HCI

Hosken Consolidated Investments Limited

ANNUAL FINANCIAL STATEMENTS

2016

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CORPORATE ADMINISTRATION

DIRECTORS

Executive directors
John Anthony Copelyn (Chief Executive Officer)
Theventheran Govindsamy Govender (Kevin)
(Financial Director)
Yunis Shaik

Independent non-executive directors
Mohamed-Salim Ismail Gani (Mac)
Mimi Freddie Magugu
Dr Lynette Moretlo Molefi
Velaphi Elias Mphande (Chairman)
Jabulani Geffrey Ngcobo
Rachel Doreen Watson

WEBSITE ADDRESS
www.hci.co.za

COMPANY REGISTRATION NUMBER
1973/007111/06

SHARE CODE
HCI

ISIN
ZAE000003257

COMPANY SECRETARY AND REGISTERED OFFICE
HCI Managerial Services Proprietary Limited
5th Floor, 4 Stirling Street
Zonnebloem, Cape Town, 7925
Telephone: 021 481 7560
Telefax: 021 434 1539
PO Box 5251
Cape Town, 8000

AUDITORS
Grant Thornton Johannesburg Partnership
Practice Number 903485
@Grant Thornton
Wanderers Office Park, 52 Corlett Drive
Illovo, 2196
Private Bag X10046
Sandton, 2146

BANKERS
First National Bank of Southern Africa Limited

SPONSOR
Investec Bank Limited
100 Grayston Drive
Sandown, Sandton, 2196

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107

SHAREHOLDERS' SNAPSHOT

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2016.

	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
Range of holdings				
1 – 1 000	1 139	60.52	316 688	0.30
1 001 – 10 000	418	22.21	1 665 286	1.58
10 001 – 50 000	190	10.10	4 477 574	4.26
50 001 – 100 000	45	2.39	3 232 608	3.07
100 001 – 500 000	61	3.24	15 279 628	14.52
500 001 – 1 000 000	18	0.96	13 002 269	12.36
1 000 001 shares and over	11	0.58	67 224 616	63.91
	1 882	100.00	105 198 669	100.00
Type of shareholder				
Public companies	23	1.22	5 034 731	4.79
Banks	25	1.33	6 862 738	6.52
Close corporations	53	2.82	4 592 208	4.37
Individuals	1 479	78.58	30 278 355	28.78
Nominees and trusts	149	7.92	3 366 859	3.20
Other corporations	52	2.76	39 028 194	37.10
Pension funds	66	3.51	2 323 528	2.21
Private companies	35	1.86	13 712 056	13.03
	1 882	100.00	105 198 669	100.00

Shareholders' diary

Financial year-end	31 March
Annual general meeting	1 November
Reports	
– Preliminary report	May
– Interim report at 30 September	November
– Annual financial statements	September

SIGNIFICANT SHAREHOLDINGS

At 31 March 2016, insofar as Hosken Consolidated Investments Limited (HCI) is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	2016 %	2015 %
Southern African Clothing and Textile Workers Union	**32.8**	32.8
MJA Golding*	**7.8**	7.8
JA Copelyn	**5.5**	5.3
	46.1	45.9

* Through shareholding in Geomer Investments Proprietary Limited in 2016

SHAREHOLDER SPREAD

	Percentage held		**Number of shareholders**	
	2016 %	2015 %	**2016**	2015
Public	**59.6**	59.6	**1 875**	2 140
Non-public	**40.4**	40.4	**7**	7
Directors	**5.7**	5.5	**2**	3
Associates of directors	**0.9**	0.9	**1**	1
Significant shareholder	**32.8**	32.8	**1**	1
Share trust	**0.8**	0.9	**1**	1
Treasury shares*	**0.2**	0.3	**2**	1
	100.0	100.0	**1 882**	2 147

* Included 244 021 shares (2015: 276 480) that were held by the company, pending cancellation, at year-end

Stock exchange performance

Total number of shares traded ('000)	17 346
Total value of shares traded (R'000)	2 252 311
Market price (cents per share)	
– Closing	11 202
– High	16 460
– Low	9 500
Market capitalisation (R'000)	11 784 355

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Hosken Consolidated Investments Limited are responsible for the preparation, integrity and fair presentation of the financial statements of the company and of the group and for other information contained in this annual financial statements. The annual financial statements for the year ended 31 March 2016 have been prepared in accordance with International Financial Reporting Standards and include amounts based on prudent judgements and estimates by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group. The financial statements have been audited by the independent auditing firm, Grant Thornton Johannesburg Partnership, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board.

The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The annual financial statements for the year ended 31 March 2016 were approved by the board of directors on 30 August 2016 and are signed on its behalf by:

JA Copelyn
Chief Executive Officer

TG Govender
Financial Director

Cape Town
30 August 2016

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Consolidated Investments Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2016, all such returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services
Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
30 August 2016

REPORT OF THE AUDIT COMMITTEE

Members: Mr LW Maasdorp [chairman], Dr LM Molefi, Mr JG Ngcobo.

The HCI audit committee is a formal committee of the board, appointed by the shareholders, and functions within its documented terms of reference. All members of the audit committee act independently. The chief financial officer, the group's risk officer and the group financial manager attend the meetings as permanent invitees, along with external audit and internal audit. Other directors and members of management attend as required.

During the year under review four audit committee meetings were held. Please see the table on page 6 for attendances at these meetings. Mr LW Maasdorp resigned as a member of the audit committee and the board of directors on 31 March 2016.

The audit committee has pleasure in submitting this report in respect of the past financial year of the group, as required by section 94 of the Companies Act 2008, as amended (the Act).

FUNCTIONS OF THE AUDIT COMMITTEE

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

The audit committee fulfils an independent oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Act, recommendations by King III and additional responsibilities assigned by the board.

The committee is satisfied that, in respect of the financial period under review, it has performed all the functions required by law to be performed by an audit and risk committee, including as set out by section 94 of the Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report in the integrated annual report. In this connection the committee has:

- reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- reviewed legal matters that could have a significant impact on the group's financial statements;
- reviewed the external audit reports on the annual financial statements;
- verified the independence of the external auditor as per section 92 of the Act and accordingly nominates Grant Thornton Johannesburg Partnership to continue in office as the independent auditor and noted the appointment of Mr Ben Frey as the designated auditor for 2016;
- approved the audit fees and engagement terms of the external auditor; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the external auditor, which are regularly held.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR

As required by JSE Listing Requirement 3.84(h), the committee has reviewed the performance of the group financial director, Mr TG Govender, and was satisfied that he has the necessary expertise and experience to fulfil this role and has performed appropriately during the year under review.

INTERNAL AUDIT

The group has established an internal audit function at the holding company level. Where appropriate, subsidiaries have their own internal audit departments that perform the internal audit function for the relevant subsidiary. Reports generated by the subsidiary companies' internal audit departments are made available and discussed at the HCI group audit and risk committee.

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group.

The group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the group's key operating subsidiaries and associated company levels for ensuring adherence to the various Acts and Codes that govern the day-to-day operations. Each group company has its own board of directors responsible for the management, including risk management and internal control, of that company and its business.

