 242)	(274 404)	-	-	-
- Disposals		12 308	7 738	3 861	-	-	-
	Cash flows from financing activities						
		(102 512)	48 293	71 202	16 082	58 257	32 102
Treasury shares acquired		-	-	(4 315)	-	-	-
Capital reduction		-	(12 452)	-	-	(12 452)	-
Dividends paid to shareholders		(38 965)	(27 803)	(7 230)	(33 365)	(22 376)	(1 590)
Government grant received		-	16 395	-	-	-	-
Proceeds from share issue		-	45 150	-	-	45 150	-
Loans from Subsidiaries		-	-	-	49 447	47 935	33 692
Long-term funding received		253 302	50 000	105 544	-	-	-
Long-term funding repaid		(316 849)	(22 997)	(22 797)	-	-	-
	Cash and cash equivalents						
Movement for the year		548 768	28 785	(91 154)	(238)	532	(6 094)
At beginning of the year		161 071	132 286	223 440	557	25	6 119
Classified as held for sale		(1 105)	-	-	-	-	-
At end of the year	24.5	708 734	161 071	132 286	319	557	25

ACCOUNTING POLICIES

For the year ended 31 March 2017

1. ACCOUNTING POLICIES

The annual financial statements are presented in accordance with, and comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants (“SAICA”), Financial Pronouncements as issued by the Financial Reporting Standards Council (“FRSC”), the JSE Listings Requirements and the South African Companies Act, 71 of 2008, as amended.

The annual financial statements were prepared under the historical cost convention, as modified by the revaluation to fair value of investment properties and certain financial instruments as described in the accounting policies below. The accounting policies are consistent with those applied in the previous year, except for the effect of the new standards and interpretations, effective for the financial year ended 31 March 2017, as presented in note 3.

The preparation of the annual financial statements in accordance with IFRS requires that certain critical accounting estimates and assumptions be used. It also requires management to exercise their judgement in the process of applying the accounting policies of the Niveus Group. The areas involving a higher level of judgement or complexity, or areas where assumptions and estimates have a material effect on the annual financial statements are presented in note 2.

The accounting policies that the Niveus Group applied in the presentation of the annual financial statements are set out below:

1.1 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker for purposes of allocating company resources and assessing their 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 purpose.

1.2 CONSOLIDATION AND EQUITY ACCOUNTING

The annual financial statements include the financial information of the Subsidiaries, associated entities and joint arrangements.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) controlled by the Niveus Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Niveus Group until the date control ceases.

The Niveus Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a Subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Niveus Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Niveus Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Niveus Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the Subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis.

When the Niveus Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss.

Investments in Subsidiaries are accounted for at cost less accumulated impairment in the separate financial statements of the Company.

(ii) Transactions and non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the Subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Joint arrangements*

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Niveus Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

When the Niveus Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Niveus Group's net investment in the joint ventures), the Niveus Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Niveus Group and its joint ventures are eliminated to the extent of the Niveus Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Niveus Group.

Investments in joint ventures are accounted for at cost less accumulated impairment in the separate financial statements of the Company.

(iv) *Associates*

Investments in associates are accounted for using the equity method of accounting. The Niveus Group's investment in associates includes goodwill identified on acquisition.

When the Niveus Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Niveus Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the Niveus Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

The Niveus Group recognises its share of associates' results in profit or loss, after accounting for interest, tax and non-controlling interests.

Investments in associates are accounted for at cost less accumulated impairment in the separate financial statements of the Company.

(v) *common control transactions*

Acquisitions of Subsidiaries which do not result in a change of control of the Subsidiaries are accounted for as common control transactions. The excess of the cost of the acquisition over the Niveus Group's interest in the carrying value of the identifiable assets and liabilities of the acquired entity is carried as a non-distributable reserve in the consolidated results.

1.3 **FOREIGN EXCHANGE**

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Niveus Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The annual financial statements are presented in South African rand, which is the Niveus Group's functional and presentation currency.

(ii) *Transactions and balances*

The financial statements for each Niveus Group company were prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date, with the resultant translation differences being recognised in profit or loss. Translation differences on non-monetary assets, such as equity investments classified as available-for-sale, are recognised in other comprehensive income.

(iii) *Foreign subsidiaries, associates and joint arrangements – translation*

Once-off items in the statement of profit or loss and statement of cash flows of foreign Subsidiaries, associates and joint arrangements expressed in currencies other than the South African rand are translated to South African rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets, together with differences between income statements translated at average and closing rates, are recognised as a separate component of equity. For these purposes net assets include loans between Niveus Group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future, and are denominated in the functional currency of either the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recycled through profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at reporting date.

1.4 **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Refer to note 1.10)

(i) *Depreciation*

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life as follows:

Computer and office equipment	3 years
Plant and machinery	6 – 50 years
Buildings	40 years
Furniture and fittings	5 – 10 years
Art	10 years
Gaming machines	7 years
Motor vehicles	4 – 15 years
Gaming equipment and signage	3 – 10 years
Site leasehold improvements	6 years

(ii) *Profit or loss on disposal*

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the carrying amount of the asset. The profit or loss on disposal is recognised in profit or loss in the period in which they arise.

1.5 **INVESTMENT PROPERTIES**

Investment properties are held for capital appreciation and are not occupied by the Niveus Group. Investment properties are recognised at fair value representing estimated market value. Changes in fair value are recognised in profit or loss in the period in which they arise.

Investment properties are valued by external independent professional valuers every third year.

1.6 **INTANGIBLE ASSETS**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the Niveus Group.

Amortisation is recognised together with depreciation in profit or loss.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

(i) *Computer software*

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Niveus Group that will probably generate future economic benefits are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives (five to eight years) that are reassessed on an annual basis.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

(ii) *Bid costs and gaming licences*

Costs incurred during the bidding process for a gaming licence are capitalised by the Niveus Group on the successful award of a gaming licence, and amortised over the exclusivity period applicable to each licence, which ranges from 15 to 20 years from date of commencement of those operations.

The costs associated with unsuccessful gaming licence applications are written off as and when related bids are determined to be unsuccessful.

(iii) *Trademarks*

Trademarks are recognised initially at cost. Trademarks have definite useful lives (five to 20 years) and are carried at cost less accumulated amortisation.

1.7 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial instruments disclosed in the annual financial statements include cash and cash equivalents, investments in money market funds, other investments, derivative instruments, debtors and short-term loans, trade and other payables and borrowings. Financial instruments are initially recognised at fair value, including transaction costs, when the Niveus Group becomes party to the contractual terms of the instruments. The transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are expensed.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle net, the relevant financial assets and liabilities are offset.

Interest costs are recognised using the effective-interest rate method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective-interest calculation and taken to net interest payable over the life of the instrument.

Financial assets (or portions thereof) are derecognised when the Niveus Group realises the rights to the benefits specified in the contract, the rights expire or the Niveus Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in other comprehensive income, is included in the statement of profit or loss.

Financial liabilities (or portions thereof) are derecognised when the Niveus Group's obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in the statement of profit or loss.

Subsequent to initial recognition, these instruments are measured as follows:

(i) *Financial instruments at fair value through profit or loss*

These instruments, consisting of investments in money market funds, financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges.

Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the statement of profit or loss in the period in which they arise.

(ii) *Held-to-maturity investments*

Instruments with fixed maturity that the Niveus Group has the intent and ability to hold to maturity are classified as held-to-maturity financial instruments and are carried at amortised cost using the effective interest rate method.

(iii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets (trade and other receivables), except for maturities of greater than 12 months after the statement of financial position date, which are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Niveus Group will not be able to collect all amounts due according to the terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in profit or loss.

When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

(iv) *Financial liabilities at amortised cost*

Trade payables and borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(v) *Available-for-sale investments*

Other long-term financial instruments are classified as available-for-sale and are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial instruments are recognised through other comprehensive income in the period in which they arise. When these financial instruments are either derecognised or impaired, the accumulated fair value adjustments are realised and included in the income statement.

(vi) *Cash and cash equivalents*

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts.

Bank overdrafts are included within cash and cash equivalents on the face of the statement of cash flows as they form an integral part of the Niveus Group's cash management.

(vii) *Fair value*

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

1.8 **INVENTORIES**

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average or first-in first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less selling expenses.

Provision is made for slow-moving goods, and obsolete materials are written off.

1.9 **STATED CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where Subsidiaries hold shares in the holding company's equity share capital, the consideration paid to acquire these shares is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive plans within the Niveus Group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

1.10 **IMPAIRMENT OF ASSETS**

An asset is impaired if its carrying amount is greater than its estimated recoverable amount, which is the higher of its fair value less cost to sell or its value in use.

(i) *Goodwill and intangible assets with indefinite lives*

These assets are assessed annually for possible impairments. For purposes of impairment testing, goodwill is allocated to cash-generating units, being the lowest component of the business measured in the management accounts that is expected to generate cash flows that are largely independent of another business component. Impairment losses relating to goodwill are not reversed. Any impairment is recognised in the statement of profit or loss.

(ii) *Other assets*

The Niveus Group assesses at each reporting date whether there is objective evidence that other assets may be impaired.

(Subsidiaries, joint ventures and associated companies)

The carrying amounts of Subsidiaries, joint ventures and associated companies are reviewed, if there is objective evidence of impairment, and written down where necessary.

Investment properties, property, plant and equipment and intangible assets with finite useful lives

Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the statement of profit or loss.

Financial instruments carried at amortised cost

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Niveus Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the statement of profit or loss.

Financial assets carried at fair value

If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss is removed from other comprehensive income and recognised in the statement of profit or loss.

Impairment losses on equity instruments that were recognised in the statement of profit or loss are not subsequently reversed through the statement of profit or loss – such reversals are accounted for in other comprehensive income.

1.11 **NON-CURRENT ASSETS HELD FOR SALE**

Items classified as non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale that is expected to qualify for recognition as a completed sale within one year from date of classification.

1.12 **REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable.

- (i) *Sale of goods*
KWW's revenue is shown inclusive of excise and net of value-added tax ("VAT"), returns, rebates and discounts, and after eliminating sales within the Niveus Group.
- (ii) *Rendering of services*
Revenue arising from services is recognised when the service is rendered.
- (iii) *Interest income*
Interest income is recognised using the effective-interest method. When a receivable is impaired the Niveus Group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.
- (iv) *Dividend income*
Dividend income is recognised when the right to receive payment is established.
- (v) *Net gaming win*
Net gaming win comprises the slot machine win derived by limited pay-out route operations from gambling patrons and net bingo winnings derived from betting patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from gaming operations. Due to the short-term nature of the Niveus Group's gaming operations, all income is recognised immediately in profit and loss at fair value.

VAT and other taxes, including gaming levies, that are charged on gaming and betting winnings are included in net gaming win and are treated as direct costs as these are borne by the Niveus Group and not customers.

1.13 **LEASES**

- (i) *The Niveus Group is the lessee*
Leases of property, plant and equipment where the Niveus Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.
- (ii) *The Niveus Group is the lessor*
Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised in profit or loss.

1.14 TAX

(i) *Income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Niveus Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full, using the statement of financial position liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the annual financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in Subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Niveus Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised. Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is measured on a non-discounted basis.

(ii) *Dividends withholding tax*

Dividends paid by the Company to shareholders that are not exempt are subject to dividends withholding tax at a rate of 20% (2016: 15%; 2015: 15%).

1.15 DIVIDEND DISTRIBUTIONS

Dividend distributions to equity holders of the parent are recognised as a liability in the annual financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when approved by the board. Dividends declared after the reporting date are not recognised, as there is no present obligation at the reporting date. Distributions of assets to the Company's shareholders are accounted for at fair value.

1.16 EMPLOYEE BENEFITS

(i) *Defined-contribution plans*

For the defined-contribution plans, Subsidiaries of the Niveus Group pay contributions to both in-house pension funds managed by employer and employee-nominated trustees and public administered provident plans on a contractual basis. The Niveus Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. The rules of the funds do not allow for prepaid contributions.

(ii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Niveus Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) *Bonus plans*

The Niveus Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses, which would become payable at the year-end.

(iv) *Share-based payments*

The Niveus Group operates equity-settled share-based remuneration plans for its employees. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

1.17 **EARNINGS PER SHARE**

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2015 issued by SAICA.

2. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets and liabilities that are not otherwise readily apparent. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

2.1 **ESTIMATED IMPAIRMENT OF GOODWILL**

The Niveus Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Refer to note 3 to the annual financial statements for impairment recognised on goodwill.

2.2 **TAXATION**

The Niveus Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Niveus Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

2.3 **ASSET LIVES AND RESIDUAL VALUES**

Changes in business landscape or technical innovations may impact the useful lives and estimated residual values of these assets. Similar assets are grouped together, but residual values and useful lives may vary significantly between individual assets in a category. Management reviews assets' residual values, useful lives and related depreciation charges annually at each reporting date.

2.4 **IMPAIRMENT OF TRADE AND OTHER RECEIVABLES**

The Niveus Group assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment should be recognised in profit and loss, the Niveus Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from each receivable.

3. **NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED**

The International Accounting Standards Board issued a number of standards, amendments to standards, and interpretations during the financial year ended 31 March 2017.

The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2017. The Niveus Group is currently evaluating the effects of these standards and interpretations that have not been early adopted:

Standard/ interpretation	Title	Effective for annual period ending
IFRS 9	Financial Instruments	March 2019
IFRS 2	Share-based payments	March 2019
IFRS 15	Revenue from Contracts with Customers	March 2019
IFRS 16	Leases	March 2020
IAS 7	Cash Flow Statement	March 2018
IAS 12	Income Taxes	March 2018
IAS 40	Transfers of investment property	March 2019
IFRIC 22	Foreign currency transactions and advance considerations	March 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2017

		Niveus Group		
		2017	2016	2015
		R'000	R'000	R'000
1.	PROPERTY, PLANT AND EQUIPMENT			
	<i>Cost</i>			
	Computer and office equipment	43 223	42 152	33 780
	Plant and machinery	16 688	515 249	514 987
	Plant under construction	–	2 666	1 275
	Land and buildings	193 247	485 052	475 821
	Furniture and fittings	56 157	144 310	125 622
	Art	40 580	40 580	40 580
	Gaming machines	575 232	562 818	432 806
	Motor vehicles	29 257	30 144	27 435
	Motor vehicles under finance lease	1 180	4 063	12 630
	Gaming equipment and signage	52 256	48 679	43 517
	Site leasehold improvements	144 880	143 248	128 436
		1 152 700	2 018 961	1 836 889
	<i>Accumulated depreciation and impairments</i>			
	Computer and office equipment	34 477	28 799	19 397
	Plant and machinery	6 348	309 134	299 801
	Land and buildings	3 665	18 810	17 212
	Furniture and fittings	37 179	102 378	83 504
	Art	89	89	86
	Gaming machines	284 084	246 240	182 964
	Motor vehicles	12 189	15 231	12 183
	Motor vehicles under finance lease	1 029	2 703	10 622
	Gaming equipment and signage	36 447	30 229	25 669
	Site leasehold improvements	77 991	60 726	34 944
		493 498	814 339	686 382
	<i>Carrying value</i>			
	Computer and office equipment	8 746	13 353	14 383
	Plant and machinery	10 340	206 115	215 186
	Plant under construction	–	2 666	1 275
	Land and buildings	189 582	466 242	458 609
	Furniture and fittings	18 978	41 932	42 118
	Art	40 491	40 491	40 494
	Gaming machines	291 148	316 578	249 842
	Motor vehicles	17 068	14 913	15 252
	Motor vehicles under finance lease	151	1 360	2 008
	Gaming equipment and signage	5 809	18 450	17 848
	Site leasehold improvements	66 889	82 522	93 492
		659 202	1 204 622	1 150 507
	<i>Movements in property, plant and equipment</i>			
	<i>Balance at beginning of the year</i>			
	Computer and office equipment	13 353	14 383	10 159
	Plant and machinery	206 115	215 186	207 217
	Plant under construction	2 666	1 275	1 311
	Land and buildings	466 242	458 609	408 064
	Furniture and fittings	41 932	42 118	42 178
	Art	40 491	40 494	40 497
	Gaming machines	316 578	249 842	216 164
	Motor vehicles	14 913	15 252	8 707
	Motor vehicles under finance lease	1 360	2 008	6 690
	Gaming equipment and signage	18 450	17 848	13 817
	Site leasehold improvements	82 522	93 492	69 041
		1 204 622	1 150 507	1 023 845

Niveus Group

	2017 R'000	2016 R'000	2015 R'000
1. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
<i>Additions</i>			
Computer and office equipment	3 084	6 690	11 388
Plant and machinery	13 970	30 136	30 771
Plant under construction	3 335	1 391	–
Land and buildings	2 051	9 236	52 082
Furniture and fittings	4 943	12 307	18 694
Gaming machines	71 548	107 099	88 845
Motor vehicles	11 859	3 928	9 171
Motor vehicles under finance lease	1 543	4 142	–
Gaming equipment and signage	3 736	7 324	9 580
Site leasehold improvements	13 011	19 066	51 176
	129 080	201 319	271 707
<i>Additions through business combinations</i>			
Computer and office equipment	168	262	–
Plant and machinery	–	37	683
Furniture and fittings	–	2 485	–
Gaming machines	287	–	–
Site leasehold improvements	–	3 800	–
	455	6 584	683
<i>Disposal of businesses (refer to note 32)</i>			
Computer and office equipment	–	(343)	(860)
Plant and machinery	(202 520)	(88)	(7)
Plant under construction	(6 001)	–	–
Land and buildings	(257 032)	–	–
Furniture and fittings	(17 761)	(434)	(5 026)
Motor vehicles	(4 745)	–	–
Site leasehold improvements	–	(3 091)	(7 853)
	(488 059)	(3 956)	(13 746)
<i>Disposals</i>			
Computer and office equipment	(147)	(597)	(127)
Plant and machinery	(790)	(2 596)	(2 017)
Land and buildings	(2 515)	(5)	–
Furniture and fittings	(9)	(489)	(451)
Gaming machines	(319)	(1 217)	(938)
Motor vehicles	(390)	(489)	(18)
Motor vehicles under finance lease	(4 825)	(649)	(396)
Site leasehold improvements	(147)	(111)	(9)
	(8995)	(6 153)	(3 956)
<i>Depreciation</i>			
Computer and office equipment	(7 569)	(7 639)	(4 923)
Plant and machinery	(4 697)	(19 267)	(22 660)
Land and buildings	(515)	(1 598)	(1 537)
Furniture and fittings	(7 030)	(14 248)	(13 609)
Art	–	(3)	(3)
Gaming machines	(74 061)	(77 051)	(55 149)
Motor vehicles	(4 640)	(3 691)	(2 608)
Motor vehicles under finance lease	(2 362)	(4 141)	(4 286)
Gaming equipment and signage	(6 300)	(5 964)	(5 210)
Site leasehold improvements	(21 827)	(25 107)	(14 578)
	(129 001)	(158 709)	(124 563)

Niveus Group

	2017 R'000	2016 R'000	2015 R'000
1. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
<i>Transfers</i>			
Computer and office equipment	(111)	724	(1 217)
Plant and machinery	54	(17 274)	1 199
Land and buildings to investment property	(21 164)	–	(36)
Furniture and fittings	29	1 566	459
Gaming machines	(658)	14 692	–
Motor vehicles	–	95	–
Gaming equipment and signage	(70)	(737)	–
Site leasehold improvements	(1 022)	934	(405)
	(22 942)	–	–
<i>Exchange differences</i>			
Computer and office equipment	(14)	2	–
Furniture and fittings	73	(228)	(127)
Gaming machines	(22 270)	23 326	1 476
Gaming equipment and signage	2	(14)	9
Site leasehold improvements	–	–	16
	(22 209)	23 086	1 374
<i>Impairments</i>			
Computer and office equipment	(18)	(129)	(37)
Plant and machinery	(1 792)	(19)	–
Furniture and fittings	(693)	(1 145)	–
Gaming machines	(267)	(113)	(556)
Motor vehicles	–	(182)	–
Gaming equipment and signage	(9)	(7)	(348)
Site leasehold improvements	(970)	(6 461)	(3 896)
	(3 749)	(8 056)	(4 837)
<i>Balances at end of the year</i>			
Computer and office equipment	8 746	13 353	14 383
Plant and machinery	10 340	206 115	215 186
Plant under construction	–	2 666	1 275
Land and buildings	189 582	466 242	458 609
Furniture and fittings	18 978	41 932	42 118
Art	40 491	40 491	40 494
Gaming machines	291 148	316 578	249 842
Motor vehicles	17 068	14 913	15 252
Motor vehicles under finance lease	151	1 360	2 008
Gaming equipment and signage	15 809	18 450	17 848
Site leasehold improvements	66 889	82 522	93 492
	659 202	1 204 622	1 150 507

The Niveus Group recognised impairments of property, plant and equipment with a net book value of R3.7 million (2016: R8 million; 2015: R4.8 million) due to scrapping of assets not being in use anymore.