Mr D Levin is the group risk officer for the HCI group. The risk report follows this report. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed. The group audit and risk committee assists the board in discharging its responsibilities. It also considers reports and information generated by the subsidiary companies' audit or finance committees to their respective boards.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the annual financial statements of Hosken Consolidated Investments Limited and the group for the period ended 31 March 2016 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

Individual directors' attendance at the audit committee meetings is set out in the table below:

Name	Category	Number of of meetings	Attendance
LW Maasdorp	Chairman	4	2
LM Molefi	Member	4	4
JG Ngcobo	Member	4	4
Guests			
B Frey	External auditor – Grant Thornton	4	4
TG Govender	Chief financial officer		
D Levin	Group risk officer	4	4
P Naidoo	Financial manager	4	4
C Pereira	Group financial manager	4	4
C Philip	Company secretary	4	4
T Schoeman	External auditor – Grant Thornton	4	4
C Smit	Group audit executive	4	4

LM Molefi
Acting Chairperson: audit committee

30 August 2016

REPORT OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF HOSKEN CONSOLIDATED INVESTMENTS LIMITED

We have audited the annual financial statements of Hosken Consolidated Investments Limited which comprise the consolidated and separate statements of financial position as at 31 March 2016, the consolidated and separate income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 108.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Hosken Consolidated Investments Limited as of 31 March 2016, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015 we report that Grant Thornton Johannesburg Partnership has been the auditor of Hosken Consolidated Investments Limited for 19 years.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 March 2016 we have read the Directors' Report, the Audit Committee's Report and the Declaration by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton

Grant Thornton Johannesburg Partnership
Registered Auditors
Chartered Accountants (SA)
Partner: B Frey

Johannesburg
30 August 2016

1. NATURE OF BUSINESS

Hosken Consolidated Investments Limited (HCI) is an investment holding company, incorporated in South Africa and listed on the JSE Limited.

2. OPERATIONS AND BUSINESS

The business operations of HCI include the making of investments in opportunities as identified by the board of directors and to add value to these investments over time. As such, HCI has consciously established itself and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them.

3. RESTATEMENT OF COMPARATIVE RESULTS

There were various circumstances in the group requiring a restatement of prior year results. The restatements relate to the group's casino gaming and hotels, and media and broadcasting segments.

Casino gaming and hotels

The accounting for the acquisition of Tsogo Sun Holdings Limited (Tsogo) was made on a provisional basis in terms of IFRS 3: Business Combinations for the year ended 31 March 2015. In terms of IAS 8: Accounting Policies – Changes in Accounting Estimates and Errors the adjustments to finalise the Tsogo acquisition have been amended retrospectively. The comparative figures have been restated to present the prior year figures as if the acquisition accounting was finalised in the prior year.

The revised fair values of the assets and liabilities resulted in additional depreciation, amortisation and deferred tax charge for the year end 31 March 2015. Refer to note 50 for more details.

Media and broadcasting

eMedia Holdings Limited have disclosed the results of discontinued operations separately on the face of the income statement and, where practical, the prior year results have been restated.

4. BUSINESS COMBINATIONS

Details of business combinations are set out in note 48 of the annual financial statements.

5. DISCONTINUED OPERATIONS AND DISPOSAL GROUP ASSETS AND LIABILITIES HELD FOR SALE

Details of discontinued operations and disposal group assets and liabilities held for sale are set out in notes 18 and 39 of the annual financial statements respectively.

6. DIVIDENDS

Ordinary dividend number 52, in the amount of forty cents per share, was paid to shareholders on 14 December 2015. Ordinary dividend number 53, in the amount of one hundred and fifty cents per share, was paid to shareholders on 27 June 2016.

7. SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 19 of the annual financial statements.

8. DIRECTORATE

The directors of the company appear on page 1. Mr LW Maasdorp resigned as a director of the company as of 31 March 2016. Mr M Gani was appointed as a director of the company as of 19 August 2016.

9. COMPANY SECRETARY

The secretary of the company for the twelve months ended 31 March 2016 was HCI Managerial Services Proprietary Limited. The name, business and postal address of the company secretary are set out on page 1 of this report.

10. AUDITORS

Grant Thornton Johannesburg Partnership will continue in office in accordance with section 90 of the South African Companies Act, with Mr Ben Frey as the designated auditor.

11. SIGNIFICANT SHAREHOLDERS

The company's significant shareholders are Southern African Clothing and Textile Workers Union, and Messrs MJA Golding and JA Copelyn who own 32.8%, 7.8% and 5.5% respectively. No shareholder has a controlling interest in the company.

12. SPECIAL RESOLUTIONS

The following special resolutions were passed by the company's shareholders at the annual general meeting of shareholders held on 29 October 2015:

- Approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 November 2015 until the next annual general meeting of the company.
- Granting the company and the subsidiaries of the company a general authority contemplated in terms of the JSE Listing Requirement 5.72, for the acquisition by the company, or a subsidiary of the company, of ordinary issued shares issued by the company.

The following special resolutions were passed by the company's shareholders at a general meeting of shareholders held subsequent to the year-end on 21 July 2016:

- Approval for the repurchase by the company of the following shares which shall be cancelled, delisted and restored to the authorised, but unissued, share capital of the company once the specific repurchase has been completed:
  - 5 240 000 HCI shares from, Rivetprops 47 Proprietary Limited and its subsidiary, Circumference Investments Proprietary Limited, and from Chearsley Investments Proprietary Limited;
  - 3 500 000 HCI shares from Geomer Investments Proprietary Limited;
  - 3 000 000 HCI shares from Geomer Investments Proprietary Limited; and
  - 400 000 HCI shares from Majorshelf 183 Proprietary Limited.
- Approval for the repurchase by Squirewood Investments 64 Proprietary Limited of 4 000 000 HCI shares from Southern African Clothing and Textiles Workers Union (SACTWU) which shares shall be held in treasury.

13. SPECIAL RESOLUTIONS OF SUBSIDIARIES

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

14. AUDITOR'S REPORT

The consolidated and separate annual financial statements have been audited by Grant Thornton Johannesburg Partnership and their unqualified audit report on the consolidated and separate annual financial statements is included on page 7 of this report.

15. SHAREHOLDING OF DIRECTORS

The shareholding of directors of the company and their participation in the share incentive scheme of the company as at 31 March 2016, are set out in notes 43 and 42 respectively in the annual financial statements.

16. DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2016 are set out in note 44 in the annual financial statements.

17. SUBSIDIARIES

Details of the company's subsidiaries are set out in annexure A to the annual financial statements.

18. BORROWING POWERS

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

19. LITIGATION STATEMENT

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

20. MATERIAL CHANGE

There has been no material change in the financial or trading position of the HCI group since the publication of its provisional results for the year ended 31 March 2016.

21. SUBSEQUENT EVENTS

Refer to note 50 in the annual financial statements for more information. The directors are not aware of any further matter or circumstance arising since the end of the financial period, not otherwise dealt with in the financial statements that would affect the operations or results of the company or the group significantly.

22. PREPARER

These annual financial statements were prepared under the supervision of the financial director, Mr TG Govender, B.Compt (Hons).

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

		Group		Company	
	Notes	**2016 R'000**	2015* R'000	**2016 R'000**	2015 R'000
ASSETS					
Non-current assets		**55 610 831**	52 711 217	**17 269 578**	17 519 586
Property, plant and equipment	1	**24 371 720**	23 147 181	**–**	–
Investment properties	2	**3 021 423**	2 530 138	**–**	–
Goodwill	3	**4 999 944**	4 926 092	**–**	–
Intangible assets	4	**19 884 340**	19 886 836	**–**	–
Intangible assets mining	5	**94 382**	102 270	**–**	–
Investments in associates	6	**1 223 013**	789 087	**3 000**	3 000
Investments in joint arrangements	7	**230 255**	547 477	**–**	–
Other financial assets	8	**666 581**	49 231	**–**	–
Investments in and loans to subsidiary companies	9	**–**	–	**17 220 853**	17 462 335
Deferred taxation	10	**449 789**	440 056	**–**	–
Operating lease equalisation asset	11	**88 275**	46 476	**–**	–
Finance lease receivables	12	**74 276**	59 471	**–**	–
Non-current receivables	13	**506 833**	186 902	**45 725**	54 251
Current assets		**8 850 081**	8 964 849	**380 249**	2 138
Inventories	14	**2 010 102**	1 918 296	**–**	–
Programme rights	15	**490 973**	431 169	**–**	–
Other financial assets	8	**87 056**	59 360	**–**	–
Amounts owing from subsidiary companies		**–**	–	**377 590**	–
Trade and other receivables	16	**2 570 221**	2 640 686	**289**	–
Taxation		**152 071**	121 996	**–**	–
Cash and cash equivalents	41.5	**3 539 658**	3 793 342	**2 370**	2 138
Disposal group assets held for sale	18	**147 298**	307 338	**–**	–
Total assets		**64 608 210**	61 983 404	**17 649 827**	17 521 724
EQUITY AND LIABILITIES					
Capital and reserves		**32 927 180**	30 503 423	**16 884 808**	16 115 952
Equity attributable to equity holders of the parent		**16 539 747**	14 950 989	**16 884 808**	16 115 952
Ordinary share capital	19	**26 027**	26 010	**26 239**	26 300
Share premium	19	**–**	–	**17 158**	47 110
Other reserves	20	**841 432**	469 837	**–**	–
Accumulated profits		**15 672 288**	14 455 142	**16 841 411**	16 042 542
Non-controlling interest		**16 387 433**	15 552 434	**–**	–
Non-current liabilities		**21 482 544**	21 502 570	**–**	–
Operating lease equalisation liability	11	**280 497**	280 753	**–**	–
Financial liabilities	21	**492 553**	538 043	**–**	–
Borrowings	22	**12 098 381**	12 354 880	**–**	–
Finance lease liabilities	23	**–**	1 731	**–**	–
Post-retirement medical benefit liabilities	24	**159 972**	194 376	**–**	–
Long-term incentive plan	25	**33 876**	35 865	**–**	–
Long-term provisions	26	**246 749**	221 717	**–**	–
Deferred revenue	27	**35 223**	21 163	**–**	–
Deferred taxation	10	**8 135 293**	7 854 042	**–**	–
Current liabilities		**10 181 883**	9 952 444	**765 019**	1 405 772
Trade and other payables	28	**2 966 211**	2 862 846	**1 840**	4 070
Deferred revenue	27	**74 106**	66 678	**–**	–
Financial liabilities	21	**64 235**	61 767	**–**	–
Amounts owing to subsidiary companies	9	**–**	–	**476 414**	1 265 250
Current portion of borrowings	22	**3 247 985**	3 184 504	**–**	–
Taxation		**155 846**	153 362	**1 518**	20
Provisions	26	**411 415**	298 876	**–**	–
Long-term incentive plan	25	**203 389**	221 897	**–**	–
Bank overdrafts	29	**3 058 696**	3 102 514	**285 247**	136 432
Disposal group liabilities held for sale	18	**16 603**	24 967	**–**	–
Total equity and liabilities		**64 608 210**	61 983 404	**17 649 827**	17 521 724

* Restated

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
	Notes	**2016 R'000**	2015* R'000	**2016 R'000**	2015 R'000
Revenue	32	**15 054 358**	12 155 860	**–**	–
Net gaming win		**8 527 895**	5 101 290	**–**	–
		23 582 253	17 257 150	**–**	–
Depreciation and amortisation		**(1 410 673)**	(1 007 748)	**–**	–
Other operating expenses and income		**(17 656 859)**	(13 148 772)	**(16 799)**	(12 458)
Investment income	33	**207 469**	82 478	**1 312 211**	879 265
Share of profits of associates and joint arrangements		**56 330**	270 262	**–**	–
Investment surplus (deficit)	34	**5 819**	5 312	**–**	(486 395)
Gain on bargain purchase		**4 630**	–	**–**	–
Fair value adjustment on associate on change of control		**(1 094)**	2 757 227	**–**	–
Fair value adjustments of investment properties		**149 791**	155 753	**–**	–
Impairment reversals		**–**	12 771	**–**	–
Asset impairments		**(149 238)**	(38 318)	**–**	–
Fair value adjustments of financial instruments		**(1 214)**	7 868	**–**	–
Impairment of goodwill and investments	35	**(18 576)**	(9 358)	**(295 970)**	(2 019)
Finance costs	36	**(1 366 128)**	(843 602)	**(22 291)**	(18 794)
Profit before taxation	37	**3 402 510**	5 501 023	**977 151**	359 599
Taxation	38	**(1 162 354)**	(665 479)	**(1 246)**	(4 596)
Profit for the year from continuing operations		**2 240 156**	4 835 544	**975 905**	355 003
Discontinued operations	39	**(118 184)**	(379 954)	**–**	–
Profit for the year		**2 121 972**	4 455 590	**975 905**	355 003
Attributable to:					
Equity holders of the parent		**1 043 404**	3 553 966		
Non-controlling interest		**1 078 568**	901 624		
		2 121 972	4 455 590		
Earnings per share (cents)	40	**1 001.66**	3 361.55		
Continuing operations		**1 051.48**	3 663.49		
Discontinued operations		**(49.82)**	(301.94)		
Diluted earnings per share (cents)	40	**990.42**	3 310.20		
Continuing operations		**1 039.68**	3 607.53		
Discontinued operations		**(49.26)**	(297.33)		

* Restated

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Group		Company	
	2016 R'000	2015* R'000	**2016 R'000**	2015 R'000
Profit for the year	**2 121 972**	4 455 590	**975 905**	355 003
Other comprehensive income net of tax:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences	**525 122**	125 457	**–**	–
Cash flow hedge reserve	**116 438**	(79 099)	**–**	–
Income tax	**–**	–	**–**	–
Items that may not be reclassified subsequently to profit or loss				
Actuarial gains (losses) on post-employment benefit liability	**47 549**	(17 909)	**–**	–
Income tax	**(13 313)**	2 674	**–**	–
Total comprehensive income for the year	**2 797 768**	4 486 713	**975 905**	355 003
Attributable to:				
Equity holders of the parent	**1 515 368**	3 571 631		
Non-controlling interest	**1 282 400**	915 082		
	2 797 768	4 486 713		