Encumbrance

Details of the assets that serve as security for borrowings are presented in note 13.

	Niveus Group		
	2017 R'000	2016 R'000	2015 R'000
2. INVESTMENT PROPERTIES			
<i>Investment properties consist of:</i>			
Erf 1282, Middelburg, Mpumalanga, in extent 1 788 m ²	3 942	3 900	3 900
Erf 5530, Grahamstown, Eastern Cape, in extent 578 m ²	3 533	3 078	2 913
Erf 31403, Main Street House, Paarl, Western Cape, in extent 549 m ²	3 986	–	–
Erf 11919, De Hoop Farm, Paarl, Western Cape, in extent 3.3 ha	4 560	–	–
Erf 31366, Picardie Farm, Paarl, Western Cape, in extent 16.4 ha	12 416	–	–
Erf 212, 213, 214, 223, 224, Klappmuts erven, in extent 5 502 m ²	201	–	–
	28 638	6 978	6 813

Investment properties are stated at fair value.

The fair value of all the investment properties, totalling R28.6 million, was calculated based on internal valuations. The net rental income based valuation used by the external valuers in the prior years were updated internally for income from existing contracts and current operating costs per property. Net income per property were capitalised at a rate of 8.61% determined by the SA listed REIT return adjusted by the property location factor as per the M&M ideology.

At beginning of the year	6 978	6 813	3 900
Additions	92	165	2 913
Transfers from property, plant and equipment	21 164	–	–
Fair value adjustment	404	–	–
At end of the year	28 638	6 978	6 813

Rental income from investment properties	2 690	901	820
Direct operating expenses relating to rental income from investment properties	(1 627)	(254)	(192)

	Niveus Group		
	2017 R'000	2016 Restated R'000	2015 R'000
3. GOODWILL	59 944	56 444	60 360
Arising on acquisition of shares in Subsidiaries			
<i>Reconciliation of carrying value</i>			
At beginning of the year	56 444	60 360	49 730
– Cost	64 977	60 703	50 073
– Accumulated impairment	(8 533)	(343)	(343)
Addition through business combination	7 458	14 904	10 630
Disposal of Subsidiary	–	(10 630)	–
Impairment of goodwill	(3 958)	(8 190)	–
At end of the year	59 944	56 444	60 360
– Cost	72 435	64 977	60 703
– Accumulated impairment	(12 491)	(8 533)	(343)

Goodwill relates mainly to the Niveus Group's limited pay-out gaming (R51.7 million; 2016: R48.2 million; 2015: R49.7 million), sports betting (R8.2 million; 2016: R8.2 million; 2015: Rnil) and bingo (Rnil; 2016: Rnil; 2015: R10.6 million) cash-generating units.

The recoverable amounts of the cash-generating units were determined by value-in-use calculations, using cash flow projections covering a five-year period.

A growth rate of 4.5% was applied and cash flows were discounted at 16% (2016: 16%; 2015: 15%) due to the cash-generating units being in the gambling industry with similar risk and growth profiles. The discount rate includes a risk premium adjustment to the risk-free rate to reflect the higher expected returns of the gambling industry.

The following assumptions were applied when reviewing goodwill impairment:

- Asset values were based on the carrying amounts for the financial period.
- Future expected profits were estimated using historical information and approved budgets extending over five years.
- Sales growths and gross margins were based on historical performance and known future prospects.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows were extended into perpetuity as management has no reason to believe that the Niveus Group will not continue past the budget period.

3. GOODWILL (CONTINUED)

The impairment of R3.96 million related mainly to the Subsidiaries acquired during the year as per note 31. The recoverable amounts of the cash-generating units were determined to be lower than the relevant portion of goodwill and were therefore impaired.

The recoverable amounts of the remaining cash-generating units were determined to be higher than the relevant portion of goodwill and therefore no further impairment was necessary.

	Computer software R'000	Trademarks R'000	Bid costs R'000	Casino licence R'000	Total R'000
4. INTANGIBLE ASSETS					
Niveus Group 2017					
Carrying value at beginning of the year	5 400	55 133	10 109	5 845	76 487
Additions	2 962	5	340	-	3 307
Held for sale	(8)	-	(1 327)	-	(1 335)
Transfers	60	-	(1 902)	-	(1 842)
Foreign exchange differences	(7)	-	-	-	(7)
Disposals	(195)	-	-	-	(195)
Disposal of businesses	(1 740)	(54 741)	-	-	(56 481)
Amortisation	(400)	(392)	(662)	-	(1 454)
Carrying value at end of the year	6 072	5	6 558	5 845	18 480
Cost	15 105	5	9 494	5 845	30 449
Accumulated amortisation and impairments	(9 033)	-	(2 936)	-	(11 969)
	6 072	5	6 558	5 845	18 480
Niveus Group 2016 – Restated					
Carrying value at beginning of the year	2 459	58 620	10 355	5 845	77 279
Additions	576	-	1 917	-	2 493
Business combinations	3 500	-	-	-	3 500
Amortisation	(1 135)	(3 487)	(835)	-	(5 457)
Impairment	-	-	(1 328)	-	(1 328)
Carrying value at end of the year	5 400	55 133	10 109	5 845	76 487
Cost	27 110	85 138	13 998	5 845	132 091
Accumulated amortisation and impairments	(21 710)	(30 005)	(3 889)	-	(55 604)
	5 400	55 133	10 109	5 845	76 487
Niveus Group 2015					
Carrying value at beginning of the year	3 177	62 107	7 321	5 845	78 450
Additions	486	-	3 600	-	4 086
Amortisation	(1 204)	(3 487)	(566)	-	(5 257)
Carrying value at end of the year	2 459	58 620	10 355	5 845	77 279
Cost	22 477	85 138	12 081	5 845	125 541
Accumulated amortisation	(20 018)	(26 518)	(1 726)	-	(48 262)
	2 459	58 620	10 355	5 845	77 279

Refer to note 30 for contingent consideration payable on the casino licence.

The amortisation expense was included in the line item depreciation and amortisation in the statements of profit or loss.

The following useful lives were used in the calculation of amortisation:

Bid costs	10 to 12.5 years
Casino licence	Indefinite
Computer software	5 to 8 years
Trademarks	5 to 20 years

The recoverable amount of the casino licence was determined by a value-in-use calculation, using cash flow projections covering a five-year period. A growth rate of 4.5% was applied and cash flows were discounted at 16% (2016: 16%; 2015: 15%). The discount rate includes a risk premium adjustment to the risk-free rate to reflect the higher expected returns of the gambling industry. Future expected profits were estimated using historical information and approved budgets extending over five years. Cash flows were extended into perpetuity as management have no reason to believe that the casino will not continue past the budget period.

No intangible assets were pledged as security.

		Niveus Group					
		Group's interest			Carrying value		
		2017	2016	2015	2017	2016	2015
					R'000	R'000	R'000
5.	INVESTMENTS IN ASSOCIATES AND JOINT VENTURES						
	The following are the Niveus Group's principal associates and joint ventures, all incorporated in South Africa:						
	<i>Associates</i>						
	Betcoza Online (RF) Proprietary Limited	-	-	25%	-	-	4 895
	Brannas Draught Proprietary Limited	-	25%	-	-	1 099	-
	EC Gaming Uitenhage Proprietary Limited	29%	29%	-	5 787	31	-
	Galaxy Bingo Butterworth Proprietary Limited	49%	49%	-	7 611	8 923	-
	Galaxy Bingo KWT Proprietary Limited	40%	40%	-	12 374	4	-
	Galaxy Gaming and Entertainment Lydenburg Proprietary Limited	50%	50%	-	10 951	7 589	-
	Galaxy Gaming Zone 4 EC Proprietary Limited	49%	49%	-	6 475	246	-
	Newtown Grill Proprietary Limited	29%	29%	-	798	430	-
	Galaxy Gaming Limpopo Proprietary Limited	29%	-		6 413		
	Galaxy Bingo Moruleng Proprietary Limited	40%	-		5 403		
	Niveus Invest 12 Proprietary Limited	50%	-		1 224		
	Paarl Valley Bottling Company Proprietary Limited	31%	31%	31%	13 470	12 734	12 097
	VBet Western Cape Proprietary Limited	40%	-	-	1 137	-	-
	<i>Joint ventures</i>						
	Red Dawn IP Holdings Proprietary Limited	-	50%	50%	-	-	-
	Red Dawn Wine Licensing Proprietary Limited	-	50%	-	-	4	-
	Solamoyo Processing Company Proprietary Limited	-	40%	40%	-	4 340	4 701
	Niveus Invest 15 Proprietary Limited	50%	-	-	2 064	-	-
					73 707	35 400	21 693

Galaxy Gaming and Entertainment Lydenburg Proprietary Limited and Niveus Invest 12 Proprietary Limited are classified as associates due to Niveus not being able to appoint 50% or more of the directors of the companies.

		Niveus Group					
		Group's interest			Carrying value		
		2017	2016	2015	2017	2016	2015
					R'000	R'000	R'000
5.	INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)						
	Equity interest						
	– Unlisted shares at cost less impairment				74 789	25 116	9 245
	– Interest in post-acquisition reserves				(1 082)	5 298	7 572
					73 707	30 414	16 817
	Loan						
	– Solamoya Processing Company Proprietary Limited				–	4 986	4 876
					73 707	35 400	21 693
	The loan is unsecured, interest-free and has no fixed terms of repayment.						
	<i>Reconciliation of investments in associates and joint ventures</i>						
	At the beginning of the year				35 400	21 696	15 272
	Disposal of interest				(5 418)		
	Share of net (losses)/profits of associates and joint ventures				(6 345)	(2 019)	1 474
	Dividends received from associates				–	(255)	(236)
	Change in control from associate to Subsidiary				–	(4 758)	–
	Acquisition of additional interest				55 088	21 029	6 648
	Impairment of investment in joint venture				(6 971)	(400)	(903)
	Loans advanced/(repaid)				1 953	110	(562)
					73 707	35 400	21 693
	The summarised financial information in respect of the Niveus Group's principal associates and joint ventures is set out below:						
	Total assets				141 573	100 656	76 591
	Total liabilities				(128 612)	(79 450)	(34 202)
	Net assets				12 961	21 206	42 389
	<i>Reconciliation to carrying amount</i>						
	Opening net assets – 1 April				21 206	42 389	35 980
	Associates and joint ventures acquired				(361)	(16 238)	3 343
	Associate acquired as Subsidiary				–	(1 412)	–
	(Loss)/profit for the year				(7 581)	(2 709)	3 906
	Associates and joint ventures disposed				(303)	–	
	Dividends declared				–	(824)	(840)
	Closing net assets – 31 March				12 961	21 206	42 389
	Group share of net assets of associates and joint ventures				(2 250)	2 432	12 439
	Loans to associates and joint ventures				66 272	19 759	
	Goodwill				9 685	8 223	4 378
	Carrying amount				73 707	30 414	16 817
	Revenue				148 839	134 743	117 833
	Group's share of associates' and joint ventures' (losses)/profits for the year				(6 345)	(2 019)	1 474
	Group's share of associates' and joint ventures' other comprehensive income				–	–	–

None of the Niveus Group's interests in associates and joint ventures are considered to be individually material.

	Interest			Company Carrying value		
	2017	2016	2015	2017 R'000	2016 R'000	2015 R'000
5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)						
<i>The following are the Company's principal associates and joint ventures, all incorporated in South Africa:</i>						
Niveus Invest 15 Proprietary Limited	50%	-	-	2 029	-	-
				2 029	-	-
Equity interest						
- Unlisted shares at cost less impairment				2 029	-	-
- Interest in post-acquisition reserves				-	-	-
				2 029	-	-
Reconciliation of investments in associates and joint ventures						
At the beginning of the year				-	-	-
Loans advanced				2 029	-	-
				2 029	-	-
The summarised financial information in respect of the Company's principal associates and joint ventures is set out below:						
<i>Reconciliation to carrying amount</i>						
Opening net assets – 1 April				-	-	-
Closing net assets – 31 March				-	-	-
Group share of net assets of associates and joint ventures				-	-	-
Loans to associates and joint ventures				2 029	-	-
Goodwill				-	-	-
Carrying amount				2 029	-	-

None of the Company's interests in associates and joint ventures are considered to be individually material.

	Country of incorporation	Ownership Interest held			Company			
		2017	2016	2015	2017 R'000	2016 R'000	2015 R'000	
6.	INVESTMENTS IN SUBSIDIARIES							
6.1	<i>COMPOSITION OF THE NIVEUS GROUP (MATERIAL SUBSIDIARIES)</i>							
	<i>Shares</i>							
	Niveus AG	Switzerland	100%	100%	100%	60 124	60 124	60 124
	Galaxy Gaming and Entertainment Proprietary Limited	South Africa	-	100%	100%	-	-	-
	Niveus Invest 19 Limited	South Africa	100%	-	-	4 600 000	-	-
	Niveus Invest 1 Proprietary Limited	South Africa	-	100%	100%	-	-	-
	Niveus-La Concorde Proprietary Limited	South Africa	100%	100%	100%	1	1	1
	Vukani Gaming Corporation Proprietary Limited	South Africa	-	100%	100%	-	5 107	5 107
						4 660 125	65 232	65 232
	<i>Loans to Subsidiaries</i>							
	- Amount receivable					543 789	921 150	801 068
	- Allowance for impairment					(76 026)	(238 405)	(177 565)
	<i>Loans from Subsidiaries</i>							
	- Amount payable					-	(171 338)	(20 294)
						5 127 897	576 639	668 441
	Non-current assets							
						5 127 897	747 977	688 735
	Current liabilities							
						-	(171 338)	(20 294)
						5 127 897	576 639	668 441

These loans are unsecured, interest-free and have no fixed terms of repayment, with the exception of the loans to Niveus Invest 3 Proprietary Limited and Niveus Invest 9 Proprietary Limited, which bear interest at the Prime Rate plus 2% (2016: Prime Rate plus 2%; 2015: Prime Rate plus 2%).

Previously these loans were unsecured, interest-free and payable on demand, with the exception of the loans with Galaxy Gaming Eastern Cape Proprietary Limited, Bingo Vision Proprietary Limited, Niveus Invest 1 Proprietary Limited, Niveus Invest 3 Proprietary Limited and Niveus Invest 9 Proprietary Limited, which bore interest at prime plus 2% (2015: prime plus 2%) and Vukani Gaming Corporation Proprietary Limited, which bore interest at the three-month JIBAR plus a margin of 2.9% (2015: three-month JIBAR plus a margin of 2.9%) per annum.

Loans to Subsidiaries amounting to R76 026 000 (2016: R238 405 000; 2015: R177 565 000) have been subordinated in favour of other creditors, until such time as the Subsidiaries' assets, fairly valued, exceed its liabilities, or 1 April 2018.

Details of loans to and from Subsidiaries are set out in note 29.2.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST

The Niveus Group includes the following Subsidiary with material non-controlling interest (NCI):

Name	Proportion of NCI ownership			Profit/(loss) allocated to NCI			Accumulated NCI		
	2017	2016	2015	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
La Concorde Holdings Limited	42.4%	42.87%	42.87%	(123 757)	10 315	19 046	597 456	728 114	717 837

Set out below is the summarised financial information for the Subsidiary that has a material non-controlling interest. Disclosed amounts are before inter-company eliminations.

	2017 R'000	2016 R'000	2015 R'000
<i>Non-current assets</i>	636 760	754 765	743 760
Current assets	803 514	1 314 254	1 320 089
Total assets	1 440 274	2 069 019	2 063 849
<i>Non-current liabilities</i>	20 530	140 182	120 517
Current liabilities	10 661	230 415	268 887
Total liabilities	31 191	370 597	389 404
Equity attributable to equity holders of the parent	811 627	970 308	956 608
Non-controlling interest	597 456	728 114	717 837
Revenue	572 243	1 224 214	1 155 385
(Loss)/profit for the year attributable to equity holders of the parent	(165 574)	13 747	25 198
(Loss)/profit for the year attributable to non-controlling interest	(123 757)	10 315	19 046
Other comprehensive income attributable to equity holders of the parent	-	(48)	30
Other comprehensive income attributable to non-controlling interest	-	(38)	22
Total comprehensive (loss)/income for the year	(289 331)	23 976	44 296
Cash flows from operating activities	46 585	3 353	(20 555)
Cash flows from investing activities	496 567	(46 128)	(35 603)
Cash flows from financing activities	4 436	16 395	-
Net cash flow	547 588	(26 380)	(56 158)

La Concorde Holdings Limited's figures include acquisition accounting entries.

Niveus Group

	2017 R'000	2016 Restated R'000	2015 R'000
7. DEFERRED TAX			
<i>Movements in deferred taxation</i>			
At beginning of the year	(104 360)	(103 600)	(89 633)
Charge to statement of profit or loss	49 476	(2 209)	(15 084)
Accelerated tax allowances	39 009	(1 319)	1 015
Provisions and accruals	(9 371)	(5 973)	(19)
Prepayments	(321)	(441)	(77)
Share based payment	1 546	–	–
Assets revaluations	22 929	9 109	–
Finance leases	(56)	(30)	53
Assessed losses	(4 217)	(3 884)	(16 143)
Straight-lining of leases	(43)	329	87
Recognised directly in equity – share-based payment accruals	2 107	1 449	1 117
Discontinued operations	59 680	–	–
At end of the year	6 903	(104 360)	(103 600)
<i>Analysis of deferred taxation</i>			
Accelerated tax allowances	(23 075)	(121 767)	(118 702)
Provisions and accruals	4 896	12 160	16 684
Prepayments	(924)	(603)	(163)
Assets revaluations	(818)	(23 748)	(34 602)
Finance leases	116	172	202
Assessed losses	24 387	28 607	32 491
Straight-lining of leases	775	819	490
Share based payment	1 546	–	–
	6 903	(104 360)	(103 600)
<i>Disclosed as follows:</i>			
Deferred taxation assets	28 251	25 650	16 991
Deferred taxation liabilities	(21 348)	(130 010)	(120 591)
	6 903	(104 360)	(103 600)

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
8. LOANS RECEIVABLE						
<i>Moody Blue Trade and Invest 124 Proprietary Limited</i>	2 768	2 768	2 768	-	-	-
The loan receivable is unsecured, interest-free and repayable through the offset of dividends declared by Vukani Gaming Gauteng Proprietary Limited.						
<i>Tuffsan Investments 1019 Proprietary Limited</i>	871	1 071	1 294	-	-	-
The loan receivable is unsecured, interest-free and repayable through the offset of dividends declared by Vukani Gaming Limpopo Proprietary Limited.						
<i>K2013049718 Proprietary Limited</i>	-	-	-	-	-	-
The loan receivable of R4.35 million is unsecured, bears interest at prime and is repayable on demand. The full loan balance was impaired at 31 March 2016.						
<i>Unsecured loans</i>						
The loans receivable are unsecured, interest-free, and repayable in monthly instalments of R230 000.	14 439	5 983	1 500	-	-	-
The loans receivable are unsecured, interest-free and payable on demand.	300	4 330	-	300	4 330	-
<i>The Bridge Grill Proprietary Limited</i>	14 079	12 567	8 480	-	-	-
The loan receivable is unsecured, interest-free and payable on demand.						
<i>Nivest Invest 4 Proprietary Limited</i>	2 817	35	35	-	-	-
The loan receivable is unsecured, interest-free and payable on demand.						
<i>Galaxy Gaming Limpopo Proprietary Limited</i>	-	416	-	-	-	-
The loan is unsecured, interest free and has no fixed terms of repayment. As at year-end R360 618 was subordinated.						
<i>Euro Blitz 1129 CC</i>	12	12	-	-	-	-
The loan is unsecured, interest free and has no fixed terms of repayment.						
<i>Blue Alley Trading 103 Proprietary Limited</i>	200	-	-	-	-	-
The loan is unsecured, interest free and has no fixed terms of repayment.						
<i>Promissory Notes</i>	630 967	-	-	-	-	-
On 14 October 2016, R575 million, approximately 50% of the purchase consideration for the sale of the KVV operational assets was paid by The buyer. The remainder of the purchase consideration is deferred and will be settled in three instalments on 1 October 2017, 1 October 2018 and 1 October 2019. The instalments are secured by way of Investec Bank payment obligations that carry interest at 8.5%, compounded annually.						
The following entities were acquired during the year, with the loans eliminating on consolidation:						
<i>Red Stripe Trading 107 Proprietary Limited</i>	-	-	5 968	-	-	-
<i>The Glen Restaurant Proprietary Limited</i>	-	-	2 261	-	-	-
	666 453	27 182	22 306	300	4 330	-
Less: Current portion of loans receivable	(218 947)	(2 839)	(17 944)	(300)	(229)	-
	447 506	24 343	4 362	-	4 101	-

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
10. TRADE AND OTHER RECEIVABLES						
Trade receivables	41 422	249 592	222 400	14 451	23	11 324
Trade receivables – Allowance for impairment	(6 944)	(9 711)	(10 623)	–	–	–
Net trade receivables	34 478	239 881	211 777	14 451	23	11 324
Short-term loans	87 462	57 240	50 848	–	–	–
Short-term loans – Allowance for impairment	(28 912)	(26 904)	(21 026)	–	–	–
Net short-term loans	58 550	30 336	29 822	–	–	–
Prepayments	16 203	15 292	18 329	191	179	193
Deposits and guarantees	3 247	26 620	23 240	–	–	–
Other receivables	5 865	7 504	12 426	–	–	4
Value-added taxation	4 247	8 509	24 569	–	–	–
	122 590	328 142	320 163	14 642	202	11 521

Fair value of trade and other receivables

The carrying value approximates fair value due to the short period to maturity of these instruments.

The short-term loans are unsecured, interest-free and repayable in weekly instalments over periods ranging from 4 to 52 weeks.

Trade receivables and short-term loans past due but not impaired

At 31 March 2017, trade receivables and short-term loans of R5.4 million (2016: R10.8 million; 2015: R10.7 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The aging of these trade receivables and short-term loans is as follows:

Amounts in 7 to 21 days	520	41	347
Amounts in 21 to 28 days	19	7 197	5 081
Amounts in 28 to 36 days	897	–	122
Amounts in 36 days plus	3 960	3 584	5 152
	5 396	10 822	10 702

Impairment of trade receivables and short-term loans

At 31 March 2017, trade receivables of R 6.9 million (2016: R9.7 million; 2015: R10.6 million) and short-term loans of R28.9 million (2016: R26.9 million; 2015: R21 million) were impaired. Impaired trade receivables and short-term loans relate to debtors that have been handed over to attorneys for collection and certain debtors that have been outstanding for longer than the agreed credit terms.

Movements on the allowance for impairment of trade receivables and short-term loans are as follows:

At beginning of the year	36 615	31 649	20 118
Impairments recognised in profit and loss	2 645	6 981	14 049
Allowance utilised	(3 404)	(2 015)	(2 518)
At end of the year	35 856	36 615	31 649

For both trade and other receivables, the creation and release of allowance for impaired receivables have been included in other operating expenses and income in the statement of profit or loss. Amounts charged to the allowance account are written off when there is no expectation of recovery.

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
10. TRADE AND OTHER RECEIVABLES (CONTINUED)						
<i>The carrying amounts of the Niveus Group's trade and other receivables are denominated in the following currencies:</i>						
SA rand	122 271	198 978	230 573	14 642	202	11 521
US dollar	-	89 196	13 725	-	-	-
Euro	72	1 176	60 021	-	-	-
British pound	-	8 691	3 105	-	-	-
Canadian dollar	-	8 169	4 922	-	-	-
Japan yen	-	3 390	6 958	-	-	-
Swiss franc	247	18 542	859	-	-	-
	122 590	328 142	320 163	14 642	202	11 521

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as shown above.

	Niveus Group			
	Impaired R'000	Past due, but not impaired R'000	Fully performing R'000	Total R'000
Credit risk				
Trade receivables and short-term loans: 2017				
Gross amounts owing	35 856	5 396	87 632	128 884
Less: Allowance for impairment	(35 856)	-	-	(35 856)
Net amount owing	-	5 396	87 632	93 028
Credit insurance for amounts owing	-	-	-	-
Unsecured debt/Exposure to credit risk	-	5 396	87 632	93 028
Credit rating on unsecured debt:				
B: Good for the amount quoted	-	5 396	87 632	93 028
Trade receivables and short-term loans: 2016				
Gross amounts owing	36 615	10 822	259 395	306 832
Less: Allowance for impairment	(36 615)	-	-	(36 615)
Net amount owing	-	10 822	259 395	270 217
Credit insurance for amounts owing	-	(7 640)	(187 662)	(195 302)
Unsecured debt/Exposure to credit risk	-	3 182	71 733	74 915
Credit rating on unsecured debt:				
Ba: Capable of meeting normal commitments	-	810	5 741	6 551
B: Good for the amount quoted	-	1 678	57 450	59 128
C: Good for the amount quoted – if strictly in the way of business	-	694	8 542	9 236
Trade receivables and short-term loans: 2015				
Gross amounts owing	31 649	10 702	230 897	273 248
Less: Allowance for impairment	(31 649)	-	-	(31 649)
Net amount owing	-	10 702	230 897	241 599
Credit insurance for amounts owing	-	(7 586)	(176 807)	(184 393)
Unsecured debt/Exposure to credit risk	-	3 116	54 090	57 206
Credit rating on unsecured debt:				
Ba: Capable of meeting normal commitments	-	937	3 855	4 792
B: Good for the amount quoted	-	1 079	46 441	47 520
C: Good for the amount quoted – if strictly in the way of business	-	1 100	3 794	4 894

		Company			
		Impaired R'000	Past due, but not impaired R'000	Fully performing R'000	Total R'000
10.	TRADE AND OTHER RECEIVABLES <i>(CONTINUED)</i>				
	Credit risk				
	Trade receivables: 2017				
	Gross amounts owing	-	-	14 451	14 451
	Less: Allowance for impairment	-	-	-	-
	Net amount owing	-	-	14 451	14 451
	Credit insurance for amounts owing	-	-	-	-
	Unsecured debt/Exposure to credit risk	-	-	14 451	14 451
	Credit rating on unsecured debt:	-	-	14 451	14 451
	B: Good for the amount quoted	-	-	14 451	14 451
	Trade receivables: 2016				
	Gross amounts owing	-	-	23	23
	Less: Allowance for impairment	-	-	-	-
	Net amount owing	-	-	23	23
	Credit insurance for amounts owing	-	-	-	-
	Unsecured debt/Exposure to credit risk	-	-	23	23
	Credit rating on unsecured debt:	-	-	23	23
	B: Good for the amount quoted	-	-	23	23
	Trade receivables: 2015				
	Gross amounts owing	-	-	11 324	11 324
	Less: Allowance for impairment	-	-	-	-
	Net amount owing	-	-	11 324	11 324
	Credit insurance for amounts owing	-	-	-	-
	Unsecured debt/Exposure to credit risk	-	-	11 324	11 324
	Credit rating on unsecured debt:	-	-	11 324	11 324
	B: Good for the amount quoted	-	-	11 324	11 324

		Niveus Group and Niveus					
		2017 Number of shares '000	2016 Number of shares '000	2015 Number of shares '000	2017 Stated capital R'000	2016 Stated capital R'000	2015 Stated capital R'000
11.	STATED CAPITAL						
	<i>Authorised</i>						
	Ordinary shares of no par value	500 000	500 000	500 000	-	-	-
	<i>Issued</i>						
	In issue in Company at year-end	119 163	119 163	116 957	925 399	925 399	867 756
	Details of the issued stated capital and changes during current and prior the year are as follows:						
	At beginning of the year	119 163	116 957	115 512	925 399	867 756	837 002
	Capitalisation issued in respect of dividend declared	-	-	1 445	-	-	30 754
	Shares issued in respect of share options exercised	-	456	-	-	12 493	-
	Shares issued in respect of specific issue	-	1 750	-	-	45 150	-
	At end of the year	119 163	119 163	116 957	925 399	925 399	867 756

Details of options over shares are set out in Note 27.

The unissued shares are under the control of the directors until the next annual general meeting.

	FCTR R'000	General reserve R'000	Common control reserve R'000	Equity reserve R'000	Share- based payment reserve R'000	Total R'000
12. OTHER RESERVES						
Niveus Group 2017						
At beginning of the year	28 688	307	(84 881)	799	8 904	(46 183)
Equity-settled share-based payments	-	-	-	-	7 304	7 304
Exchange differences on translation of foreign Subsidiaries	(20 725)	-	-	-	-	(20 725)
Transfers from/(to) accumulated profits	-	-	-	(799)	(5 585)	(6 384)
At end of the year	7 963	307	(84 881)	-	10 623	(65 988)
Niveus Group 2016						
At beginning of the year	4 761	-	(84 881)	577	9 327	(70 216)
Equity-settled share-based payments	-	-	-	-	7 278	7 278
Exchange differences on translation of foreign Subsidiaries	23 927	-	-	-	-	23 927
Transfers from/(to) accumulated profits	-	307	-	222	(7 701)	(7 172)
At end of the year	28 688	307	(84 881)	799	8 904	(46 183)
Niveus Group 2015						
At beginning of the year	2 453	-	(84 881)	(190)	5 647	(76 971)
Equity-settled share-based payments	-	-	-	-	6 194	6 194
Exchange differences on translation of foreign Subsidiaries	2 744	-	-	-	-	2 744
Transfers from accumulated profits	(451)	-	-	767	(2 514)	(2 198)
Effects of changes in holding	15	-	-	-	-	15
At end of the year	4 761	-	(84 881)	577	9 327	(70 216)
Company 2017						
At beginning of the year					4 202	4 202
Equity-settled share-based payments					2 984	2 984
Transfer to retained earnings					(2 853)	(2 853)
At end of the year					4 333	4 333
Company 2016						
At beginning of the year					3 966	3 966
Equity-settled share-based payments					2 934	2 934
Transfer to retained earnings					(2 698)	(2 698)
At end of the year					4 202	4 202
Company 2015						
At beginning of the year					3 321	3 321
Equity-settled share-based payments					3 159	3 159
Transfer to retained earnings					(2 514)	(2 514)
At end of the year					3 966	3 966

Niveus Group

	2017 R'000	2016 R'000	2015 R'000
13. BORROWINGS			
<i>Bank borrowings</i>			
Capital and capitalised commitment fee	243 766	305 148	273 929
Interest capitalised	996	5 586	4 862
Unamortised raising fee	(627)	136	(304)
	244 135	310 870	278 487
Current portion of borrowings	(38 512)	(217 887)	(17 454)
	205 623	92 983	261 033
Secured	244 135	310 870	278 487

A loan facility of R185 million was obtained from Investec Bank Limited on 19 December 2011. The facility was fully settled on 19 December 2016. The facility bore interest at the three-month Johannesburg Interbank Agreed Rate (JIBAR) plus a margin of 2.6% (2015: 2.6%) Interest was payable semi-annually in arrears. The loan/facility was secured by a R185 million guarantee from the Company's ultimate holding company, Hosken Consolidated Investments Limited.

A loan facility of R215 million was obtained from FirstRand Bank Limited on 8 August 2014. The facility bore interest at the three-month JIBAR plus a margin of 2.9% (2015: 2.9%.) Interest was payable quarterly in arrears. The loan amount was repayable in equal quarterly payments. This loan facility was settled in full and replaced on 19 December 2016 by the two facilities entered into with FirstRand Bank Limited and Sanlam Life Insurance Limited as described below. The same security was provided for these new loans

A loan facility of R103 million was obtained from FirstRand Bank Limited on 15 December 2016. The facility bears interest at the three month JIBAR plus a margin of 2.9%. FirstRand is entitled to adjust the margin for capital adequacy, reserve assets or similar requirements pursuant to any changes to the application or interpretation of any law or regulation including the International Convergence of Capital Measurements and Capital Standards or any similar regulation. The interest payable under the facility is calculated on a daily basis and compounded monthly. The facility and interest thereon is payable on the following basis:

- 1) Interest is payable quarterly in arrears, with the first payment date being 15 March 2017.
- 2) Capital repayments on the facility will take place through 11 equal quarterly capital payments of R9.4 million, commencing on 15 March 2017.

A loan facility of R167 million was obtained from FirstRand Bank Limited and Sanlam Life Insurance Limited on 15 December 2016. The facility bears interest at the three month JIBAR plus a margin of 2.75%. Previously a loan facility of R215 million was obtained from FirstRand Bank Limited on 8 August 2014.

FirstRand is entitled to adjust the margin for capital adequacy, reserve assets or similar requirements pursuant to any changes to the application or interpretation of any law or regulation including the International Convergence of Capital Measurements and Capital Standards or any similar regulation. The interest payable under the facility is calculated on a daily basis and compounded monthly. The facility and interest thereon is payable on the following basis:

- 1) Interest is payable quarterly in arrears, with the first payment date being 15 March 2017.
- 2) The capital amount will be repaid with a bullet payment of R167 million during December 2021.

The investment in La Concorde Holdings Limited is pledged as security for both facilities.

Guarantees are provided jointly and severally by the following companies for both facilities:

Niveus Investments Limited
Niveus – La Concorde Holdings Proprietary Limited
The Marco Polo Gaming Proprietary Limited
Metro Bingo (Johannesburg) Proprietary Limited
Galaxy Bingo Developments Proprietary Limited
Bingo Vision Proprietary Limited
Vukani Gaming Corporation Proprietary Limited
Vukani Gaming Mpumalanga Proprietary Limited
Vukani Gaming KwaZulu-Natal Proprietary Limited
Vukani Gaming Western Cape Proprietary Limited
Luck at It KwaZulu-Natal Proprietary Limited

As at 31 March, the carrying value of borrowings approximates their fair value.

Maturity of these borrowings is as follows:

Due within one year	38 512	217 887	17 454
Due within two to five years	205 623	92 983	261 033
	244 135	310 870	278 487

Weighted average effective interest rates	10.17%	9.06%	8.75%
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	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
14. FINANCE LEASE LIABILITIES						
Due within one year	545	1 429	2 291			
Less future finance charges	(13)	(30)	(60)			
Present value of finance lease liabilities	532	1 399	2 231			
Due within one year	532	1 399	2 231			
Included in financial statements as:						
Current	532	1 399	2 231			
Non-current	-	-	-			
	532	1 399	2 231			

Finance leases were entered into with Fleet Africa Proprietary Limited during the 2013 financial year, and amended in subsequent years, by one of Niveus' Subsidiaries. The average lease term of the finance lease contracts is three years and the effective borrowing rate is 10.5% (2016: 10.5%; 2015: 9%) per annum. The obligations under the finance leases are secured by the motor vehicles. The carrying amount of the motor vehicles purchased under the finance lease is R544 000 (2016: R1.4 million; 2015: R2 million). Refer to note 1 for further details. The monthly repayment amounts to R162 062 (2016: R390 811; 2015: R400 800).

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
15. TRADE AND OTHER PAYABLES						
Trade creditors	137 940	250 072	233 546	5 813	6 176	35 797
Short-term loans	8 582	4 612	4 008	-	-	-
Payroll accruals	8 092	14 725	16 865	-	-	184
Other accruals	46 662	62 972	64 044	31 018	7 326	4 269
Excise duty	-	45 422	124 654	-	-	-
Value-added taxation	5 434	5 525	7 295	2 294	1 560	235
	206 710	383 328	450 412	39 125	15 062	40 485
Non-current portion of accruals	-	(6 932)	(5 823)	-	(6 932)	(3 457)
	206 710	376 396	444 589	39 125	8 130	37 028

Fair value of trade and other payables

The carrying value approximates fair value due to the short period to settlement of these obligations.

16. COMMITMENTS						
<i>Operating lease arrangements where the Niveus Group is a lessee:</i>						
Future operating lease charges for premises:						
- Payable within one year	30 870	30 914	31 024			
- Payable within two to five years	66 092	87 966	94 704			
- Payable after five years	10 982	9 259	3 046			
	107 944	128 139	128 774			
<i>Capital expenditure</i>						
Authorised by directors but not yet contracted for:						
- Property, plant and equipment	209 878	123 837	166 223			
Authorised by directors and contracted to be expended:						
- Property, plant and equipment	30 278	107 633	54 962			

It is intended that this expenditure will be funded from bank finance and operating cash flows.