* Restated

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

GROUP	Share capital R'000	Share premium R'000	Other reserves R'000	Accumulated profits* R'000	Non-controlling interest* R'000	Total R'000
Balance at 31 March 2014	26 544	–	687 910	11 380 024	2 835 683	14 930 161
Share capital and premium						
Treasury shares released	150	62 151	–	–	–	62 301
Shares repurchased	(684)	(118 623)	–	(300 250)	–	(419 557)
Current operations						
Total comprehensive income	–	–	32 900	3 538 731	915 082	4 486 713
Equity-settled share-based payments	–	–	11 495	–	–	11 495
Non-controlling interest on acquisition of subsidiaries	–	–	–	–	11 953 752	11 953 752
Effects of changes in holding	–	–	(262 468)	692 112	83 503	513 147
Capital reductions and dividends	–	–	–	(799 003)	(235 586)	(1 034 589)
Transfer of negative share premium	–	56 472	–	(56 472)	–	–
Restated balance at 31 March 2015	26 010	–	469 837	14 455 142	15 552 434	30 503 423
Balance at 31 March 2015	26 010	–	469 837	14 476 000	7 865 217	22 837 064
Restatement	–	–	–	(20 858)	7 687 217	7 666 359
Share capital and premium						
Treasury shares released	**91**	**44 618**	**–**	**–**	**–**	**44 709**
Shares repurchased	**(74)**	**(35 693)**	**–**	**–**	**–**	**(35 767)**
Current operations						
Total comprehensive income	**–**	**–**	**442 905**	**1 072 463**	**1 282 400**	**2 797 768**
Equity-settled share-based payments	**–**	**–**	**11 689**	**–**	**–**	**11 689**
Non-controlling interest on acquisition of subsidiaries	**–**	**–**	**–**	**(6 105)**	**3 583**	**(2 522)**
Effects of changes in holding	**–**	**–**	**–**	**235 574**	**41 331**	**276 905**
Capital reductions and dividends	**–**	**–**	**–**	**(176 710)**	**(492 315)**	**(669 025)**
Transfer	**–**	**(8 925)**	**(82 999)**	**91 924**	**–**	**–**
Balance at 31 March 2016	**26 027**	**–**	**841 432**	**15 672 288**	**16 387 433**	**32 927 180**
Notes	19		20			

* Restated

COMPANY	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Balances at 31 March 2014	29 627	99 840	18 516 250	18 645 717
Share capital and premium				
Shares issued	107	65 896	–	66 003
Share repurchases	(3 434)	(118 626)	(1 981 084)	(2 103 144)
Current operations				
Total comprehensive income	–	–	355 003	355 003
Dividends	–	–	(847 627)	(847 627)
Balances at 31 March 2015	26 300	47 110	16 042 542	16 115 952
Share capital and premium				
Shares issued	**–**	**–**	**–**	**–**
Share repurchases	**(61)**	**(29 952)**	**–**	**(30 013)**
Current operations				
Total comprehensive income	**–**	**–**	**975 905**	**975 905**
Dividends	**–**	**–**	**(177 036)**	**(177 036)**
Balances at 31 March 2016	**26 239**	**17 158**	**16 841 411**	**16 884 808**
Note	19	19		

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
	Notes	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Cash flows from operating activities		**3 290 203**	1 153 239	**(56 697)**	(34 650)
Cash generated by operating activities		**6 271 732**	3 591 785	**142 378**	160 086
Cash generated (utilised) by operations	41.1	**6 475 861**	4 316 401	**(16 799)**	(12 458)
Investment income		**265 216**	166 177	**161 695**	170 093
Changes in working capital	41.2	**(469 345)**	(890 793)	**(2 518)**	2 451
Finance costs		**(1 349 256)**	(1 074 693)	**(22 291)**	(18 794)
Taxation (paid) received	41.3	**(963 248)**	(972 536)	**252**	(4 596)
Dividends paid		**(669 025)**	(391 317)	**(177 036)**	(171 346)
Cash flows from investing activities		**(3 297 342)**	(2 575 096)	**(61 873)**	386 278
Business combinations/disposals	41.4	**27 323**	143 895	**–**	–
Investment in:					
– Subsidiary companies		**–**	(160)	**(63 539)**	385 150
– Associated companies and joint ventures		**(298 389)**	(572 443)	**–**	–
– Financial assets		**(351 957)**	(7 726)	**–**	–
Dividends received		**64 205**	427 617	**1 666**	1 128
Short-term loans advanced		**16 398**	2 424	**–**	–
Increase in long-term receivables		**(343 027)**	(32 188)	**–**	–
Proceeds on disposal of investments		**166 747**	–	**–**	–
Intangible assets					
– Additions		**(56 023)**	(233 640)	**–**	–
– Disposals		**855**	–	**–**	–
Investment properties					
– Additions		**(503 654)**	(501 793)	**–**	–
– Disposals		**34 271**	15 600	**–**	–
Property, plant and equipment:					
– Additions		**(2 152 413)**	(1 903 597)	**–**	–
– Disposals		**98 322**	86 915	**–**	–
Cash flows from financing activities		**(235 394)**	1 579 332	**(30 013)**	(353 054)
Ordinary shares issued and treasury shares sold		**3 680**	57 986	**–**	66 003
Ordinary shares repurchased		**(35 766)**	(419 557)	**(30 013)**	(419 057)
Other liabilities raised		**8 677**	13 714	**–**	–
Government grants received		**16 395**	–	**–**	–
Change in non-controlling interest		**(2 483)**	429 418	**–**	–
Long-term funding raised		**1 187 242**	3 665 501	**–**	–
Long-term funding repaid		**(1 413 139)**	(2 167 730)	**–**	–
Cash and cash equivalents					
Movements		**(242 533)**	157 475	**(148 583)**	(1 426)
At the beginning of the year		**709 231**	574 386	**(134 294)**	(132 868)
Foreign exchange difference on translation of foreign subsidiaries		**53 734**	(22 630)	**–**	–
At the end of the year	41.5	**520 432**	709 231	**(282 877)**	(134 294)

1. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated annual financial statements and company annual financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(a) Basis of preparation

The consolidated and company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the Companies Act of South Africa and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below.

(b) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive members of the board.

(c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries, associated entities and joint venture entities owned by the group.

(i) Subsidiaries

The group applies the acquisition method of accounting 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 and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The company records its investment in subsidiaries at cost less any impairment charges. These interests include any intergroup loans receivable which represent, by nature, a further investment in the subsidiary.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investments in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognises the amount immediately in profit or loss.

(iii) Joint ventures

The post-acquisition results of joint ventures are incorporated in the financial statements using the equity method of accounting and are initially recognised at cost. Joint ventures' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group. The group's investment in joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition.

(iv) Goodwill

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

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis.

The carrying amount of goodwill in respect of associates and joint ventures is included in the carrying value of the investment in the respective associate and joint venture.

(d) Foreign exchange

(i) Functional and presentation currency

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

(ii) Transactions and balances

The financial statements for each group company have been 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 reporting 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 and associates – translation

Once-off items in the income statement and statement of cash flows of foreign subsidiaries and associates 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 group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of 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 the reporting date.

(e) Property, plant and equipment

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

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

(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.

(f) Investment properties

Investment property is stated at fair value representing estimated market value. Changes in fair value are recognised in profit or loss in the period in which they arise.