	Niveus Group			Niveus		
	2017 R'000	2016 Restated R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
17. REVENUE						
Sale of goods	85 330	72 797	1 204 323	-	-	-
Machine rental	1 309	2 144	1 025	-	-	-
	86 639	74 941	1 205 348	-	-	-
18. INVESTMENT INCOME						
<i>Dividends</i>						
Subsidiaries	-	-	-	140 000	-	180 000
<i>Interest</i>						
Subsidiaries	-	-	-	29 651	29 352	16 607
Financial institutions	54 073	3 969	5 801	485	412	324
	54 073	3 969	5 801	30 136	29 764	16 931
	54 073	3 969	5 801	170 136	29 764	196 931
19. STAFF COSTS						
Salaries and wages	158 777	137 476	280 136	-	-	-
Retirement benefits – defined contribution	6 333	19 570	19 144	-	-	-
Share-based payments	12 850	4 702	3 863	-	-	-
	177 960	161 748	303 143	-	-	-
20. FINANCE COSTS						
Bank loans and finance leases	30 332	29 977	24 211	-	-	-
Subsidiaries	-	-	-	12 850	12 378	6 235
Other	-	-	6	-	-	-
	30 332	29 977	24 217	12 850	12 378	6 235
21. PROFIT/(LOSS) BEFORE TAXATION						
The following items have been included in arriving at profit/(loss) before taxation:						
Consultancy fees	13 182	6 802	11 361	-	1 770	580
Depreciation, amortisation and asset impairments	128 992	140 385	134 657	-	-	-
Fair value adjustment on investment property	(404)	-	-	-	-	-
Foreign currency gains	(4 230)	-	(31 318)	-	-	-
Foreign currency losses	1 307	8 104	38	-	-	-
Gaming levies	201 746	178 652	157 683	-	-	-
Impairment of goodwill	3 958	8 190	-	-	-	-
Impairment of investment in joint venture	6 971	-	903	-	-	-
Impairment of loan receivables	702	397	6 998	480	397	3 955
Impairment of loans to Subsidiaries	-	-	-	(162 377)	60 840	93 461
Impairment of trade receivables – charged to allowance	3 933	4 966	11 531	-	-	-
(Gain)/loss on disposal of Subsidiary	(6 074)	6 781	-	(4 281 510)	-	-
Management fee buy-out	-	45 150	-	-	-	-
Operating lease charges						
– Plant and equipment	181	-	5 009	-	-	-
– Premises	40 920	46 071	40 949	-	-	42
Operating lease income	(5 345)	(4 941)	(3 908)	-	-	-
(Profit)/loss on disposal of property, plant and equipment	(519)	1 622	76	-	-	-
Raw materials and consumables	34 281	-	784 492	-	-	-
Remeasurement of remaining investment in associate	-	1 094	-	-	-	-
Repairs and maintenance	7 903	18 360	22 378	-	-	-
Staff costs	177 960	161 748	303 143	6 647	-	-
VAT on net gaming win	140 656	117 684	102 917	-	-	-

	Niveus Group			Niveus		
	2017 R'000	2016 Restated R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
22. TAXATION						
Continuing operations						
Current normal tax	60 535	48 321	59 046	-	-	-
Current normal tax – Under-/ (over)provision prior years	29	255	(804)	-	180	-
Deferred tax	10 776	1 571	15 153	-	-	-
Deferred tax – Under-/ (over) provision prior years	-	-	(69)	-	-	-
Total tax charge as per statement of profit and loss	71 340	50 147	73 326	-	180	-
Discontinued operations						
Current normal tax	19 145	11 460	-	-	-	-
Deferred tax	(122 171)	-	-	-	-	-
Total tax charge as per note 32	(103 026)	11 460	-	-	180	-
	(31 686)	61 607	73 326	-	180	-

Various Subsidiaries have incurred operating losses, which resulted in losses for tax purposes. Deferred tax assets have not been raised unless it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Assessed losses for tax purposes available for set-off against future taxable income for which deferred tax assets have not been raised at 28%:

- Normal tax	292 690	361 784	212 169	30 997	45 254	-
Tax relief at current rates:						
- Normal tax	82 183	101 524	59 561	8 679	12 671	-
<i>Reconciliation of tax rate</i>	%	%	%	%	%	%
Normal tax rate	28.0	28.0	28.0	28.0	28.0	28.0
Adjustment for foreign taxation	8.9	(4.8)	(1.7)	-	-	-
Capital losses and non- deductible expenses	(17.5)	10.7	6.0	(0.2)	(23.5)	35.8
Change in capital gains tax rate	-	1.5	-	-	-	-
Capital gains tax rate	(1.4)	-	-	-	-	-
Deferred tax not raised on losses	(8.8)	31.4	19.7	-	(12.9)	2.1
Losses/(income) from associates and joint ventures	(1.3)	0.5	(0.3)	-	-	-
Non-taxable income	0.7	(1.8)	(0.2)	(28.1)	8.4	(65.9)
Prior year charges	0.7	0.3	(0.5)	-	(0.2)	-
Raising of deferred tax assets not previously raised and utilising of tax losses	10.7	(13.7)	(7.2)	(0.1)	-	-
Effective rate	20.0	52.1	43.8	(0.0)	(0.2)	-
Profit before tax from continuing operations	271 147	83 639				
(Loss)/profit before tax from discontinued operations	(429 280)	34 575				
Total profit before tax	(158 133)	118 214				
Total tax from continuing and discontinued operations	(31 686)	61 607				
Effective tax rate	20.0%	52.1%				

		2017 Number of shares '000	2016 Number of shares '000	2015 Number of shares '000
23.	EARNINGS PER SHARE			
23.1	WEIGHTED AVERAGE NUMBER OF SHARES			
	Basic earnings	119 163	118 133	116 402
	Adjustment for:			
	Share options	746	257	1 965
	Used in the calculation of diluted earnings per share	119 909	118 390	118 367
		2017 cents	2016 cents	2015 cents
	Headline earnings per share	179.2	58.6	72.4
	– Continuing operations	155.3	47.1	72.4
	– Discontinued operations	23.9	11.5	–
	Diluted headline earnings per share	178.1	58.5	71.2
	– Continuing operations	154.4	47.0	71.2
	– Discontinued operations	23.7	11.5	–

		2017		2016		2015	
		Gross R'000	Net R'000	Gross R'000	Net R'000	Gross R'000	Net R'000
23.2	RECONCILIATION OF HEADLINE EARNINGS						
	Continuing operations						
	Earnings attributable to equity holders of the parent		178 874		33 614		80 286
	IAS 12 Change in tax rate	–	–	1 295	740	–	–
	IAS 16 (Gains)/losses on disposal of plant and equipment	(322)	(228)	(638)	(457)	76	(37)
	IAS 16 Impairment of assets	3 749	2 161	7 927	5 674	4 837	3 585
	IAS 27 (Gain)/loss from disposal of subsidiaries	(6 074)	(4 252)	6 781	6 781	–	–
	IAS 28 Impairment of investment in joint venture	–	–	–	–	903	419
	IAS 28 Impairment of investment in associate	6 971	4 880	–	–	–	–
	IAS 36 Impairment of goodwill	3 958	3 958	8 190	8 190	–	–
	IAS 40 Fair adjustment to investment property	(403)	(313)	–	–	–	–
	IFRS 3 Fair value adjustment of remaining investment	–	–	1 094	1 094	–	–
			185 080		55 636		84 253
	Discontinued operations						
	Earnings attributable to equity holders of the parent						
	(Loss)/profit attributable to equity holders of the parent		(188 028)	–	11 107	–	–
	IAS 12 Change in tax rate	–	–	452	258	–	–
	IAS 16 (Gains)/losses on disposal of plant and equipment	(197)	(81)	2 260	930	–	–
	IAS 16 Impairment of assets	–	–	1 457	1 093	–	–
	IAS 28 Impairment of investment in joint venture	85	49	400	177	–	–
	Loss on disposal of operating assets of KVV	503 629	216 485	–	–	–	–
			28 425		13 565		–

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
24. NOTES TO THE STATEMENTS OF CASH FLOWS						
24.1 CASH GENERATED BY/(UTILISED IN) OPERATIONS						
Profit/(loss) after taxation for the year	(126 448)	56 607	94 008	4 583 297	(98 640)	76 449
Taxation	(31 686)	61 607	73 326	–	180	–
Investment income	(54 484)	(5 874)	(5 801)	–	(29 764)	(196 931)
Depreciation, amortisation and asset impairments	134 204	173 550	134 657	(170 136)	–	–
Loss/(profit) on disposal of property, plant and equipment	(1 150)	1 622	76	–	–	–
(Gain)/loss on disposal of Subsidiary	(6 074)	6 781	–	(4 281 510)	–	–
Equity-accounted profits of associates and joint ventures	6 345	2 019	(1 474)	–	–	–
Unrealised foreign exchange differences	(48 798)	35 123	(20 148)	–	–	–
Fair value adjustment on investment property	(403)	–	–	–	–	–
Government grant recognised in profit or loss	(12 775)	(3 620)	–	–	–	–
Movement in operating lease equalisation liability	(861)	940	2 341	–	–	–
Impairment of goodwill	3 958	8 190	–	–	–	–
Impairment of investment in joint venture	7 056	400	903	–	–	–
Impairment of loan receivables	702	397	6 998	480	397	3 955
Impairment of trade receivables – movement in allowance	–	4 966	11 531	–	–	–
Profit/loss on sale of Assets – discontinued operations	503 629	–	–	–	–	–
Re-measurement of remaining investment in associate	–	1 094	–	–	–	–
Share-based payment expense	18 320	11 139	10 479	26 721	2 934	3 159
Finance charges	31 020	31 609	24 217	12 850	12 378	6 235
Impairment of loans to Subsidiaries	–	–	–	(162 377)	60 840	93 461
	422 554	386 550	331 113	9 325	(51 676)	(13 672)
24.2 CHANGES IN WORKING CAPITAL						
(Increase)/decrease in inventory	(24 741)	4 821	(34 632)	–	–	–
Decrease/(increase) in trade and other receivables	32 589	23 391	(36 758)	(10 339)	23 808	(1 904)
Increase/(decrease) in trade and other payables	3 041	(163 824)	(61 640)	(13 210)	(25 422)	(3 268)
	10 889	(135 612)	(133 030)	(23 549)	(1 614)	(5 172)

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
24. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)						
24.3 TAXATION PAID						
(Unpaid)/receivable at beginning of the year	(4 860)	(8 489)	(1 624)	-	54	54
Charged to the statement of profit or loss	(60 564)	(48 576)	(58 242)	-	(180)	-
Charged to the statement of profit or loss – discontinued	(19 145)	(11 460)	-	-	-	-
Acquired through business combination	(2)	(2)	-	-	-	-
Unpaid/(receivable) at end of the year	16 391	4 860	8 489	-	-	(54)
	(68 180)	(63 667)	(51 377)	-	(126)	-
24.4 BUSINESS COMBINATIONS/ DISPOSALS OF SUBSIDIARIES						
24.4.1 ACQUISITIONS						
Property, plant and equipment	(455)	(6 584)	(683)	-	-	-
Intangible assets	-	(650)	-	-	-	-
Trade and other receivables	(544)	(2 263)	-	-	-	-
Inventory	-	(264)	(53)	-	-	-
Cash and cash equivalents	(466)	(2 131)	(435)	-	-	-
Trade and other payables	3 057	2 071	3 557	-	-	-
Other current liabilities	-	1 418	3 693	-	-	-
Loans with Niveus Group companies	4 790	13 680	3 049	-	-	-
Equity at acquisition	6 382	5 277	9 128	-	-	-
Non-controlling interest	(1 596)	812	-	-	-	-
Goodwill on acquisition	(7 458)	(15 846)	(10 630)	-	-	-
Cost of acquisition	(2 672)	(9 757)	(1 502)	-	-	-
Derecognition of fair value of associate	-	4 758	-	-	-	-
Deposit for share previously paid	2 672	-	-	-	-	-
Cash and cash equivalents at date of acquisition	466	2 131	435	-	-	-
Net cash inflow/(outflow)	466	(2 868)	(1 067)	-	-	-
24.4.2 DISPOSALS – NIVEUS GROUP						
Net assets disposed of	(6 074)	(3 849)	-	-	-	-
Goodwill	-	10 630	-	-	-	-
Gain/(loss) on disposal of Subsidiary	6 074	(6 781)	-	-	-	-
Less: Cash and cash equivalents disposed of	-	(449)	(1 227)	-	-	-
Net cash outflow	-	(449)	(1 227)	-	-	-

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
24. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)						
24.4 BUSINESS COMBINATIONS/ DISPOSALS OF SUBSIDIARIES (continued)						
24.4.3 DISPOSALS – COMPANY						
Proceeds on disposal of shares	-	-	-	4 286 616	-	-
Investment in Niveus Invest 19 Limited	-	-	-	11 461	-	-
Loan accounts	-	-	-	4 275 155	-	-
Vukani Gaming Corporation Proprietary Limited	-	-	-	3 140 699	-	-
Galaxy Gaming and Entertainment Proprietary Limited	-	-	-	1 090 693	-	-
Niveus Invest 1 Proprietary Limited	-	-	-	43 763	-	-
Cost of shares	-	-	-	(5 106)	-	-
Profit on sale of shares	-	-	-	4 281 510	-	-
24.5 CASH AND CASH EQUIVALENTS						
Bank balances and deposits	708 734	161 071	132 286	319	557	25

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

	2017		2016		2015	
	Direct and indirect beneficial		Direct and indirect beneficial		Direct and indirect beneficial	
	Number	Percentage holding %	Number	Percentage holding %	Number	Percentage holding %
25. DIRECTORS' INTEREST						
31 March						
<i>Executive directors</i>						
A van der Veen	870 559	0.7	870 559	0.7	870 559	0.8
MM Loftie-Eaton	196 941	0.2	196 941	0.2	140 659	0.1
<i>Non-executive directors</i>						
JA Copelyn	7 173 840	6.0	7 173 840	6.0	7 173 840	6.1
KI Mampeule	960 250	0.8	960 250	0.8	960 250	0.8
	9 201 590	7.7	9 201 590	7.7	9 145 308	7.8

No change occurred in the directors' interest from 31 March 2017 to the date of the approval of the annual financial statements other than noted in the directors' report.

	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
26. DIRECTORS' EMOLUMENTS							
Year ended 31 March 2017							
<i>Executive directors</i>							
A van der Veen	-	-	4 217	839	20 636	2 741	28 433
MM Loftie-Eaton	-	-	1 827	45	6 085	1 188	9 145
	-	-	6 044	884	26 721	3 929	37 578
<i>Non-executive directors</i>							
JA Copelyn	129	-	6 493	833	2 878	4 870	15 203
JG Ngocobo	129	392	-	-	-	-	521
LM Molefi	129	392	-	-	-	-	521
KI Mampeule	129	-	-	-	-	-	129
Y Shaik	129	-	3 355	-	-	2 181	5 665
Paid by Hosken Consolidated Investments Limited's Subsidiaries not in the Niveus Group	-	(784)	(9 848)	(833)	(2 878)	(7 051)	21 394
	645	-	6 044	884	26 721	3 929	38 223
Year ended 31 March 2016							
<i>Executive directors</i>							
A van der Veen	-	-	3 970	745	4 922	1 548	11 185
MM Loftie-Eaton	-	-	1 603	40	1 515	1 042	4 200
	-	-	5 573	785	6 437	2 590	15 385
<i>Non-executive directors</i>							
JA Copelyn	126	-	6 114	877	3 488	2 752	13 357
JG Ngocobo	126	369	-	-	-	-	495
LM Molefi	126	369	-	-	-	-	495
KI Mampeule	126	-	-	-	-	-	126
Y Shaik	126	-	3 159	-	1 212	1 232	5 729
Paid by Hosken Consolidated Investments Limited's Subsidiaries not in the Niveus Group	-	(738)	(9 273)	(877)	(4 700)	(3 984)	(19 572)
	630	-	5 573	785	6 437	2 590	16 015
Year ended 31 March 2015							
<i>Executive directors</i>							
A van der Veen	-	-	3 742	700	5 138	1 824	11 404
MM Loftie-Eaton	-	-	1 400	38	1 477	819	3 734
	-	-	5 142	738	6 615	2 643	15 138
<i>Non-executive directors</i>							
JA Copelyn	120	-	5 763	1 404	3 497	3 242	14 026
JG Ngocobo	120	347	-	-	-	-	467
LM Molefi	120	347	-	-	-	-	467
KI Mampeule	120	-	-	-	-	-	120
Y Shaik	120	-	2 978	-	1 157	9 995	14 250
Paid by Hosken Consolidated Investments Limited's Subsidiaries not in the Niveus Group	-	(694)	(8 741)	(1 404)	(4 654)	(13 237)	(28 730)
	600	-	5 142	738	6 615	2 643	15 738

Refer to note 27.1 for realised gains on share options exercised.

	Opening balance		Options granted		
	Number	Strike price	Number	Strike price	Vesting date
27. SHARE OPTIONS					
27.1 DIRECTORS					
Year ended 31 March 2017					
A van der Veen					
HCI shares	99 184	70.00			
Niveus shares [®]	471 878	14.38			
Niveus shares [®]	43 828	23.51			
Niveus shares [®]	414 795	22.18			
Niveus shares [®]	283 233	24.03			
Niveus shares [®]	–	–	244 962	33.73	10-Jan-20
JA Copelyn					
HCI shares	30 8571	70.00			
HCI shares	10 3607	118.06			
HCI shares	12 631	150.07			
HCI shares	72 864	135.99			
HCI shares	102 442	123.49			
HCI shares	–	–	123 956	117.03	26-Sep-19
MM Loftie-Eaton					
Niveus shares [®]	148 269	14.38			
Niveus shares [®]	87 416	23.51			
Niveus shares [®]	8 671	22.18			
Niveus shares [®]	51 344	26.88			
Niveus shares [®]	27 145	24.03			
Niveus shares [®]	–	–	89 825	33.73	10-Jan-20
Y Shaik					
HCI shares	39 695	125.02			
HCI shares	39 695	125.02			
HCI shares	39 696	125.02			
HCI shares	7 354	123.49			
HCI shares	–	–	8 369	117.03	26-Sep-19

[®] Share options may only be net equity-settled. The strike price reduces with the amount of dividend per share declared between grant date and exercise date.

Options exercised				Closing balance	
Number	Exercise date	Share price (R) on exercise date	Realised gain	Number	Strike price
				99 184	70.00
(471 878)	16-Jan-17	36.25	10 301 097	-	-
				43 828	23.51
				414 795	22.18
				283 233	24.03
				244 962	33.73
				308 571	70.00
(103 607)	27-Feb-17	134.10	2 842 920	-	-
				12 631	150.07
				72 864	135.99
				102 442	123.49
				123 956	117.03
(148 269)	16-Jan-17	36.25	3 236 712	-	-
				87 416	23.51
				8 671	22.18
				51 344	26.88
				27 145	24.03
				89 825	33.73
				39 695	125.02
				39 695	125.02
				39 696	125.02
				7 354	123.49
				8 369	117.03

	Opening balance		Options granted		
	Number	Strike price	Number	Strike price	Vesting date
27. SHARE OPTIONS					
27.1 <i>DIRECTORS</i>					
Year ended 31 March 2016					
<i>A van der Veen</i>					
HCI shares	99 184	70.00			
Niveus shares [®]	882 546	6.16			
Niveus shares [®]	471 878	14.38			
Niveus shares [®]	43 828	23.51			
Niveus shares [®]	414 795	22.18			
Niveus shares [®]	–	–	283 233	24.03	23-Sep-18
<i>JA Copelyn</i>					
HCI shares	308 571	70.00			
HCI shares	137 015	72.32			
HCI shares	136 471	77.24			
HCI shares	103 607	118.06			
HCI shares	12 631	150.07			
HCI shares	72 864	135.99			
HCI shares	–	–	102 442	123.49	27-Aug-18
<i>MM Loftie-Eaton</i>					
Niveus shares*	92 986	6.11			
Niveus shares [®]	106 757	6.11			
Niveus shares [®]	148 269	14.38			
Niveus shares [®]	87 416	23.51			
Niveus shares [®]	8 671	22.18			
Niveus shares [®]	–	–	51 344	26.88	23-Jun-18
Niveus shares [®]	–	–	27 145	24.03	23-Sep-18
<i>Y Shaik</i>					
HCI shares	39 695	125.02			
HCI shares	39 695	125.02			
HCI shares	39 696	125.02			
HCI shares	–	–	7 354	123.49	27-Aug-18

* Share options may be gross or net equity-settled. The share option price for purposes of calculating the number of shares is not limited to a maximum amount. The option strike price reduces by the amount of dividend declared per share between grant date and exercise date. A three-year interest-free loan is offered to settle the strike price.

® Share options may only be net equity-settled. The strike price reduces with the amount of dividend per share declared between grant date and exercise date.

Options exercised				Closing balance	
Number	Exercise date	Share price (R) on exercise date	Realised gain	Number	Strike price
(882 546)	23-Sep-15	26.70	10 599 377	99 184	70.00
				–	–
				471 878	14.38
				43 828	23.51
				414 795	22.18
				283 233	24.03
				308 571	70.00
(137 015)	10-Jun-15	157.73	13 186 386	–	–
(136 471)	24-Nov-15	134.78	9 234 991	–	–
				103 607	118.06
				12 631	150.07
				72 864	135.99
				102 442	123.49
(92 986)	17-Jun-15	28.48	2 281 876	–	–
(106 757)	23-Sep-15	26.70	1 287 489	–	–
				148 269	14.38
				87 416	23.51
				8 671	22.18
				51 344	26.88
				27 145	24.03
				39 695	125.02
				39 695	125.02
				39 696	125.02
				7 354	123.49

	Opening balance		Options granted		
	Number	Strike price	Number	Strike price	Vesting date
27.	SHARE OPTIONS (CONTINUED)				
27.1	<i>DIRECTORS (continued)</i>				
	Year ended 31 March 2015				
	<i>A van der Veen</i>				
	HCI shares	99 184	70.00		
	Niveus shares [®]	886 059	6.16		
	Niveus shares [®]	882 546	6.16		
	Niveus shares [®]	471 878	14.38		
	Niveus shares [®]	–	–	43 828	23.51 10-Sep-17
	Niveus shares [®]			414 795	22.18 31-Mar-18
	<i>JA Copelyn</i>				
	HCI shares	308 571	70.00		
	HCI shares	137 015	72.32		
	HCI shares	136 471	77.24		
	HCI shares	103 607	118.06		
	HCI shares	–	–	12 631	150.07 27-Aug-17
	HCI shares	–	–	72 864	135.99 18-Mar-18
	<i>MM Loftie-Eaton</i>				
	Niveus shares*	92 986	6.11		
	Niveus shares [®]	31 502	6.11		
	Niveus shares*	92 986	6.11		
	Niveus shares [®]	106 757	6.11		
	Niveus shares [®]	148 269	14.38		
	Niveus shares [®]	–	–	87 416	23.51 10-Sep-17
	Niveus shares [®]	–	–	8 671	22.18 31-Mar-18
	<i>Y Shaik</i>				
	HCI shares	–	–	39 695	125.02 19-Mar-17
	HCI shares	–	–	39 695	125.02 19-Mar-18
	HCI shares	–	–	39 696	125.02 19-Mar-19

* Share options may be gross or net equity-settled. The share option price for purposes of calculating the number of shares is not limited to a maximum amount. The option strike price reduces by the amount of dividend declared per share between grant date and exercise date. A three-year interest-free loan is offered to settle the strike price.