(g) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination.

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.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable and it is probable that economic benefits will flow to the group.

(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.

Direct costs associated with the production of identifiable and unique internally generated software products controlled by the 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.

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

(ii) Bid costs and casino licences

Costs incurred during the bidding process for a casino licence are capitalised to casino licences and bid costs by the individual casino on the successful award of the casino licence as these costs are directly attributable to the award of the licence. Payments made to gaming boards for enhancements of existing casino licences, such as additional gaming positions, are capitalised by the individual casino to the underlying casino licence.

Casino licences that do not have an expiry date are not amortised as they are considered to have an indefinite life and are tested annually for impairment on the same basis as goodwill.

Costs associated with unsuccessful casino licence applications are immediately impaired.

(iii) Trademarks

Trademarks are recognised initially at cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation.

(iv) Distribution rights

Distribution rights represent multi-territory and multiplatform programming rights that the group is able to "onsell" to other broadcasters. Distribution rights are initially recognised at cost. Distribution rights are amortised over the products' economic life cycle which is determined on a pro rata basis of the individual titles' total cost based on the territory and broadcast platform for which the distribution rights have been "onsold".

Distribution rights are amortised on a straight-line basis.

Distribution rights are tested for impairment annually until they are brought into use.

(v) Capitalised evaluation and exploration expenditure, and capitalised development expenditure

Capitalised evaluation and exploration expenditure, and capitalised development expenditure with finite lives are amortised over their estimated useful economic life.

Direct attributable expenses relating to mining and other major capital projects, site preparations, and exploration and development are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision.

Costs capitalised to evaluation and exploration expenditure are transferred to capitalised development costs once the technical feasibility and commercial viability of developing the mine has been established and the decision to develop the mine has been taken by the directors.

(vi) Management contracts

Management contracts are recognised initially at fair value on business acquisitions as intangibles. Management contracts that do not have an expiry date are not amortised as they are considered to have an indefinite life and are tested annually for impairment on the same basis as goodwill.

(vii) Programming under development

Programming under development represents costs relating to programming that is still in the process of development and cannot yet be brought into use. Once brought into use these assets will be amortised and transferred to programming rights.

(h) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognised at fair value plus any directly attributable transaction costs (transaction costs are not included on initial recognition for financial instruments carried at fair value through profit or loss).

Finance costs are charged against income in the year in which they accrue 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 finance costs over the life of the instrument.

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the group's right to receive payments is established.

(ii) Loans and receivables

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost less allowance for impairment. An allowance account is utilised to account for credit losses.

(iii) Financial liabilities at amortised cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and redemption value is recognised in profit or loss over the period of the borrowings. Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are analysed between current and non-current liabilities on the face of the statement of financial position, depending on when the obligation to settle will be realised.

(iv) Available-for-sale investments

Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities.

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of investment income when the group's right to receive payments is established.

(v) 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 group's cash management.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(i) Derivative financial assets and financial liabilities

For derivatives that are not designated to have a hedging relationship, all fair value movements thereon are recognised immediately in profit or loss. See note (j) for the group's accounting policy on hedge accounting.

Certain derivative instruments, while providing effective economic hedges under the group's policies, are not designated as hedges; these include forward exchange contracts. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in profit or loss. The group does not hold or issue derivative financial instruments for speculative purposes.

(j) Hedge accounting

The derivative instruments used by the group, which are used solely for hedging purposes comprise interest rate swaps. These derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedging relationship.

In order to qualify for hedge accounting the group is required to document the relationship between the hedged item and the hedging instrument. The group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period-end to ensure that the hedge has remained, and will continue to remain, highly effective.

Certain derivatives are designated as either:

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge). The group does not hold any hedges in this category; or

(ii) hedges of highly probable forecast transactions or commitments (cash flow hedge).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss. Amounts accumulated in other comprehensive income are recycled to the income statement in the period in which the hedged item affects profit or loss.

(k) Inventories

Inventories are valued at the lower of cost or net realisable value. Operating equipment utilised within 12 months is recognised as an expense based on usage. Allowance is made for slow-moving goods and obsolete materials are written off. Cost is determined on the following basis:

- Consumable stores are valued at invoice cost on a first in, first out (FIFO) basis.
- Food and beverage inventories and operating equipment are valued at weighted average cost.

(l) Programming rights

Programming rights are stated at the contracted costs incurred in obtaining the rights to transmit the programmes, less the cost of programmes transmitted or written off during the year.

(m) Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

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. Incremental costs directly attributable to the issue of new shares or options are included in the share premium account.

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 group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

(n) Impairment

This policy covers all assets except inventories (see note (k)), financial assets (see note (h)) and disposal group assets classified as held for sale (see note (o)). Impairment reviews are performed by comparing the carrying value of the asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market-based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

(o) Disposal group assets held for sale

Items classified as disposal group assets and liabilities held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Such disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use.

(p) Capitalisation of borrowing costs

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings was utilised. Capitalisation of borrowing costs ceases when the asset is substantially complete.

(q) Provisions

Restructuring provisions comprise lease termination penalties and employee termination payments.

Provision is made for the potential jackpot payouts on slot machines and table progressives, and is based on the meter readings.

The group also recognises a provision for bonus plans based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments and the performance of the respective employees. These criteria are only finalised after the group's year-end.

A liability for long-service awards is also recognised as a provision where cash is paid to employees at certain milestone dates in their careers with the group. The actuarial valuation to determine the liability is performed annually.

Long-term environmental obligations are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

Annual contributions will be made to the group's Environmental Rehabilitation Trust Fund to be created in accordance with statutory requirements, to provide for the funding of the estimated cost of pollution control and rehabilitation during and at the end of the life of mines.

(r) Revenue recognition

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

(i) Sale of goods

Revenue is recognised when significant risks and rewards of ownership have been transferred.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(s) Net gaming win

Net gaming win comprises the net table and slot machine win derived by casino and limited payout route operations from gambling 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 casino operations. Due to the short-term nature of the group's casino and limited payout route operations all income is recognised in profit or loss immediately, at fair value. VAT and other taxes, including gaming levies, that are charged on casino and limited payout winnings are included in net gaming win and are treated as direct costs as these are borne by the group and not customers (see note 2(iv)).

(t) Investment income

(i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired the 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.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(u) Leases

(i) The group is the lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. The group's finance leases all matured during the year under review.

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 group is the lessor

The group recognises finance lease receivables on its statement of financial position. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

Assets leased to third parties under operating leases are included in property, plant and equipment, and investment properties in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(v) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement 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 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 consolidated 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 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.

(w) Employee benefits

(i) Defined contribution plans

For the defined contribution plans, subsidiaries of the 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 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) Other post-employment obligations

Subsidiaries of the group operate a defined benefit plan for a portion of the medical aid members. This fund is now closed to new entrants. The assets of the scheme are held separately from those of the group and are administered by trustees. The liability recognised in the statement of financial position in respect of the plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related plan liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full as they arise outside the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise.

All other costs are recognised immediately in profit or loss.

(iii) 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 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.

(iv) Bonus plans

The 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. This liability is included in provisions in the statement of financial position.