® Share options may only be net equity-settled. The strike price reduces with the amount of dividend per share declared between grant date and exercise date.

The HCI share options were granted by Hosken Consolidated Investments Limited for the services rendered to Hosken Consolidated Investments Limited. As a result no IFRS 2 cost is recognised in these financial statements.

Options exercised				Closing balance	
Number	Exercise date	Share price (R) on exercise date	Realised gain	Number	Strike price
				99 184	70.00
(886 059)	31-Mar-15	23.99	10 535 242	–	–
				882 546	6.16
				471 878	14.38
				43 828	23.51
				414 795	22.18
				308 571	70.00
				137 015	72.32
				136 471	77.24
				103 607	118.06
				12 631	150.07
				72 864	135.99
(92 986)	12-Aug-14	25.00	260 875	–	–
(31 502)	31-Mar-15	23.99	376 134	–	–
				92 986	6.11
				106 757	6.11
				148 269	14.38
				87 416	23.51
				8 671	22.18
				39 695	125.02
				39 695	125.02
				39 696	125.02

27. SHARE OPTIONS (CONTINUED)

27.1 DIRECTORS (continued)

The grant date fair value of the Niveus share options granted were determined using the Black-Scholes valuation model. The significant inputs into the model were the listed share price on grant date, volatility of 50.99% (2016: 52.00%; 2015: 52.31%) and an annual risk-free rate of 8.13% (2016: 7.99%; 2015: 7.39%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus shares were listed on the Johannesburg Stock Exchange in September 2012. The options have a vesting period of three years from grant date.

	2017 R'000	2016 R'000	2015 R'000
Niveus Group and Niveus			
Equity-settled share-based payment expense for the year	2 984	2 934	3 159

27.2 KEY PERSONNEL OF SUBSIDIARIES

The Niveus Group adopted the Niveus employee share scheme, a new share option scheme, approved by the Niveus Shareholders on 23 April 2013, in terms of which shares of Niveus are offered on a share option basis to participants, provided they remain in the Niveus Group's employment until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

	Number of share options		
	2017	2016	2015
Outstanding at the beginning of the year	1 697 590	2 111 517	1 642 576
Granted during the year	307 258	726 694	503 943
Vested and exercised during the year	(291 136)	(1 140 621)	-
Lapsed during the year	(368 122)	-	(35 002)
Outstanding at the end of the year	1 345 590	1 697 590	2 111 517

Share options outstanding at the end of the year have the following details:

Grant date	Vesting date	Expiry date	Strike price	Maximum exercise price	Number of share options		
					2017	2016	2015
10-Sep-12	10-Sep-15	10-Dec-15	7.12	17.52		-	1 140 621
11-Sep-12	10-Sep-16	10-Dec-16	7.12	23.65	-	96 666	96 666
12-Sep-12	10-Sep-17	10-Dec-17	7.12	31.93	53 334	96 666	96 666
10-Sep-13	10-Sep-16	10-Dec-16	15.30	37.64	-	273 621	273 621
01-Aug-14	01-Aug-17	01-Nov-17	24.26	59.68	25 000	58 333	58 333
01-Aug-14	01-Aug-18	01-Nov-18	24.26	80.57	25 000	58 333	58 333
01-Aug-14	01-Aug-19	01-Nov-19	24.26	108.77	25 000	58 334	58 334
10-Sep-14	10-Sep-17	10-Dec-17	23.51	57.84	227 180	302 819	302 819
16-Mar-15	16-Mar-18	16-Jun-18	22.99	56.56	26 124	26 124	26 124
22-May-15	22-May-18	22-Aug-18	23.64	58.16	212 735	236 068	-
22-May-15	22-May-19	22-Aug-19	23.64	78.52	20 000	43 333	-
22-May-15	22-May-20	22-Aug-20	23.64	106.00	20 000	43 334	-
23-Sep-15	23-Sep-18	23-Dec-18	24.03	59.12	403 959	403 959	-
10-Jan-17	10-Jan-20	10-Apr-20	33.73	82.99	257 633	-	-
10-Jan-17	10-Jan-21	10-Apr-21	33.73	112.04	24 812	-	-
10-Jan-17	10-Jan-22	10-Apr-22	33.73	151.25	24 813	-	-
					1 345 590	1 697 590	2 111 517

The grant date fair value of the share options granted were determined using the Black-Scholes valuation model. The significant inputs into the model were the listed share price on grant date, volatility of 50.99% (2016: 51.09%; 2015: 52.18%) and an annual risk-free rate of 8.13% (2016: 8.06%; 2015: 7.04%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since Niveus shares were listed on the Johannesburg Stock Exchange in September 2012.

Options vested and exercised during the year resulted in no shares being issued as the options were settled via cash.

The aggregate number of Niveus shares which may be utilised for the scheme is 10 500 000 of which 455 964 have been utilised since the adoption of the scheme.

	2017 R'000	2016 R'000	2015 R'000
Niveus Group			
Equity-settled share-based payment expense for the year	2 212	2 897	1 917

Niveus Group

28. SEGMENT INFORMATION

The following are the summarised results for the various reportable operating segments:

Revenue

	2017 R'000	2016 R'000	2015 R'000
Continuing operations	86 639	74 941	1 205 348
Gaming and entertainment	81 294	71 544	49 963
Property	5 345	3 397	–
Beverages	–	–	1 155 385

Discontinued operations	566 945	1 224 661	–
Beverages	566 898	1 224 214	–
Gaming and entertainment	47	447	–
	653 584	1 299 602	1 205 348

Net gaming win

Continuing operations

Gaming and entertainment	1 322 610	1 162 298	999 695
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Discontinued operations

Gaming and entertainment	4 000	4 469	–
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	1 326 610	1 166 767	999 695
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EBITDA

Continuing operations

Gaming and entertainment	441 409	354 449	266 064
Beverages	–	–	92 152
Head office	(47 054)	(79 220)	–
Other	–	–	(38 380)
Property	(7 160)	(7 766)	–

Discontinued operations

Beverages	81 725	75 111	–
Gaming and entertainment	(1 799)	(6 591)	–

	467 121	335 983	319 836
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Depreciation and amortisation

Continuing operations

Gaming and entertainment	122 865	132 458	129 820
Head office	120	28	–
Beverages	–	–	30 976
Other	–	–	7
Property	2 258	2 499	–

Discontinued operations

Beverages	3 911	29 982	–
Gaming and entertainment	1 301	1 726	–

	130 455	164 166	129 820
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Profit/(loss) before tax

Continuing operations

Gaming and entertainment	279 393	83 639	167 334
Beverages	–	–	61 678
Other	–	–	(21 620)
Head office	(44 610)	(76 975)	–
Property	36 364	(9 373)	–

Discontinued operations

Beverages	(426 177)	34 575	–
Gaming and entertainment	(3 103)	(9 767)	–

	(158 133)	118 214	167 334
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Niveus Group

	2017 R'000	2016 R'000	2015 R'000
28. SEGMENT INFORMATION (CONTINUED)			
Headline earnings			
Continuing operations	185 080	55 636	84 253
Gaming and entertainment	208 987	135 444	93 304
Head office	(43 990)	(76 304)	(36 009)
Beverages	-	-	26 958
Property	20 083	(3 504)	-
Discontinued operations	28 425	13 565	-
Beverages	31 528	20 150	-
Gaming and entertainment	(3 103)	(6 585)	-
	213 505	69 201	84 253
Assets			
Gaming and entertainment	811 637	823 536	719 442
Property/Beverages	1 016 290	2 068 626	2 063 702
Head office	550 227	85 803	69 617
	2 378 154	2 977 965	2 852 761
Liabilities			
Gaming and entertainment	439 195	511 258	436 996
Property/Beverages	31 168	370 373	389 123
Head office	23 577	15 836	40 997
	493 940	897 467	867 116
Fixed asset additions			
Gaming and entertainment	108 628	156 616	233 334
Property/Beverages	19 567	44 628	38 339
Head office	885	75	34
	129 080	201 319	271 707
Niveus Group revenue is attributable to the following geographical areas:			
Continuing operations	86 639	74 941	1 205 348
Republic of South Africa	83 964	73 244	708 239
Europe and the United Kingdom	-	-	327 764
Africa (excl. South Africa)	2 675	1 697	95 698
Rest of the world	-	-	73 647
Discontinued operations	566 945	1 224 661	-
Republic of South Africa	328 819	736 266	-
Europe and the United Kingdom	135 214	304 863	-
Africa (excl. South Africa)	30 359	60 243	-
Rest of the world	72 553	123 289	-
	653 584	1 299 602	1 205 348

RELATED PARTY INFORMATION

Related parties

Holding company:	Hosken Consolidated Investments Limited
Subsidiaries of holding company:	Euphorbia Proprietary Limited Gallagher Convention Centre Limited HCI Managerial Services Proprietary Limited HCI Coal Proprietary Limited Johnnic Holdings Management Services Limited Limtech Biometric Solutions Proprietary Limited
Subsidiaries of Niveus Group:	Betcoza Online (RF) Proprietary Limited Bingo Vision Proprietary Limited Cherry Moss Trade and Invest 188 Proprietary Limited Galaxy Gaming Eastern Cape Proprietary Limited Jacaranda Royal Casino Limited La Concorde South Africa Proprietary Limited Niveus AG Galaxy Gaming and Entertainment Proprietary Limited Niveus Invest 1 Proprietary Limited Niveus Invest 3 Proprietary Limited Niveus Invest 9 Proprietary Limited Niveus Invest 14 Proprietary Limited Niveus Invest 15 Proprietary Limited Niveus Invest 19 Limited Niveus Managerial Services Proprietary Limited Niveus-La Concorde Holdings Proprietary Limited Vukani Gaming Corporation Proprietary Limited
Associates:	Paarl Valley Bottling Company Proprietary Limited
Minority shareholders of Subsidiaries:	Bukiwe Ndema Euro Blitz 1129 CC K2011104255 Proprietary Limited Moody Blue Trade and Invest 124 Proprietary Limited Tuffsan Investments 1019 Proprietary Limited Yaounde Investments Proprietary Limited Zamori 356 Proprietary Limited
Key management	Senior management Subsidiaries

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
29. RELATED PARTY INFORMATION						
<i>(CONTINUED)</i>						
29.1 RELATED PARTY TRANSACTIONS						
Management fees received from/(paid to)						
Bukiwe Ndema	-	-	(326)	-	-	-
Bingo Vision Proprietary Limited	-	-	-	11 788	6 918	6 829
Euro Blitz 1129 CC	-	-	(237)	-	-	-
Johnnic Holdings Management Services Limited	(3 099)	(54 395)	(16 654)	(3 099)	(54 395)	(16 654)
K2011104255 Proprietary Limited	(461)	(505)	(476)	-	-	-
La Concorde South Africa Proprietary Limited	-	-	-	3 435	3 210	2 940
Vukani Gaming Corporation Proprietary Limited	-	-	-	9 049	7 160	7 630
Yaounde Investments Proprietary Limited	(1 384)	(1 406)	(1 428)	-	-	-
Zamori 356 Proprietary Limited	(1 845)	(1 875)	(2 792)	-	-	-
Sales of goods and services						
HCI Managerial Services Proprietary Limited	-	33	164	-	-	-
La Concorde South Africa Proprietary Limited	-	-	-	-	76	-
Zamori 356 Proprietary Limited	-	65	-	-	-	-
Salary recoveries						
HCI Managerial Services Proprietary Limited	(258)	(372)	(120)	-	(372)	(120)
Bingo Vision Proprietary Limited	-	-	-	2 352	9 533	-
Johnnic Holdings Management Services Limited	(13 639)	(13 334)	(15 966)	(10 083)	(8 255)	(7 872)
Vukani Gaming Corporation Proprietary Limited	-	-	-	1 204	2 961	-
Purchases of goods and services						
Gallagher Convention Centre Limited	(74)	(75)	(122)	-	-	-
HCI Managerial Services Proprietary Limited	-	(321)	(224)	-	-	-
La Concorde South Africa Proprietary Limited	-	-	-	-	(96)	(308)

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
29. RELATED PARTY INFORMATION						
<i>(CONTINUED)</i>						
29.1 RELATED PARTY TRANSACTIONS						
<i>(continued)</i>						
Limtech Biometric Solutions Proprietary Limited	(167)	(122)	(338)	-	-	-
<i>Rent paid</i>						
Euphorbia Proprietary Limited	(2 118)	(2 120)	(442)	-	-	-
La Concorde South Africa Proprietary Limited	(638)	-	-	-	(44)	(41)
<i>Interest received/(paid)</i>						
Bingo Vision Proprietary Limited	-	-	-	25 751	18 572	11 740
Niveus AG	-	-	-	-	-	66
Niveus Invest 1 Proprietary Limited	-	-	-	(1 608)	8 979	3 798
Niveus Invest 3 Proprietary Limited	-	-	-	2 202	1 385	969
Niveus Invest 9 Proprietary Limited	-	-	-	1 691	415	-
Vukani Gaming Corporation Proprietary Limited	-	-	-	(11 234)	(12 379)	(6 235)
<i>Dividends paid</i>						
K2011104255 Proprietary Limited	(500)	(500)	(500)	-	-	-
Tuffsan Investments 1019 Proprietary Limited	(1 950)	(1 650)	(1 650)	-	-	-
Yaounde Investments Proprietary Limited	(1 500)	(1 500)	(1 500)	-	-	-
Zamori 356 Proprietary Limited	(2 000)	(2 000)	(2 000)	-	-	-
<i>Key management compensation</i>						
Salaries and other short-term benefits	(8 805)	(8 517)	(11 256)	-	-	-
Share options	(14 931)	(3 847)	(3 184)	-	-	-

	Niveus Group			Niveus		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
29. RELATED PARTY INFORMATION (CONTINUED)						
29.2 RELATED PARTY BALANCES						
Year-end balances arising from sales/ purchases of goods/services						
Betcoza Online (RF) Proprietary Limited	-	-	-	-	11	-
Bukiwe Ndema	-	-	(326)	-	-	-
Bingo Vision Proprietary Limited	-	-	-	13 439	-	10 890
Euro Blitz 1129 CC	-	-	(237)	-	-	-
HCI Coal Proprietary Limited	6	-	-	-	-	-
HCI Managerial Services Proprietary Limited	-	(288)	63	-	(288)	-
Johnnic Holdings Management Services Limited	(5 658)	(5 880)	(35 768)	(5 442)	(5 880)	(35 768)
K2011104255 Proprietary Limited	-	(39)	(40)	-	-	-
La Concorde South Africa Proprietary Limited	-	-	-	1 014	1	(1)
Yaounde Investments Proprietary Limited	-	(116)	(119)	-	-	-
Zamori 356 Proprietary Limited	-	(177)	(1 073)	-	-	-
Loans receivable/(payable)						
Bingo Vision Proprietary Limited (before impairment provision of Rnil (2016: R87 636 719; 2015: R65 901 009)	-	-	-	-	198 434	112 650
Cherry Moss Trade and Invest 188 Proprietary Limited (before impairment provision of R51 177 382 (2016: R48 492 914; 2015: R31 924 850)	-	-	-	57 239	51 362	40 749
Galaxy Gaming Eastern Cape Proprietary Limited	-	-	-	-	8 330	19 544
Moody Blue Trade and Invest 124 Proprietary Limited	2 768	2 768	2 768	-	-	-
Galaxy Gaming and Entertainment Proprietary Limited (before impairment provision of Rnil (2016: R61 668 075; 2015: R60 914 919)	-	-	-	-	124 876	124 876
Niveus Invest 1 Proprietary Limited (before impairment provision of Rnil (2016: R23 776 130; 2015: R8 077 713)	-	-	-	-	81 138	71 039
Niveus Invest 3 Proprietary Limited (before impairment provision of R19 831 494 (2016:R12 993 538; 2015: R10 745 723)	-	-	-	23 088	12 994	10 746
Niveus Invest 9 Proprietary Limited (before impairment provision of R3 462 638 (2016: R2 280 926; 2015: Rnil)	-	-	-	17 634	13 145	-
Niveus Invest 14 Proprietary Limited	-	-	-	317	-	-
Niveus Invest 15 Proprietary Limited	-	-	-	2 029	-	-
Niveus Invest 19 Limited	-	-	-	9 492	-	-
Niveus – La Concorde Holdings Proprietary Limited	-	-	-	423 971	419 535	419 526
Niveus Managerial Services Proprietary Limited (before impairment provision of R1 554 827 (2016: R1 554 827; 2015: Rnil)	-	-	-	12 041	11 338	1 938
Tuffsan Investments 1019 Proprietary Limited	871	1 071	1 294	-	-	-
Vukani Gaming Corporation Proprietary Limited	-	-	-	-	(171 338)	(20 294)

30. CONTINGENT LIABILITIES

Niveus Group

In terms of the purchase agreement for the Kuruman Casino Licence, an additional R4 million is payable if certain performance conditions are met.

Company

Bank deposits of R2 million (2016: R2 million; 2015: R2 million) have been pledged to support guarantees issued by Niveus' bankers in favour of a certain South African provincial gaming board for the due and punctual fulfilment of the licence obligations under which certain Niveus Subsidiaries operates.

	Principal activity	Date of acquisition	Proportion of shares acquired
31. BUSINESS COMBINATIONS/DISPOSALS			
31.1 SUBSIDIARIES ACQUIRED			
Slots and Keno Limited	Gaming	2016/10/01	75%

		Niveus Group		
		2017	2016	2015
		R'000	R'000	R'000
31.2	BETCOZA ONLINE (RF) PROPRIETARY LIMITED – COST OF ACQUISITION, NET CASH FLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED			
	<i>Non-current assets</i>			
	Property, plant and equipment	–	87	–
	Intangible assets	–	3 500	–
	<i>Current assets</i>			
	Trade and other receivables	–	353	–
	Cash and cash equivalents	–	1 901	–
	<i>Current liabilities</i>			
	Trade and other payables	–	(1 579)	–
	Deferred tax	–	(638)	–
	Equity at acquisition	–	3 624	–
	Non-controlling interest	–	(2 082)	–
	Goodwill on acquisition	–	8 215	–
	Cost of acquisition	–	9 757	–
	Derecognition of provisional fair value of associate	–	(4 758)	–
	Cash balances acquired	–	(1 901)	–
	Net cash outflow on acquisition	–	3 098	–

Effective 1 December 2015, an additional 25.1% of the ordinary share capital of Betcoza Online (RF) Proprietary Limited, was acquired by a Niveus Subsidiary increasing its shareholding to 50.1% and obtained control of Betcoza Online (RF) Proprietary Limited. The effective shareholding held by the Niveus Group is 42.59%.

The acquisition of a controlling interest in Betcoza Online (RF) Proprietary Limited qualified as a business combination in terms of IFRS 3: Business Combinations. Comparative figures as at 31 March 2016 were determined based on all information available at the acquisition date ("provisional accounting"). This provisional accounting was adjusted for new information obtained within the timeframe of 12 months after the acquisition date. In terms of IAS 8: Accounting policies, Changes in Accounting Estimates and Errors, the adjustments to fair values have been applied retrospectively. The comparative figures have been restated to present the prior year figures as if the acquisition accounting was finalised in the prior year. Also refer to note 35.

Niveus Group

		2017	2016	2015
		R'000	R'000	R'000
31.	BUSINESS COMBINATIONS/DISPOSALS (CONTINUED)			
31.3	<i>SLOTS AND KENO LIMITED – COST OF ACQUISITION, NET CASH FLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED</i>			
	<i>Non-current assets</i>			
	Property, plant and equipment	455	–	–
	<i>Current assets</i>			
	Trade and other receivables	544	–	–
	Cash and cash equivalents	466	–	–
	<i>Current liabilities</i>			
	Trade and other payables	(3 057)	–	–
	Borrowings	(4 790)	–	–
	Equity at acquisition	(6 382)	–	–
	Non-controlling interest	1 596	–	–
	Goodwill on acquisition	7 458	–	–
	Cost of acquisition	2 672	–	–
	Deposit for shares previously paid	(2 672)	–	–
	Cash balances acquired	466	–	–
	Net cash outflow on acquisition	466	–	–

The purchase price of the business acquired includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill recognised is expected to be deductible for income tax purposes.

31.4 *IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE NIVEUS GROUP*

The business acquired during October 2016 contributed revenues of R1.9 million and net losses before tax of R1.2 million to the Niveus Group for the periods from date of effective control to 31 March 2017. Had the acquisition been effective on 1 April 2016 the contribution to revenue would have been R3.2 million and a loss before tax of R6.7 million.

31.5 *PROCEEDS ON DISPOSAL, NET CASH FLOW ON DISPOSAL AND ANALYSIS OF ASSETS AND LIABILITIES DISPOSED OF VBET WESTERN CAPE PROPRIETARY LIMITED*

	Net liabilities sold	(6 074)	–	–
	Proceeds on disposal	–	–	–
	Gain on disposal	(6 074)	–	–

Niveus Group

32. DISCONTINUED OPERATIONS

Operating assets of KVV

During May 2016, it was decided to dispose of the operating assets of KVV to the Vasari group. 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:

	2017 R'000	2016 R'000	2015 R'000
Revenue	566 898	1 224 214	-
Other income and operating costs	(485 173)	(1 149 103)	-
Share of losses of associates and joint ventures	-	(653)	-
Investment income	411	1 886	-
Depreciation and amortisation	(3 911)	(29 982)	-
Impairment of investment in joint venture	(85)	(400)	-
Loss on disposal of business	(503 629)	-	-
Finance costs	(688)	(1 620)	-
(Loss)/profit before taxation	(426 177)	44 342	-
Taxation	103 025	(11 460)	-
(Loss)/profit from discontinued operations	<u>(323 152)</u>	<u>32 882</u>	-
Cash flows from discontinued operations			
Cash flows from operating activities	34 407	11 914	-
Cash flows from investing activities	(16 766)	(41 880)	-
Cash flows from financing activities	-	16 395	-
	<u>17 641</u>	<u>(13 571)</u>	-
Assets of disposal group sold			
Property, plant and equipment	488 060	-	-
Intangible assets	56 481	-	-
Investment in associates	5 463	-	-
Inventory	1 052 928	-	-
Trade and other receivables	212 504	-	-
Current income taxes	7	-	-
Derivative financial instruments	25 594	-	-
Bank and cash balances	54 517	-	-
	<u>1 895 554</u>	-	-
Liabilities of disposal group sold			
Trade and other payables	(205 637)	-	-
Derivative financial instruments	(5 992)	-	-
Other	(51)	-	-
	<u>(211 680)</u>	-	-
Net asset value of disposal group	1 683 874	-	-
Cash disposed of	54 517	-	-
Net cash received as consideration	520 483	-	-
Cash received as consideration	575 000	-	-
Promissory notes receivable as consideration	605 245	-	-
Total consideration received	<u>1 180 245</u>	-	-

Shares in gaming businesses

During March 2017, it was contracted to dispose of Subsidiaries Jacaranda Royal Casino Limited, Vslots Lesotho (Proprietary) Limited and VSlots Swaziland (Proprietary) Limited. Revenue and expenses, and gains and losses relating to these assets have been removed from the results of continuing operations and are shown as a single line item on the face of the consolidated statement of profit or loss ("Net result from discontinued operations"). The operating results of the discontinued operations and the loss on sale of assets were as follows:

		Niveus Group		
		2017	2016	2015
		R'000	R'000	R'000
32.	DISCONTINUED OPERATIONS (CONTINUED)			
	Revenue	47	447	–
	Net gaming win	4 000	4 469	–
	Other income and operating costs	(5 846)	(11 507)	–
	Investment income	–	19	–
	Depreciation and amortisation	(1 301)	(1 726)	–
	Impairment of assets	–	(1 457)	–
	Finance costs	(3)	(12)	–
	Loss from discontinued operations	<u>(3 103)</u>	<u>(9 767)</u>	–
	Remeasurement of disposal group	–	–	–
	Net result from discontinued operations	<u>(3 103)</u>	<u>(9 767)</u>	–
	Cash flows from discontinued operations			
	Cash flows from operating activities	(2 216)	(4 602)	–
	Cash flows from investing activities	1 571	(1 301)	–
		<u>(645)</u>	<u>(5 903)</u>	–
	Assets of disposal group classified as held for sale			
	Property, plant and equipment	1 718	–	–
	Intangible assets	1 335	–	–
	Trade and other receivables	1 261	–	–
	Bank and cash balances	1 105	–	–
		<u>5 419</u>	–	–
	Liabilities of disposal group classified as held for sale			
	Trade and other payables	(2 419)	–	–
	Financial liabilities	(40)	–	–
		<u>(2 459)</u>	–	–
	Net asset value of disposal group	2 960	–	–
	Fair value less cost to sell ITO IFRS 5	2 960	–	–
	Fair value of disposal group assets	5 419	–	–
	Fair value of disposal group liabilities	(2 459)	–	–
	Remeasurement of disposal group	–	–	–

33. FINANCIAL RISK MANAGEMENT

33.1 FINANCIAL RISK FACTORS

The Niveus Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Niveus Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Niveus Group. The Niveus Group uses derivative financial instruments to hedge certain risk exposures.

33.1.1 MARKET RISK

Currency risk

The Niveus Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US dollar, Canadian dollar, Japanese yen, Swiss franc and the UK pound. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency. There is a translation risk arising from the consolidation of the results of foreign Subsidiaries in South African rand, the holding company's reporting currency.

Foreign currency forward contracts are entered into to protect existing assets and liabilities against movements in exchange rates or to hedge future cash flows of high probability. Although hedge accounting is not applied, Niveus Group policy provides that all transactions of the South African operating Subsidiaries are hedged as soon as any material foreign currency exposure arises.

Foreign currency forward contracts or other appropriate derivatives are also entered into when management considers it appropriate to establish economic hedges for future sales transactions. Forward contracts are not entered into for speculative purposes.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.1 FINANCIAL RISK FACTORS (continued)

33.1.1 MARKET RISK (continued)

Contracts to buy foreign currency	Contracted foreign amount FC'000	Average exchange rate	Total contracted amount R'000	Foreign currency payable R'000	Uncovered as at 31 March R'000
Niveus Group 2017					
Euro	-	-	-	738	(738)
Niveus Group 2016					
British pound	-	-	-	153	(153)
Canadian dollar	-	-	-	611	(611)
Danish kroner	-	-	-	50	(50)
Euro	-	-	-	84 793	(84 793)
Hong Kong dollar	-	-	-	99	(99)
Japanese yen	-	-	-	1 976	(1 976)
US dollar	732	14.83	10 854	34 727	(23 873)
			10 854	122 409	(111 555)
Niveus Group 2015					
British pound	-	-	-	728	(728)
Canadian dollar	-	-	-	1 151	(1 151)
Danish kroner	-	-	-	8	(8)
Euro	-	-	-	4 369	(4 369)
US dollar	-	-	-	263	(263)
			-	6 519	(6 519)

The following significant exchange rates applied during the year:	Average rate			Reporting date		
	2017	2016	2015	2017	2016	2015
Euro	15.48	15.21	13.99	14.33	16.91	13.11
Swiss franc	14.19	14.16	11.75	13.40	15.41	12.38

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2017 compared to 2016.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.1 FINANCIAL RISK FACTORS (continued)

33.1.1 MARKET RISK (continued)

	Profit/(loss)		
	2017 R'000	2016 R'000	2015 R'000
British pound	–	484	1 398
Canadian dollar	–	1 167	2 148
Danish kroner	–	(5)	(1)
Euro	(1 378)	48 837	27 665
Hong Kong dollar	–	10	–
Japanese yen	–	1 020	2 548
Swiss franc	136	346	86
US dollar	1 659	3 579	7 479

A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The following carrying amounts were exposed to foreign currency exchange risk:

Trade and other receivables

British pound	–	1 176	3 105
Canadian dollar	–	8 169	4 922
Euro	72	89 196	60 021
Japanese yen	–	8 691	6 958
Swiss franc	247	3 390	859
US dollar	–	18 542	13 725
	319	129 164	89 590

Bank and cash balances

British pound	–	401	428
Canadian dollar	–	828	116
Euro	10 827	25 274	11 478
Japanese yen	–	741	–
Swiss franc	313	74	–
US dollar	16 593	1 073	6 197
	27 733	28 391	18 219

Trade and other payables

British pound	–	153	263
Canadian dollar	–	611	728
Danish kroner	–	50	8
Euro	35 161	8 825	17 498
Hong Kong dollar	–	99	–
Japanese yen	–	1 976	–
US dollar	–	2 471	8 447
	35 161	14 185	26 944

Interest rate risk

Due to significant cash investments, movements in market interest rates influence income. Interest rate risk is managed by the Niveus Group treasury function by using approved counterparties that offer the best rates.

The Company and its Subsidiary companies are exposed to interest rate risk due to long-term debt.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.1 FINANCIAL RISK FACTORS (continued)

33.1.1 MARKET RISK (continued)

At 31 March the interest rate profile of the Niveus Group's interest-bearing financial instruments was:

	Niveus Group Carrying amount			Niveus Carrying amount		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
<i>Variable rate instruments</i>						
Bank balances	708 734	161 071	132 286	319	557	25
Loans to Subsidiaries	–	–	–	–	206 764	132 194
Loans from Subsidiaries	–	–	–	–	171 338	20 294
Loans receivable	5	4 353	3 960	5	4 353	3 960
Borrowings	244 135	310 870	278 487	–	–	–
Finance lease liabilities	532	1 399	2 231	–	–	–
	953 406	477 693	416 964	324	383 012	156 473

Fair value sensitivity analysis for variable rate instruments:

Niveus Group

A change of 100 basis points in interest rates would have increased or decreased profit after tax by R7.7 million (2016: R1.05 million, 2015: R0.7 million).

Niveus

A change of 100 basis points in interest rates would have increased or decreased profit after tax by R296 000 (2016: R1.06 million, 2015: R834 000).

Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Niveus Group is not exposed to significant price risk.

33.1.2 CREDIT RISK

The Niveus Group has no significant concentrations of credit risk. Overall credit risk is managed at Subsidiary level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to the Niveus Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only Niveus Group audit committee approved parties are accepted. The Niveus Group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the Niveus Group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits is monitored regularly. Refer to notes 8 and 10 for further credit risk analysis in respect of loans receivable and trade and other receivables. No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

33.1.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury functions of the major Subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Niveus Group's liquidity headroom on the basis of expected cash flows and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year-end for five years into the future in terms of the Niveus Group's long-term planning process.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.1 FINANCIAL RISK FACTORS (continued)

33.1.1 LIQUIDITY RISK (continued)

The table below analyses the Niveus Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Niveus Group			
At 31 March 2017			
Bank and other borrowings	38 045	206 250	-
Trade and other payables	193 184	-	-
	231 229	206 250	-
At 31 March 2016			
Bank and other borrowings	243 177	105 262	-
Derivative financial instruments	47 424	-	-
Trade and other payables	325 449	6 932	-
	616 050	112 194	-
At 31 March 2015			
Bank and other borrowings	39 013	291 801	-
Derivative financial instruments	1 585	-	-
Trade and other payables	312 640	5 823	-
	353 238	297 624	-
Company			
At 31 March 2017			
Trade and other payables	39 125	-	-
	39 125	-	-
At 31 March 2016			
Trade and other payables	8 130	6 932	-
Loans from Subsidiary	171 338	-	-
	179 468	6 932	-
At 31 March 2015			
Trade and other payables	37 028	3 457	-
Loans from Niveus Group company	20 294	-	-
	57 322	3 457	-

33.2 CAPITAL RISK MANAGEMENT

The Niveus Group manages its shareholders' equity, defined as its issued capital, reserves and treasury shares, as capital. The Niveus Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders in the form of dividends and capital appreciation. In order to maintain or adjust the capital structure, the Niveus Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Niveus Group's approach to capital management during the year.

	Niveus Group		
	2017 R'000	2016 Restated R'000	2015 R'000
The own capital ratios are as follows:			
Total capital and reserves	1 881 755	2 080 498	1 985 645
Total assets	2 378 154	2 977 965	2 852 761
Own capital ratio	79%	70%	70%

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.3 FAIR VALUE ESTIMATION

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities

Level 2 – Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data The following assets and liabilities are measured at fair value:

Niveus Group 2017	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
<i>Investment properties</i>	–	–	28 638	28 638
Total assets	–	–	28 638	26 638
Niveus Group 2016				
Niveus Group 2016	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Derivative financial instruments	–	19 626	–	19 626
Investment properties	–	–	6 978	6 978
Total assets	–	19 626	6 978	26 604
Liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments	–	47 424	–	47 424
Total liabilities	–	47 424	–	47 424
Niveus Group 2015				
Niveus Group 2015	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Derivative financial instruments	–	3 715	–	3 715
<i>Investment properties</i>	–	–	6 813	6 813
Total assets	–	3 715	6 813	10 528
Liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments	–	1 585	–	1 585
Total liabilities	–	1 585	–	1 585

34. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING PERIOD

Niveus has accepted an indicative offer from Tsogo for the sale of all its interests in Vukani and Galaxy and all their associated entities, trusts and businesses (collectively the “**Gaming Businesses**”) to Tsogo subject to certain conditions precedent

Shareholders are referred to the Stock Exchange News Service announcements released by Niveus on 14 December 2016, 14 March 2017, 11 May 2017, 29 May 2017 and 27 June 2017, relating to *inter alia* the unbundling by Niveus of its interests in its gaming businesses, currently held via its wholly-owned Subsidiary, **GameCo**, and certain transactions conditional upon the implementation of the Unbundling.

Pursuant to discussions with various Niveus shareholders, the Company believes that it is appropriate to provide Niveus shareholders with the opportunity to separately retain, dispose of or increase their interest in the Gaming Businesses in a direct manner without affecting their current interest in the other assets held by Niveus.

The assets of GameCo include the entire issued share capital of Vukani, Galaxy and Niveus Invest 1 Proprietary Limited, and loan claims against the aforementioned Subsidiaries. Niveus holds 460 000 100 ordinary shares in GameCo. Niveus has elected to distribute certain of its shares in GameCo to its shareholders, *pro rata* to their shareholding in Niveus.

Subject to the fulfilment of certain conditions, Niveus will distribute 93.75% of its shareholding in GameCo to its shareholders *pro rata* to such shareholders’ shareholding in Niveus as at the record date of the Unbundling, subject to applicable laws.

It is anticipated that Niveus shareholders will receive 3.62 GameCo shares for every 1 Niveus share held on the record date of the Unbundling, provided that the ratio may change if the number of Niveus or GameCo shares in issue changes prior to the record date of the Unbundling.

The financial effects of this transaction have not been recognised at 31 March 2017 due to the transaction remaining conditional upon the conclusion of various conditions precedent. The Unbundling will be implemented after the unbundling conditions are fulfilled or waived, which is anticipated as being Monday, 18 September 2017.

The directors of Niveus Investments Limited declared and approved a final gross ordinary dividend of 22 cents out of income reserves. The cash dividend of R26 million was paid on 19 June 2017.

The directors of La Concorde Holdings Limited declared an ordinary dividend of 50 cents per share and a special dividend of 50 cents per share. The cash dividend of R68 million was paid on 19 June 2017.

No other material events that may have a significant influence on the financial position of the Niveus Group occurred between the date of the financial year end and the date of approval of the financial statements.

35. RESTATEMENT OF PRIOR YEAR FIGURES

The acquisition of a controlling interest in Betcoza Online (RF) Proprietary Limited on 1 December 2015 qualified as a business combination in terms of IFRS 3: Business Combinations. Comparative figures as at 31 March 2016 were determined based on all information available at the acquisition date (“provisional accounting”). This provisional accounting was adjusted for new information obtained within the timeframe of 12 months after the acquisition date. These adjustments to the fair values determined in the provisional purchase price allocation are not treated as movements in the current financial year, but as an adjustment to the comparative figures as at 31 March 2016. The effects of the revised acquisition accounting are as follows:

	Previously stated R’000	Restatement R’000	Restated R’000
Intangible assets	650	2 850	3 500
Goodwill	9 157	(942)	8 215
Deferred tax	–	(638)	(638)
Non-controlling interest	(812)	(1 270)	(2 082)

35. CHANGE IN ACCOUNTING ESTIMATE

The review of the useful life of gaming machines resulted in an increase in the useful life due to the extended use of gaming machines than originally expected. The Niveus Group revised the useful life of gaming machines from six years to seven years effective 1 April 2016.

The effect of the change in the useful life of gaming machines on the depreciation expense for the year, is a decrease of R10 million and an expected annual decrease for future years of R10 million per annum.

Galaxy's site development costs were previously depreciated over the term of the initial lease, but the estimated depreciation period has been amended to include guaranteed renewal options, limited to a 10-year total depreciation term.

The effect of the change in the depreciation term for site development costs on the depreciation expense for the current period is a decrease of R8 million and an expected annual decrease for future periods of R7 million.