(v) Employee leave entitlement

An accrual is made for the estimated liability to the employees for annual leave up to the reporting date.

(vi) Long-service awards

A subsidiary of the group recognises a liability and an expense for long-service awards where cash is paid to employees at certain milestone dates in their careers with the group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

(vii) Other long-term employee benefits

A subsidiary of the group provides death-in-service benefits, permanent and temporary disability benefits, together with funeral cover, to qualifying employees. The liability for benefits payable that are not linked to a service condition is recognised as and when a claim arises and is expensed in full in the income statement at that point. The liability for benefits that are linked to an employee's service period is recognised through the income statement over the estimated service period of the employee up to the estimated date of a claim occurring while in service. The method of accounting for benefits linked to service is similar to that used for defined benefit schemes.

(x) Share-based payments

(i) Equity settled

The group grants share options to employees in terms of the HCI Employee Share Trust (2001). In terms of IFRS 2 these options are fair valued at the date of grant and the fair value determined on the date of grant recognised as an expense over the relevant vesting periods. The fair value of options granted is measured using the Black-Schöles model.

(ii) Cash settled

Goods or services, including employee services received in exchange for cash-settled share-based payments, are recognised at the fair value of the liability incurred and are expensed when consumed or capitalised as assets, which are depreciated or amortised. The liability is remeasured at each reporting date to its fair value, with all changes recognised immediately in profit or loss.

The fair value of the share appreciation scheme is determined at each reporting date by reference to the company's share price. This is adjusted for management's best estimate of the appreciation units expected to vest and management's best estimate of the performance criteria assumption.

The fair value of the long-term incentive plan liability is determined at each reporting date by reference to the company's share price. This is adjusted for management's best estimate of the appreciation, bonus and performance units expected to vest and management's best estimate of the performance criteria assumption on the performance units.

The liability is included in current liabilities, except for maturities greater than 12 months after the reporting date. These are classified as non-current liabilities.

(y) 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.

(z) Government grants

Government grants are recognised as other income when there is reasonable assurance that the group will comply with the relevant conditions attached to them and that the grant will be received.

Grants that compensate the group for expenditure incurred are recognised in profit or loss as other income in the period in which it becomes reasonably assured that the grant will be received.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Principles of critical accounting estimates and assumptions

(i) The group makes estimates and assumptions concerning the future

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(ii) Estimated impairment of goodwill and indefinite lived intangible assets

The group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment in accordance with the accounting policy stated in notes (c)(iv) and (g). The recoverable amounts of CGUs have been determined based on value-in-use calculations.

These calculations require the use of estimates – see notes 3 and 4 for details.

(iii) Net gaming win

The group regards the national VAT levied on net gaming win to be comparable with the gaming levies which are paid to provincial gaming boards. These are seen as direct costs of the group as they are borne entirely by the group and have no effect on casino activities from the punters' perspective.

In the casino industry the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to punters. It therefore follows that casinos experience practical difficulties reflecting output tax separately from input tax. Accordingly, SARS allows casinos to account for VAT by applying the tax fraction to the net betting transaction. Provincial gaming levies are calculated on a similar basis by applying the tax fraction to the net betting transaction. Any change in either the VAT rate or the provincial gaming levies would be absorbed entirely by the group and would have no impact on the punters. The group thus treats VAT and other taxes levied on casino winnings as direct costs. These costs are included in net gaming win which is disclosed separately on the face of the income statement.

(iv) Deferred tax assets

Management has applied a probability analysis to determine future taxable income against which calculated tax losses will be utilised. A similar probability analysis was applied in determining the amount of STC credits that would be utilised in the foreseeable future.

(v) Property, plant and equipment, excluding land

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.

(vi) Inventory valuation

The group manufactures and trades with perishable products. Judgement is required to determine the saleability of these products. In addition, a significant portion of the group's matured wines and brandies have a lengthy production cycle. The saleability and valuation of work-in-progress inventories are dependent on market and consumer trends. Stringent quality control, detailed sales planning, and forecasting and procurement planning are key factors in ensuring that the valuation of the group's inventory is reasonable.

(vii) Put option derivative

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The group has used a discounted cash flow analysis for the valuing of the group's put option derivative contract that is not traded in an active market.

The carrying amount of the put option would be an estimated R126.1 million lower or R181.9 million higher were the discount rate used in the discount cash flow analysis to differ by 10% from management's estimates.

(viii) Business combinations

On the acquisition of a business, a determination of the fair value and the useful life of assets acquired is performed, which requires the application of management's judgement. The fair value is obtained by applying a valuation technique performed on a discounted cash flow basis. Future events could cause the assumptions used by the group to change which could have a significant impact on the results and net position.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

3.1 Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 April 2016 or later periods which the group has not early adopted:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice versa), the accounting guidance in paragraphs 27 – 29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27 – 29.	The group will apply the IFRS 5 amendments from annual periods beginning 1 April 2017
IFRS 7: Financial Instruments – Disclosures	• Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be "continuing involvement" for the purposes of applying the disclosure requirements in paragraphs 42E – 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset. • Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7: Disclosure – Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34: Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.	The group will apply the IFRS 7 amendments from annual periods beginning 1 April 2017
IFRS 9: Financial Instruments	IFRS 9: Financial Instruments (2014) replaces IAS 39: Financial Instruments – Recognition and Measurement	The group will apply the IFRS 9 amendments from annual periods beginning 1 April 2018

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE continued

Standard	Details of amendment	Annual periods beginning on or after
IFRS 10: Consolidated Financial Investments	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10: Consolidated Financial Statements and those in IAS 28 (2011): Investments in Associates in dealing with the sale or contribution of a subsidiary. • Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31. • Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities. • Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries.	The group will apply the IFRS 10 amendments from annual periods beginning 1 April 2017
IFRS 11: Joint Arrangements	Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	The group will apply the IFRS 11 amendments from annual periods beginning 1 April 2017
IFRS 15: Revenue from Contracts with Customers	New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	The group will apply the IFRS 15 amendments from annual periods beginning 1 April 2018
IFRS 16: Leases	IFRS 16 will require lessees to account for leases "on-balance sheet" by recognising a "right-of-use" asset and a lease liability. IFRS 16 also: • changes the definition of a lease; • sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; • provides exemptions for short-term leases and leases of low-value assets • changes the accounting for sale and leaseback arrangements; • largely retains IAS 17's approach to lessor accounting; and • introduces new disclosure requirements.	The group will apply the IFRS 16 amendments from annual periods beginning 1 April 2019

Standard	Details of amendment	Annual periods beginning on or after
IAS 1: Presentation of Financial Statements	• Amendments clarifying IAS 1's specified line items on the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated. • Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. • Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	The group will apply the IAS 1 amendments from annual periods beginning 1 April 2016
IAS 16: Property, Plant and Equipment	• Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment. • Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41.	The group will apply the IAS 16 amendments from annual periods beginning 1 April 2016
IAS 19: Employee Benefits	Annual Improvements 2012 – 2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post-employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency level rather than the country level.	The group will apply the IAS 19 amendments from annual periods beginning 1 April 2017
IAS 27: Consolidated and Separate Financial Statements	Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.	The group will apply the IAS 27 amendments from annual periods beginning 1 April 2016
IAS 28: Investments in Associates	Amendments to address an acknowledged inconsistency between the requirements in IFRS 10: Consolidated Financial Statements and those in IAS 28 (2011): Investments in Associates in dealing with the sale or contribution of a subsidiary. In addition, IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.	The group will apply the IAS 28 amendments from annual periods beginning 1 April 2016
IAS 38: Intangible Assets	Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.	The group will apply the IAS 38 amendments from annual periods beginning 1 April 2016