36. FINANCIAL INSTRUMENTS

An analysis of the Niveus Group's assets and liabilities, classified by financial instrument, are set out below:

	Loans and receivables			Financial liabilities at amortised cost		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
Niveus Group						
Assets						
<i>Non-current assets</i>	447 506	29 329	9 238	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Investments in associates and joint ventures	-	4 986	4 876	-	-	-
Deferred taxation	-	-	-	-	-	-
Loans receivable	447 506	24 343	4 362	-	-	-
<i>Current assets</i>	1 029 821	468 251	427 495	-	-	-
Inventories	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Trade and other receivables	102 140	304 341	277 265	-	-	-
Loans receivable	218 947	2 839	17 944	-	-	-
Taxation	-	-	-	-	-	-
Cash and cash equivalents	708 734	161 071	132 286	-	-	-
Non-current assets held for sale	2 366	-	-	-	-	-
Total assets	1 479 693	497 580	436 733	-	-	-
Liabilities						
<i>Non-current liabilities</i>	-	-	-	205 623	92 983	261 033
Operating lease equalisation liability	-	-	-	-	-	-
Borrowings	-	-	-	205 623	92 983	261 033
Other payables	-	-	-	-	-	-
Deferred revenue: government grant	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	-
<i>Current liabilities</i>	-	-	-	232 228	544 735	332 325
Trade and other payables	-	-	-	193 184	325 449	312 640
Deferred revenue: government grant	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Current portion of borrowings	-	-	-	38 512	217 887	17 454
Current portion of finance lease liabilities	-	-	-	532	1 399	2 231
Taxation	-	-	-	-	-	-
Non-current liabilities held for sale	-	-	-	2 459	-	-
Total liabilities	-	-	-	440 310	637 718	593 358

Non-financial instruments			Fair value through profit or loss			Total		
2017	2016	2015	2017	2016	2015	2017	2016	2015
R'000	Restated R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
868 222	1 400 595	1 328 767	-	-	-	1 315 728	1 429 924	1 338 005
659 202	1 204 622	1 150 507	-	-	-	659 202	1 204 622	1 150 507
28 638	6 978	6 813	-	-	-	28 638	6 978	6 813
59 944	56 444	60 360	-	-	-	59 944	56 444	60 360
18 480	76 487	77 279	-	-	-	18 480	76 487	77 279
73 707	30 414	16 817	-	-	-	73 707	35 400	21 693
28 251	25 650	16 991	-	-	-	28 251	25 650	16 991
-	-	-	-	-	-	447 506	24 343	4 362
27 186	1 060 164	1 083 546	-	19 626	3 715	1 057 007	1 548 041	1 514 756
6 285	1 034 797	1 039 406	-	-	-	6 285	1 034 797	1 039 406
-	-	-	-	19 626	3 715	-	19 626	3 715
20 450	23 801	42 898	-	-	-	122 590	328 142	320 163
-	-	-	-	-	-	218 947	2 839	17 944
451	1 566	1 242	-	-	-	451	1 566	1 242
-	-	-	-	-	-	708 734	161 071	132 286
3 053	-	-	-	-	-	5 419	-	-
898 461	2 460 759	2 412 313	-	19 626	3 715	2 378 154	2 977 965	2 852 761
25 721	146 145	124 670	-	6 932	5 823	231 344	246 060	391 526
4 373	5 235	4 079	-	-	-	4 373	5 235	4 079
-	-	-	-	-	-	205 623	92 983	261 033
-	-	-	-	6 932	5 823	-	6 932	5 823
-	10 900	-	-	-	-	-	10 900	-
21 348	130 010	120 591	-	-	-	21 348	130 010	120 591
30 368	59 248	141 680	-	47 424	1 585	262 596	651 407	475 590
13 526	50 947	131 949	-	-	-	206 710	376 396	444 589
-	1 875	-	-	-	-	-	1 875	-
-	-	-	-	47 424	1 585	-	47 424	1 585
-	-	-	-	-	-	38 512	217 887	17 454
-	-	-	-	-	-	532	1 399	2 231
16 842	6 426	9 731	-	-	-	16 842	6 426	9 731
-	-	-	-	-	-	2 459	-	-
56 089	205 393	266 350	-	54 356	7 408	496 399	897 467	867 116

36. FINANCIAL INSTRUMENTS (CONTINUED)

	Loans and receivables			Financial liabilities at amortised cost		
	2017 R'000	2016 R'000	2015 R'000	2017 R'000	2016 R'000	2015 R'000
Company						
Assets						
Non-current assets	467 754	686 846	623 503	-	-	-
Investment in Joint Venture	-	-	-	-	-	-
Investments in Subsidiaries	467 754	682 745	623 503	-	-	-
Loans receivable	-	4 101	-	-	-	-
Current assets	15 261	988	11 353	-	-	-
Trade and other receivables	14 642	202	11 328	-	-	-
Loans receivable	300	229	-	-	-	-
Taxation	-	-	-	-	-	-
Cash and cash equivalents	319	557	25	-	-	-
Total assets	483 015	687 834	634 856	-	-	-
Non-current liabilities	-	-	-	-	6 932	3 457
Other payables	-	-	-	-	6 932	3 457
Liabilities						
Current liabilities	-	-	-	39 125	179 468	57 322
Trade and other payables	-	-	-	39 125	8 130	37 028
Loans from Subsidiaries	-	-	-	-	171 338	20 294
Total liabilities	-	-	-	39 125	186 400	60 779

Non-financial instruments			Fair value through profit or loss			Total		
2017	2016	2015	2017	2016	2015	2017	2016	2015
R'000	Restated R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
4 662 154	65 232	65 232	-	-	-	5 129 908	752 078	688 735
2 029	-	-	-	-	-	2 029	-	-
4 660 125	65 232	65 232	-	-	-	5 127 879	747 977	688 735
-	-	-	-	-	-	-	4 101	-
-	-	247	-	-	-	15 261	988	11 600
-	-	193	-	-	-	14 642	202	11 521
-	-	-	-	-	-	300	229	-
-	-	54	-	-	-	-	-	54
-	-	-	-	-	-	319	557	25
4 662 154	65 232	65 479	-	-	-	5 145 169	753 066	700 335
-	-	-	-	-	-	-	6 932	3 457
-	-	-	-	-	-	-	6 932	3 457
-	-	-	-	-	-	39 125	179 468	57 322
-	-	-	-	-	-	39 125	8 130	37 028
-	-	-	-	-	-	-	171 338	20 294
-	-	-	-	-	-	39 125	186 400	60 779

**EXTRACTS OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION OF
NIVEUS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

**NIVEUS INVESTMENTS LIMITED (REGISTRATION NUMBER 1996/005744/06) GROUP INTERIM RESULTS FOR THE
SIX MONTHS ENDED 30 SEPTEMBER 2017**

INTRODUCTION

The interim financial information for the six months ended 30 September 2017 of Niveus Investments Limited and its subsidiary are set out below and should be read in conjunction with the audited annual financial statements of Niveus Investments Limited and its subsidiary for the periods ended 31 March 2015, 31 March 2016 and 31 March 2017.

The interim financial information for the six months ended 30 September 2017 of Niveus Investments Limited and its subsidiaries is the responsibility of the Directors of Niveus Investments Limited and its subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 September 2017 R'000	Unaudited 30 September 2016 R'000	Audit 31 March 2017 R'000
ASSETS			
<i>Non-current assets</i>	926 543	884 750	1 315 728
Property, plant and equipment	397 535	707 675	659 728
Investment in subsidiary	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
Current assets	882 946	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
Total assets	2 450 797	2 885 101	2 378 154
EQUITY AND LIABILITIES			
Equity	1 974 038	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
Non-current liabilities	21 435	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	-
Current liabilities	100 651	437 532	262 596
Liabilities of disposal group classified as held for sale	354 673	211 680	2 459
Total equity and liabilities	2 450 797	2 885 101	2 378 154
Net asset value per share (cents)	1 190	1 166	1 103
Net tangible asset value per share (cents) shares in issue	1 169	1 116	1 038

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited Six months ended 30 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 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 Investment income	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)
Attributable to:			
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	Gross	Net	Gross	Net	Gross	Net
Continuing operations						
Earnings 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)	(110)
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)
Discontinued operations						
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 KWW	-	-	-	-	503 629	216 485
		168 718		140 509		278 260

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

	Unaudited Six months ended 30 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 2017 Restated R'000
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 share in issue at end of year ('000)	119 163	119 163	119 163
Weighted average number of shares in issue (diluted)	119 960	120 258	119 909

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended 31 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 2017 Restated R'000
Profit/(loss) for the year	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)
Attributable to:			
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)
Total comprehensive income attributable to equity holders of the parent arises from			
– 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 CHANGES IN EQUITY

	Unaudited Six months ended 31 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 2017 Restated 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 2017 Restated 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

SEGMENTAL ANALYSIS

	Unaudited Six months ended 30 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audited Year ended 31 March 2017 Restated R'000
Revenue			
Continuing operations	10 769	5 759	12 786
Gaming and entertainment	3 228	3 767	7 441
Property	7 541	1 992	5 345
Discontinued operations	35 141	609 167	640 798
Beverages	-	566 898	566 898
Gaming and entertainment	35 141	42 269	73 900
	45 910	614 926	653 584
Net gaming win			
Continuing operations			
Gaming and entertainment	20 272	13 190	27 354
Discontinued operations			
Gaming and entertainment	696 513	632 819	1 299 256
	716 785	646 009	1 326 610
EBITDA			
Continuing operations	(26 986)	(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)
Discontinued operations	265 186	296 342	531 132
Beverages	-	81 725	81 725
Gaming and entertainment	265 186	214 617	449 407
	238 200	260 216	467 121
Profit before tax			
Continuing operations	4 215	(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
Discontinued operations	221 484	229 061	(105 075)
Beverages	-	77 452	(426 177)
Gaming and entertainment	221 484	151 609	321 102
	225 699	178 941	(158 133)
Headline earnings			
Continuing operations	(30 667)	(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
Discontinued operations	168 718	140 509	278 260
Beverages	-	31 658	31 528
Gaming and entertainment	168 718	108 851	246 732
	138 051	97 387	213 505

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. 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, 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 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).

Discontinued operations

Unbundling of shares in gaming businesses

During June 2017, Niveus accepted an indicative offer from Tsogo Sun Holdings Limited for the sale of all its interests in Vukani Gaming Corporation Proprietary Limited ("Vukani"), Galaxy Gaming and Entertainment Proprietary Limited ("Galaxy") and all their associated entities, trusts and businesses (collectively the "Gaming Businesses") to Tsogo subject to certain conditions precedent. 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 31 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 2017 Restated R'000
Profit relating to discontinued operations			
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
Cash flows from discontinued operations			
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
Assets of disposal group classified as held for sale			
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		
Liabilities of disposal group classified as held for sale			
Borrowings	225 375		
Deferred taxation	180		
Operating lease equalisation liability	4 792		
Other current liabilities	124 326		
	354 673		

	Unaudited Six months ended 31 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 2017 Restated R'000
Net asset value of disposal group	995 981		
Fair value less cost to sell ITO IFRS 5	995 981		
Fair value of disposal group assets	641 308		
Fair value of disposal group liabilities	354 673		
Remeasurement of disposal group	-		

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

	Unaudited Six months ended 31 September 2017 R'000	Unaudited Six months ended 30 September 2016 Restated R'000	Audit Year ended 31 March 2017 Restated R'000
Loss relating to discontinued operations			
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 of subsidiaries	(2 723)	-	-
Net result from discontinued operations	(2 666)	(1 271)	(3 103)
Cash flows from discontinued operations			
Cash flows from operating activities	447	(2 736)	(2 216)
Cash flows from investing activities	-	1 533	1 571
	447	(1 203)	(645)
Proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed			
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)		
	1 377		
Non-controlling interest	4 596		
Loss disposal of subsidiaries	(2 723)		
Consideration received in cash	3 250		
Less cash at date of disposal	(1 371)		
Net cash inflow	1 879		

PRO FORMA FINANCIAL INFORMATION OF NIVEUS

NIVEUS INVESTMENTS LIMITED

PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

The *pro forma* financial information of Niveus is set out below. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income of Niveus have been prepared for illustrative purposes only to show the financial effects of the Niveus Unbundling. Due to the nature of the *pro forma* financial information, the *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income may not fairly present Niveus's financial position, changes in equity, results of operations or cash flows after the Niveus Unbundling has been implemented.

The *pro forma* financial information as at 30 September 2017 is presented in a manner that is consistent with the accounting policies of Niveus, IFRS and the basis on which the historical financial information has been prepared. The financial information has been prepared in accordance with the Listings Requirements and in compliance with the SAICA Guide on *pro forma* Financial Information. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income as set out below should be read in conjunction with the report of the Independent Reporting Accountant which is included as **Annexure 6** to this Circular.

The Independent Board of Niveus is responsible for the preparation of the *pro forma* financial information.

It has been assumed for the purposes of the *pro forma* financial effects that the Niveus Unbundling took place with effect from 1 April 2017 for purposes of the *pro forma* consolidated statement of comprehensive income and on 30 September 2017 for purposes of the *pro forma* consolidated statement of financial position.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The *pro forma* consolidated statement of comprehensive income presented below was prepared on the assumption that the Niveus Unbundling was implemented on 1 April 2017.

	<i>Pro forma</i> financial information post the GABS Acquisition R'000 Note 1	<i>Pro forma</i> adjustment – Newco Cash Distribution R'000 Note 2	<i>Pro forma</i> adjustment – dividend in specie – Niveus Unbundling R'000 Note 3	<i>Pro forma</i> financial information post the Niveus Unbundling R'000 Note 4
Revenue	10 769	–	–	10 769
Net gaming win	20 272	–	–	20 272
Group revenue	31 041	–	–	31 041
Other Income	463	–	–	463
Operating expenses	(136 783)	–	(810)	(137 593)
	(105 279)	–	(810)	(106 089)
Depreciation and amortisation	(3 431)	–	–	(3 431)
Share of income of associates and joint ventures	48 269	–	(46 409)	1 860
Investment income	17 788	–	–	17 788
Impairment of assets	(152)	–	–	(152)
Impairment of investment in associate	(412)	–	–	(412)
Gain on disposal of subsidiaries	1 772	–	–	1 772
Finance costs	(62)	–	–	(62)
Profit/(loss) before taxation	(41 507)	–	(47 219)	(88 726)
Taxation	(7 843)	–	–	(7 843)
Loss for the year from continuing operations	(49 350)	–	(47 219)	(96 569)
Net result from discontinued operations	209 133	–	–	209 133
Profit/(loss) for the period	159 783	–	(47 219)	112 564
Attributable to:				
Equity holders of the parent	145 277	–	(27 387)	117 890
Non-controlling interest	14 506	–	(19 832)	(5 326)
	159 783	–	(47 219)	112 564
Reconciliation of headline earnings				
Continuing operations				
Earnings attributable to equity holders of the parent	(63 842)	–	(27 387)	(91 229)
IAS 16 Gains on disposal of plant and equipment	(283)	–	174	(109)
IAS 16 Impairment of assets	139	–	–	139
IAS 27 Gains from disposal of subsidiaries	(1 240)	–	–	(1 240)
IAS 28 Impairment of investments in associates	288	–	–	288
	(64 938)	–	(27 213)	(92 151)
Discontinued operations	–	–	–	–
Earnings attributable to equity holders of the parent	209 119	–	–	209 119
IAS 16 Gains on disposal of plant and equipment	–	–	–	–
IAS 16 Impairment of assets	–	–	–	–
IAS 27 Loss from disposal of subsidiaries	(208 271)	–	–	(208 271)
	848	–	–	848
Earnings per share (cents)	122	–	(23)	99
– Continuing operations	(54)	–	(23)	(77)
– Discontinued operations	175	–	–	175
Headline earnings per share (cents)	(54)	–	(23)	(77)
– Continuing operations	(54)	–	(23)	(77)
– Discontinued operations	1	–	–	1
Diluted earnings per share (cents)	121	–	(23)	98
– Continuing operations	(53)	–	(23)	(76)
– Discontinued operations	174	–	–	174
Diluted headline earnings per share (cents)	(53)	–	(23)	(76)
– Continuing operations	(54)	–	(23)	(77)
– Discontinued operations	1	–	–	1
Weighted average number of shares in issue ('000)	119 163	119 163	119 163	119 163
Actual number of share in issue at end of year ('000)	119 163	119 163	119 163	119 163
Weighted average number of shares in issue (diluted) ('000)	119 960	119 960	119 960	119 960

Notes to the pro forma condensed consolidated statement of comprehensive income:

Note 1:

The Niveus *pro forma* financial information post the GABS Acquisition, as extracted from the Niveus circular dated 18 December 2017 relating to the GABS Acquisition, per the final post acquisition column of the Niveus *pro formas*, based on the interim financial information of Niveus for the 6 months ended 30 September 2017.

Note 2:

Cash distribution

The declaration and payment by Newco, being an associate of Niveus post the GABS acquisition, of a cash dividend of approximately R650m to Newco Shareholders, *pro rata* to their respective shareholdings in Newco;

La Concorde, being a 58% held subsidiary of Niveus which in turn holds approximately 38% in Newco, then on pays its portion of the cash dividend amounting to approximately R247m so received, to the La Concorde shareholders, *pro rata* to their respective shareholding in La Concorde.

Niveus receives approximately R143m of the R247m cash dividend from La Concorde.

Niveus pays to its shareholders the R143m cash dividend *pro rata* to their holding in Niveus.

The cash distribution has no effect on the statement of comprehensive income.

Prior to the GABS Acquisition, Newco was a dormant entity. The financial information of Newco for the interim 6 month period ended 30 September 2017 has been audited by Grant Thornton Johannesburg.

Note 3:

Share distribution and unbundling

Effects on Niveus of the La Concorde unbundling of Newco and the subsequent unbundling by Niveus of Newco

The effect is that there is no longer an investment in associate and therefore equity accounted share of income of associates and joint ventures is reversed.

Transaction costs amounting to R810 000 have been expensed.

Note 4:

Pro forma financial information post the unbundling of Newco.

General

Throughout the *pro forma*'s an income tax rate of 28% has been assumed.

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The *pro forma* consolidated statement of financial position presented below was prepared on the assumption that the Unbundling was implemented on 30 September 2017

	<i>Pro forma</i> financial information post the GABS Acquisition R'000 Note 1	<i>Pro forma</i> adjustment – Newco Cash Distribution R'000 Note 2	<i>Pro forma</i> adjustment – dividend in specie – Niveus Unbundling R'000 Note 3	<i>Pro forma</i> financial information post the Niveus Unbundling R'000 Note 4
ASSETS				
Non-current assets	1 404 286	(247 041)	(855 699)	301 546
Property, plant and equipment	195 242	–	–	195 242
Investment properties	21 164	–	–	21 164
Goodwill	11 714	–	–	11 714
Intangible assets	13 187	–	–	13 187
Investment held for sale	32 643	–	–	32 643
Interest in associates and joint ventures	1 130 336	(247 041)	(855 699)	27 596
Current assets	371 332	–	(810)	370 522
Other	21 926	–	–	21 926
Cash and cash equivalents	349 406	–	(810)	348 596
Total assets	1 775 618	(247 041)	(856 509)	672 068
EQUITY AND LIABILITIES				
Equity	1 711 241	(247 041)	(856 509)	607 691
Equity attributable to equity holders of the parent	1 144 480	(143 284)	(497 115)	504 081
Non-controlling interest	566 761	(103 757)	(359 394)	103 610
Non-current liabilities	21 435	–	–	21 435
Deferred taxation	21 435	–	–	21 435
Current liabilities	42 942	–	–	42 942
Other current liabilities	42 942	–	–	42 942
Liabilities of disposal group classified as held for sale	–	–	–	–
Total equity and liabilities	1 775 618	(247 041)	(856 509)	672 068
Net asset value per share (cents)	960	(120)	(417)	423
Net tangible asset value per share (cents)	940	(120)	(417)	402

Notes to the pro forma condensed consolidated statement of financial position:

Note 1:

The Niveus *pro forma* financial information post the GABS Acquisition, as extracted from the Niveus circular dated 18 December 2017 relating to the GABS Acquisition, per the final post acquisition column of the Niveus *pro formas*, based on the interim financial information of Niveus for the 6 months ended 30 September 2017.

Note 2:

Cash distribution

The declaration and payment by Newco, being an associate of Niveus post the GABS acquisition, of a cash dividend of approximately R650m to Newco Shareholders, *pro rata* to their respective shareholdings in Newco;

La Concorde, being a 58% held subsidiary of Niveus which in turn holds approximately 38% in Newco, then on pays its portion of the cash dividend amounting to approximately R247m so received, to the La Concorde shareholders, *pro rata* to their respective shareholdings in La Concorde.

Niveus receives approximately R143m of the R247m cash dividend from La Concorde.

Niveus pays to its shareholders the R143m cash dividend *pro rata* to their holding in Niveus.

This has the net effect at a Niveus level of a reduction in the investment in associate, and a reduction in equity in respect of the cash distribution.

Prior to the GABS Acquisition, Newco was a dormant entity. The financial information of Newco for the interim 6 month period ended 30 September 2017 has been audited by Grant Thornton Johannesburg.

Note 3:

Share distribution and unbundling

Effects on Niveus of the La Concorde unbundling of Newco and the subsequent unbundling by Niveus of Newco

Note 4:

Pro forma financial information post the unbundling of Newco.

Transaction costs amounting to R810 000 have been expensed.

General

Throughout the *pro forma*'s an income tax rate of 28% has been assumed.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF NIVEUS

The Board of Directors
 Niveus Investments Limited
 La Concorde
 57 Main Street
 Paarl
 7646
 15 Febraury 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF NIVEUS INVESTMENTS LIMITED ("NIVEUS")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Niveus by the Directors. The *pro forma* financial information, in **Annexure 5** of the Niveus Circular to be issued on or about Wednesday, 21 February 2018 ("the Circular"), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income and related notes. The *pro forma* financial information is required to be presented in terms of the Fundamental Transactions and Takeover Regulations published in terms of the Companies Act ("the Regulations") and has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements, as accepted by the Takeover Regulation Panel.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in **Annexure 5**, on Niveus' financial position as at 30 September 2017 and Niveus' financial performance for the period then ended, as if the corporate action or event had taken place at 30 September 2017 for purposes of statement of financial position and at 1 April 2017 for purposes of statement of comprehensive income. As part of this process, information about Niveus' financial position and financial performance has been extracted by the Directors from Niveus' unaudited interim financial information for the period ended 30 September 2017.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the Listings Requirements and described in **Annexure 5** and as described in the notes to the consolidated *pro forma* statement of financial position and *pro forma* statement of comprehensive income.