	Group 2016 R'000	2015* R'000
1. PROPERTY, PLANT AND EQUIPMENT		
Cost		
Broadcast studios and equipment	**792 012**	713 526
Buses	**1 385 856**	1 278 101
Land and buildings	**19 272 214**	17 904 004
Leased land and buildings	**856 560**	869 424
Leasehold improvements	**195 330**	106 684
Mining infrastructure	**237 007**	208 106
Other equipment and vehicles	**1 663 974**	1 587 119
Plant and machinery	**7 458 924**	6 729 447
Properties under construction	**88 926**	448 143
	31 950 803	29 844 554
Accumulated depreciation		
Broadcast studios and equipment	**(485 142)**	(539 392)
Buses	**(503 299)**	(443 523)
Land and buildings	**(1 402 304)**	(1 147 826)
Leased land and buildings	**(235 017)**	(235 062)
Leasehold improvements	**(97 200)**	(54 022)
Mining infrastructure	**(128 393)**	(107 672)
Other equipment and vehicles	**(847 821)**	(797 581)
Plant and machinery	**(3 878 907)**	(3 372 271)
Properties under construction	**–**	(24)
	(7 578 083)	(6 697 373)
Carrying value		
Broadcast studios and equipment	**306 870**	174 134
Buses	**882 557**	834 578
Land and buildings	**17 869 910**	16 756 178
Leased land and buildings	**621 543**	634 362
Leasehold improvements	**98 130**	52 662
Mining infrastructure	**107 614**	100 434
Other equipment and vehicles	**816 153**	789 538
Plant and machinery	**3 580 017**	3 357 176
Properties under construction	**88 926**	448 119
	24 371 720	23 147 181
Movements in property, plant and equipment		
Balance at the beginning of the year		
Broadcast studios and equipment	**174 134**	167 228
Buses	**834 578**	766 929
Land and buildings	**16 756 178**	1 144 714
Leased land and buildings	**634 362**	–
Leasehold improvements	**52 662**	98 368
Mining infrastructure	**100 434**	135 490
Other equipment and vehicles	**789 538**	581 891
Plant and machinery	**3 357 176**	839 647
Properties under construction	**448 119**	1 311
	23 147 181	3 735 578

* Restated

	Group 2016 R'000	2015* R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Additions		
Broadcast studios and equipment	**223 127**	81 119
Buses	**136 072**	150 913
Land and buildings	**261 234**	197 972
Leased land and buildings	**60 598**	138 878
Leasehold improvements	**26 539**	17 776
Mining infrastructure	**27 904**	39 042
Other equipment and vehicles	**261 175**	284 795
Plant and machinery	**711 038**	450 532
Properties under construction	**463 203**	459 354
	2 170 890	1 820 381
Business combinations		
Broadcast studios and equipment	**–**	18 393
Land and buildings	**–**	14 969 962
Leased land and buildings	**–**	505 364
Leasehold improvements	**827**	1 290
Other equipment and vehicles	**4 001**	155 425
Plant and machinery	**258**	2 187 776
Properties under construction	**–**	748 042
	5 086	18 586 252
Transfer to disposal group assets held for sale		
Broadcast studios and equipment	**–**	(19 823)
Land and buildings	**(39 289)**	(59 748)
Leasehold improvements	**–**	(1 468)
Other equipment and vehicles	**(103)**	(577)
Plant and machinery	**–**	(2 305)
	(39 392)	(83 921)
Disposals		
Broadcast studios and equipment	**(7 022)**	(1 178)
Buses	**(6 812)**	(11 271)
Land and buildings	**(5 517)**	(6 305)
Leased land and buildings	**–**	(4)
Leasehold improvements	**(1 436)**	(68)
Mining infrastructure	**(3)**	(12)
Other equipment and vehicles	**(38 669)**	(17 425)
Plant and machinery	**(16 021)**	(24 001)
Properties under construction	**(263)**	–
	(75 743)	(60 264)

* Restated

	Group	
	2016 R'000	2015* R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Transfers		
Broadcast studios and equipment	**–**	(1 190)
Buses	**–**	1
Land and buildings	**836 872**	544 089
Leased land and buildings	**(51 148)**	97
Leasehold improvements	**55 240**	(50 080)
Mining infrastructure	**–**	647
Other equipment and vehicles	**(63 998)**	(54 996)
Plant and machinery	**187 638**	274 247
Properties under construction	**(831 584)**	(780 585)
	133 020	(67 770)
Depreciation		
Broadcast studios and equipment	**(81 808)**	(71 342)
Buses	**(81 281)**	(71 994)
Land and buildings	**(208 837)**	(155 324)
Leased land and buildings	**(22 269)**	(9 973)
Leasehold improvements	**(29 241)**	(9 373)
Mining infrastructure	**(20 721)**	(74 733)
Other equipment and vehicles	**(165 591)**	(160 408)
Plant and machinery	**(708 092)**	(393 581)
Properties under construction	**24**	(24)
	(1 317 816)	(946 752)
Impairments		
Broadcast studios and equipment	**(1 561)**	–
Land and buildings	**(7 310)**	(3 558)
Leasehold improvements	**(6 461)**	(3 896)
Other equipment and vehicles	**(4 944)**	(4 810)
Plant and machinery	**(3 783)**	(9 093)
Properties under construction	**–**	(671)
	(24 059)	(22 028)
Impairment reversals		
Other equipment and vehicles	**–**	12 771
Currency translation		
Broadcast studios and equipment	**–**	927
Land and buildings	**276 579**	123 989
Leasehold improvements	**–**	113
Other equipment and vehicles	**34 744**	5 643
Plant and machinery	**51 803**	21 183
	363 126	151 855

* Restated

	Group 2016 R'000	2015* R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Borrowing costs capitalised		
Land and buildings	–	387
Properties under construction	9 427	20 692
	9 427	21 079
Balances at the end of the year		
Broadcast studios and equipment	306 870	174 134
Buses	882 557	834 578
Land and buildings	17 869 910	16 756 178
Leased land and buildings	621 543	634 362
Leasehold improvements	98 130	52 662
Mining infrastructure	107 614	100 434
Other equipment and vehicles	816 153	789 538
Plant and machinery	3 580 017	3 357 176
Properties under construction	88 926	448 119
	24 371 720	23 147 181

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

Broadcast studios and equipment	5 years
Buses	12 to 15 years
Land and buildings	20 to 50 years
Leased land and buildings	Shorter of the lease term or 50 years
Leasehold improvements	Shorter of the lease term or 50 years
Mining infrastructure	Life of the mine
Other equipment and vehicles	2 to 15 years
Plant and machinery	5 to 50 years

The group recognised impairments of property, plant and equipment with a net book value of R24 million (2015: R22 million) due to scrapping of assets not being in use anymore. The redevelopment and refurbishment projects during the year at casinos and hotels resulted in the assets no longer being used.