Our independence and quality control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420: *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Listings Requirements, the Companies Act, the Regulations and as described in **Annexure 5**.

Consent

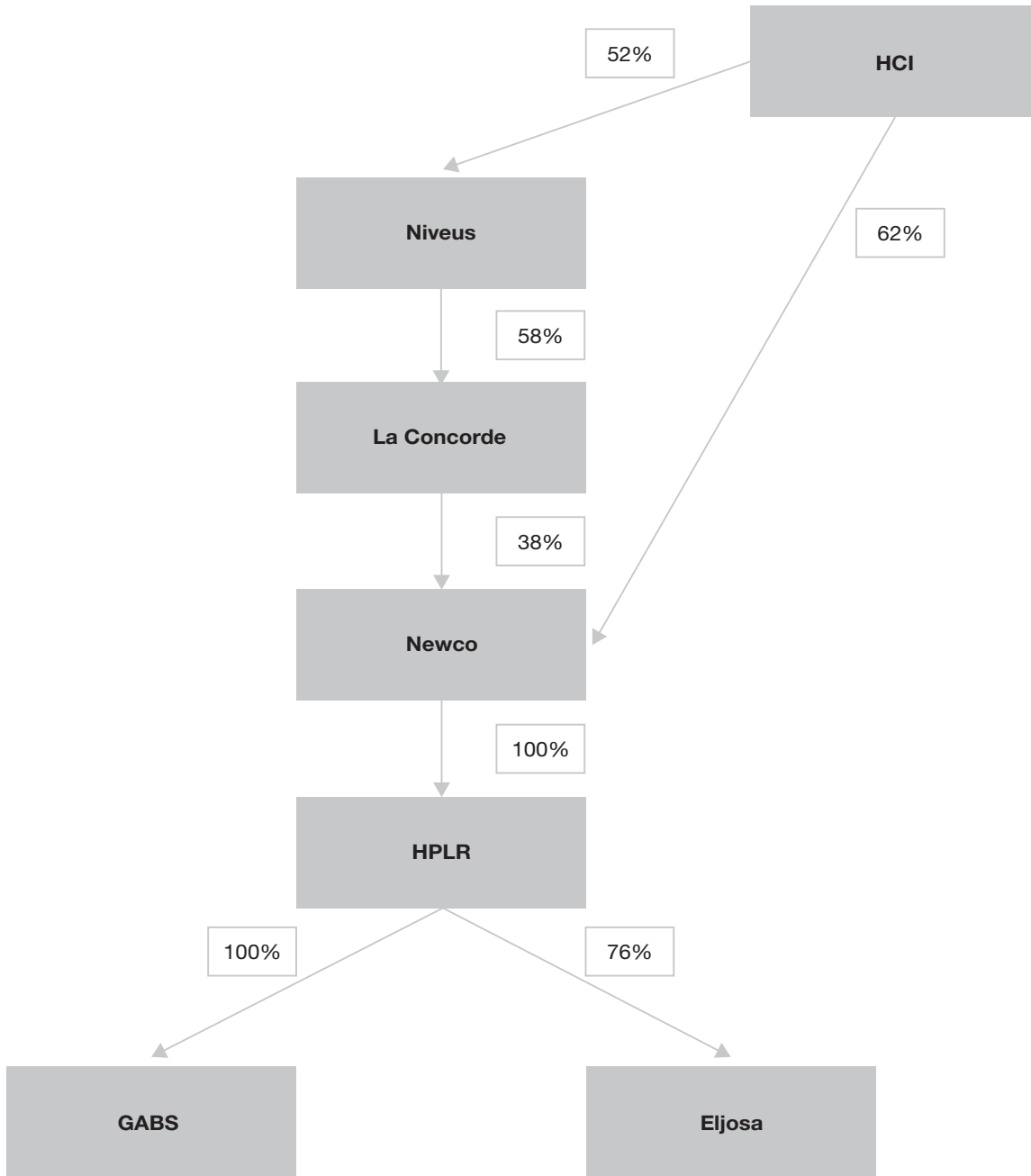
This report on the *pro forma* statement of financial position is included solely for the information of the Shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

Grant Thornton
Chartered Accountants (SA)
Registered Auditors

Per: Robyn Fridberg
Reporting Accountant
Chartered Accountant (SA)

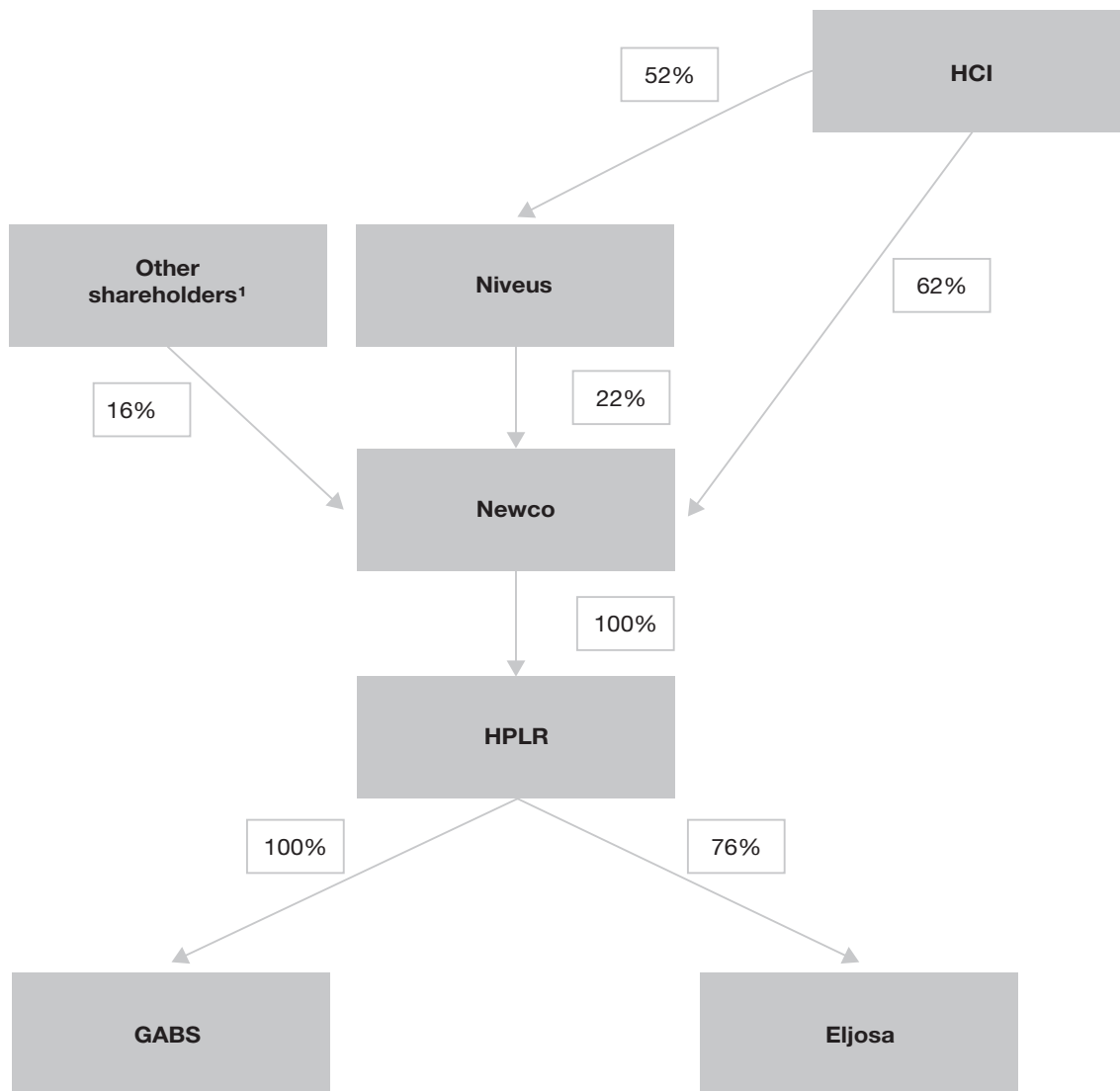
STRUCTURE DIAGRAMS

The diagram below provides a high-level overview of the ownership structure before the La Concorde Unbundling.



Note: The percentages are indicative of approximate shareholdings.

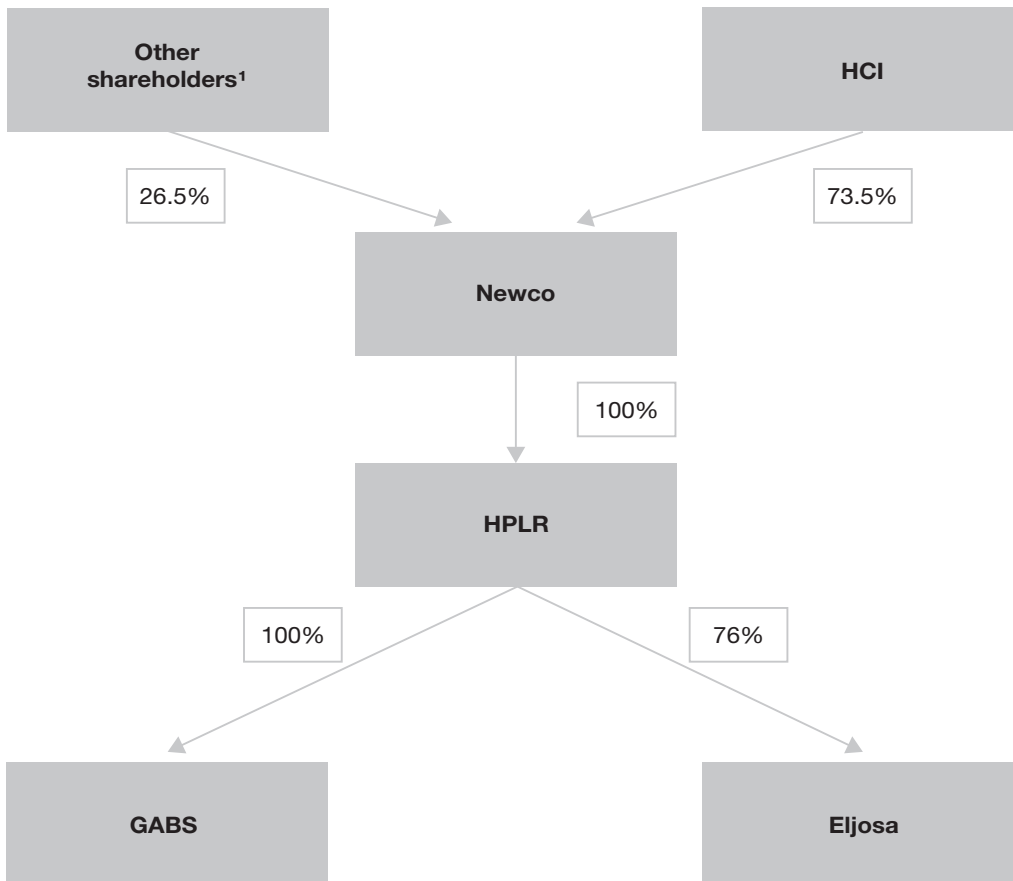
The diagram below provides a high-level overview of the ownership structure upon implementation of the La Concorde Unbundling.



Notes:

- 1) Reflects the Newco Shares distributed to shareholders of La Concorde (other than Niveus) in terms of the La Concorde Unbundling.
- 2) The percentages are indicative of approximate shareholdings.

The diagram below provides a high-level overview of the ownership structure upon implementation of the Niveus Unbundling.



Notes:

- 1) Reflects the Newco Shares distributed to shareholders of La Concorde and Niveus (other than HCI) in terms of the La Concorde Unbundling and the Niveus Unbundling.
- 2) The percentages are indicative of approximate shareholdings.

NIVEUS

INVESTMENTS LIMITED

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

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached, shall bear the same meanings where used in this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders will be held at La Concorde, 57 Main Street, Paarl, on Friday, 23 March 2018 at 11h00, to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder.

Notes:

- For a special resolution to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on such resolution in terms of section 65(9) of the Companies Act and Niveus' MOI.
- For an ordinary resolution to be approved by Shareholder, it must be supported by more than 50% of the voting rights exercised on such resolution by Shareholders.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE LA CONCORDE UNBUNDLING IN TERMS OF THE COMPANIES ACT

IT IS RESOLVED AS A SPECIAL RESOLUTION that, to the extent that such approval is required and subject to the approval of the other resolutions set out in this Notice of General Meeting, the unbundling of the La Concorde Unbundling Shares to La Concorde Shareholders, by way of a distribution *in specie pro rata* to their respective shareholdings in La Concorde, be and is hereby approved in terms of section 115(2)(b) of the Companies Act, on the basis detailed in the Circular and to the extent that such section finds application.

Reason and effect

The reason for Special Resolution Number 1 is that the La Concorde Unbundling 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 and may therefore require the approval of the Shareholders by way of a special resolution, in terms of section 115(2)(b) of the Companies Act (to the extent that such section finds application).

The effect of Special Resolution Number 1, if passed, will be to approve the La Concorde Unbundling in terms of section 115(2)(b) of the Companies Act.

SPECIAL RESOLUTION NUMBER 2 – APPROVAL OF THE NIVEUS UNBUNDLING IN TERMS OF THE COMPANIES ACT

IT IS RESOLVED AS A SPECIAL RESOLUTION that the unbundling of the Niveus Distribution Shares to Shareholders, by way of a distribution *in specie pro rata* to their respective shareholdings in Niveus in the ratio of 0.52659 Niveus Distribution Shares for every 1 Share held by any such Shareholder on the Niveus Unbundling Record Date (but subject to the withholding of the Niveus Tax Withholding Shares), be and is hereby approved in terms of section 112 read with section 115 of the Companies Act, on the basis detailed in the Circular.

Reason and effect

The reason for Special Resolution Number 2 is that the Niveus Unbundling constitutes the disposal of the greater part of the assets or undertaking of Niveus in terms of section 112 of the Companies Act and therefore requires the approval of the Shareholders by way of a special resolution, in terms of section 115 of the Companies Act.

The effect of Special Resolution Number 2, if passed, will be to grant the necessary approval of the Niveus Unbundling in terms of section 112 read with section 115 of the Companies Act.

ORDINARY RESOLUTION NUMBER 1 – DIRECTORS' AUTHORITY

IT IS RESOLVED AS AN ORDINARY RESOLUTION that any Director of Niveus be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to give effect to the resolutions set out above in this Notice of General Meeting and anything already done in this respect be and is hereby ratified.

Reason and effect

The reason for and effect of Ordinary Resolution Number 1 is to authorise each Director of Niveus to do all such things and sign all such documents as are deemed necessary or desirable to implement the resolutions set out in the Notice of General Meeting.

VOTING AND PROXIES

The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 16 February 2018.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting is Friday, 16 March 2018, with the last day to trade being Tuesday, 13 March 2018.

Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson of the General Meeting and must accordingly bring a copy of their identity document, passport or drivers' license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a Shareholder of Niveus. A Form of Proxy (*grey*), which sets out the relevant instructions for its completion, is enclosed for use by Certificated Shareholders or Own-name Dematerialised Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy (*grey*) will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries, at the addresses given below, to be received by them preferably by no later than 11h00 (South African time) on Tuesday, 20 March 2018, provided that any Form of Proxy not delivered to the Transfer Secretary by this time may be handed to the chairperson of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

Dematerialised Shareholders, other than Own-name Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or Broker.

Dematerialised Shareholders, other than Own-name Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.

Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held.

APPRAISAL RIGHTS OF SHAREHOLDERS

In terms of section 164 of the Companies Act, at any time before Special Resolution Number 2 as set out in this notice is voted on, a Shareholder may give Niveus written notice objecting to Special Resolution Number 2.

Within 10 Business Days after Niveus has adopted Special Resolution Number 2, Niveus must send a notice such special resolution has been adopted to each Shareholder who:

- gave Niveus written notice of objection as contemplated above;
- has neither withdrawn that notice or voted in support of Special Resolution Number 2.

A Shareholder may, within 20 Business Days after receiving the aforementioned notice of the adoption of Special Resolution Number 2 or if the Shareholders does not receive such notice, within 20 Business Days of learning that the resolution has been adopted, demand that Niveus pay the Shareholder the fair value for all of the Shares in Niveus held by it:

- the Shareholder has sent Niveus a notice of objection;
- Niveus has adopted the special resolution; and
- the Shareholder voted against the special resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

Any Shareholder who is in doubt as to what action to take should consult their legal or professional advisor in this regard.

The wording of section 164 of the Companies Act is set out in **Annexure 2** to the Circular.

SIGNED ON 19 FEBRUARY 2018 BY LM MOLEFI ON BEHALF OF THE INDEPENDENT BOARD OF NIVEUS



LM MOLEFI

Chairperson of the Independent Board

Company Secretary

HCI Managerial Services Proprietary Limited
Suite 801
76 Regent Road
Sea Point, 8005
PO Box 5251, Cape Town, 8000

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)

NIVEUS

INVESTMENTS LIMITED

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

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

All terms defined in the Circular, to which this Form of Proxy is attached, shall bear the same meanings when used in this Form of Proxy.

For use only by Shareholders holding Certificated Shares and Own-name Dematerialised Shareholders at the General Meeting to be held at La Concorde, 57 Main Street, Paarl, on Friday, 23 March 2018 at 11h00.

Dematerialised Shareholders who are not Own-name Dematerialised Shareholders must not complete this Form of Proxy and must provide their CSDP or Broker with their voting instructions, in terms of the custody agreement entered into between them and their CSDP or Broker. Dematerialised Shareholders who are not Own-name Dematerialised Shareholders wishing to attend the General Meeting must inform their CSDP or Broker of such intention and request their CSDP or Broker to issue them with the necessary letter of representation to attend.

I/We (Full name in print) _____

of (address) _____

Telephone: (work) area code () _____ Telephone: (home) area code () _____

Cell phone number: _____ E-mail address: _____

being the holder of _____ Shares in Niveus, hereby appoint:

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairperson of the General Meeting,

as my/our proxy to attend, speak and vote for me/us at the General Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	In favour of *	Against *	Abstain *
Special Resolution Number 1 Approval of the La Concorde Unbundling in terms of the Companies Act			
Special Resolution Number 2 Approval of the Niveus Unbundling in terms of the Companies Act			
Ordinary Resolution Number 1 Directors' authority			

* One vote per Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or “X” should they wish to vote all Shares held by them. If the Form of Proxy is returned without an indication as to how the proxy should vote on any particular matter, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.

Signed at _____ on this _____ day of _____ 2018

Signature(s) _____

Capacity of signatory (where applicable) _____

Assisted by (where applicable) (state capacity and full name) _____

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be Shareholder(s) of Niveus) to attend, speak and vote in his/her stead at the General Meeting.

Please read the notes on the reverse side hereof.

Notes:

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered Shareholder of Niveus.

Shareholders who have Dematerialised their Shares with a CSDP or Broker, other than Own-name Dematerialised Shareholders, must arrange with the CSDP or Broker concerned to provide them with the necessary authorisation to attend the General Meeting or the Shareholders concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the CSDP or Broker concerned.

Instructions on signing and lodging the Form of Proxy:

A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the chairperson of the General Meeting", but any such deletion must be initialled by the Shareholder. Should this space/s be left blank, the proxy will be exercised by the chairperson of the General Meeting. The person whose name appears first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries or Niveus.

The completed Form of Proxy must be lodged with, posted to or sent via e-mail to the Transfer Secretaries at the addresses set out below, to be received by them preferably by no later than 11h00 (South African time) on Tuesday, 20 March 2018, provided that any Form of Proxy not delivered to the Transfer Secretary by this time may be handed to the chairperson of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting. The details of the Transfer Secretaries are as set out below:

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)
Email: proxy@computershare.co.za

Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.

The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

The appointment of a proxy in terms of this Form of Proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a Shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to Niveus.

The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form of Proxy must be initialled by the signatory/ies.

The chairperson of the General Meeting may accept any Form of Proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a Shareholder wishes to vote.