A register of land and buildings is available for inspection at the registered office of the company.

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 22.

* Restated

	Group	
	2016 R'000	2015* R'000
2. INVESTMENT PROPERTIES		
Investment properties consist of:		
Bare dominiums	**40 000**	33 765
Other investment properties at cost	**1 004 607**	948 152
Other investment properties at fair value	**1 976 816**	1 548 221
	3 021 423	2 530 138

Investment properties are stated at fair value.

Measurement of fair value
The fair value of the bare dominiums is determined based on external valuations, contracts and taking credit risk into account. Bonds are registered over the bare dominiums.

Properties segment
Properties totalling R1 004.6 million (2015: R948.2 million) are carried at cost as they were still undergoing construction or improvements, and fair values could not be reliably measured at year-end.

The fair value of certain investment properties totalling R175.8 million at 31 March 2015, has been arrived at on the basis of an external valuation carried out at 31 March 2014 by Mills Fitchet Magnus Penny, an independent firm of valuers not related to the group.

The fair value of another investment property owned by the group's property interests, totalling R50 million at 31 March 2015, was arrived at on the basis of an internal valuation carried out on 31 March 2015. The fair values of these properties were assessed to have not changed substantially since the last revaluation, thus no fair value adjustments were required during the current year.

The fair value measurement of other investment properties, totalling R956 million, has been arrived at on the basis of an internal valuation. The income capitalisation approach was taken to value these properties, using a capitalisation rate of between 8.5% and 8.75%. Significant observable inputs are capitalisation rate as noted above, occupation rate and projected income. Occupation rate and projected income are assessed for each property and vary based on each property's performance.

Casino gaming and hotel segment
The group's casino gaming and hotel interests hold investment properties at a fair value of R90.5 million.

Branded products and manufacturing segment
The fair value of investment properties owned by the group's branded products and manufacturing interests at 31 March 2016, totalling R737.6 million, has been arrived at on the basis of a valuation carried out at 31 March 2016 by an external, independent property valuer not related to the Group. The valuation technique applied is the capitalisation of income method. Significant observable inputs are capitalisation rate, occupation rate and projected income. The capitalisation rates for the fair value of the properties are between 9% and 11%. Occupation rate and projected income are assessed for each property and vary based on each property's performance.

Non-casino gaming segment
The fair value of a property, totaling R3.9 million, was calculated based on an external valuation. The valuation was performed by Elmine Grobler Valuators on 10 February 2014, based on a property rental capitalisation rate of 10.5%. The fair value of the remaining property is deemed to be the cost price of R3 million.

Details of investment properties are available at the registered office of the company.

* Restated

2. INVESTMENT PROPERTIES continued

	Group	
	2016 R'000	2015* R'000
Reconciliation of carrying value		
At the beginning of the year	**2 530 138**	1 695 532
Business combinations	**–**	125 739
Fair value adjustments	**149 791**	155 753
Transfer (to) from property, plant and equipment	**(130 789)**	45 839
Transfer to non-current assets held for sale	**–**	(15 600)
Additions	**20 972**	407 128
Disposals	**(10 564)**	–
Improvements	**461 875**	115 747
At the end of the year	**3 021 423**	2 530 138
Rental income from investment property	**304 420**	259 318
Direct operating expenses arising from investment property that generated rental income during the period	**(103 958)**	(85 545)
Direct operating expenses arising from investment property that did not generate rental income during the period	**(10 731)**	(329)

* Restated

		Group	
		2016 R'000	2015* R'000
3.	**GOODWILL**		
	Arising on obtaining control of subsidiaries	**4 999 944**	4 926 092
	Reconciliation of carrying value		
	At the beginning of the year	**4 926 092**	279 011
	– Cost	**5 121 342**	424 659
	– Accumulated impairment	**(195 250)**	(145 648)
	Business combinations – acquisitions	**62 936**	4 693 339
	– disposals	**(13 058)**	–
	Impairment	**(18 176)**	(49 602)
	Effects of foreign exchange differences	**42 150**	3 344
	At the end of the year	**4 999 944**	4 926 092
	– Cost	**5 213 370**	5 121 342
	– Accumulated impairment	**(213 426)**	(195 250)

* Restated

Goodwill relates mainly to the group's interests in the following segments:

- casino gaming and hotel (2016: R4 526 million; 2015: R4 526 million);
- non-casino gaming (2016: R78.4 million; 2015: R81.4 million);
- media and broadcasting (2016: R215.7 million; 2015: R165.0 million);
- information technology (2016: R24.3 million; 2015: R24.3 million);
- transport (2016: R7.6 million; 2015: R7.6 million);
- branded products and manufacturing (2016: R15.0 million; 2015: R17.2 million); and
- other (2016: R132.0 million; 2015: R104.9 million).

The value of cash-generating units (CGUs) to which goodwill has been allocated has been determined based on value-in-use calculations using management-generated cash flow projections. The value-in-use calculations were performed per CGU using inputs within the below ranges. The following were the principal assumptions, based on past experience, that were used to calculate the net present value of those CGUs:

Pre-tax discount rates:	10% – 18%
Number of years:	3 to 5 years
Cost growth rate:	5% – 8%

Goodwill was impaired in CGUs within the following subsidiaries in the current year:

- Niveus Investments Limited (2016: R8.2 million; 2015: Rnil)
- eMedia Holdings Limited (2016: R7.7 million; 2015: R49.6 million)
- Deneb Investments Limited (2016: R2.2 million; 2015: Rnil)

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 three to 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 group will not continue past the budget period.

The recoverable amounts of the remaining CGUs were determined to be higher than the relevant portion of goodwill and therefore no impairment was necessary.

The purchase price allocation of the Tsogo Sun Holdings Limited business combination was finalised during the current year and, as a result, the goodwill arising on the acquisition and relevant prior year figures have been restated to take this into account. Refer to note 51 for more detail.

4. INTANGIBLE ASSETS

Group	Bid costs R'000	Computer software R'000	Distri-bution rights R'000	Licences* R'000	Manage-ment contracts R'000	Pro-gramming completed R'000	Pro-gramming under develop-ment R'000	Trade-marks* R'000	Total R'000
2016									
Carrying value at the beginning of the year	**10 355**	**127 530**	**278 195**	**19 226 791**	**396**	**68 993**	**9 662**	**164 914**	**19 886 836**
Business combinations	**–**	**650**	**–**	**–**	**16 948**	**–**	**–**	**–**	**17 598**
Additions	**1 917**	**20 390**	**15 781**	**2 815**	**–**	**11 869**	**–**	**1 956**	**54 728**
Foreign exchange differences	**–**	**–**	**–**	**21 174**	**–**	**–**	**–**	**19 915**	**41 089**
Disposals	**–**	**(359)**	**–**	**(750)**	**–**	**(1 087)**	**–**	**–**	**(2 196)**
Amortisation	**(835)**	**(35 125)**	**(20 824)**	**(35 814)**	**–**	**(1 032)**	**–**	**(7 132)**	**(100 762)**
Impairment	**(1 328)**	**–**	**–**	**(10 427)**	**–**	**–**	**–**	**–**	**(11 755)**
Transfers	**–**	**(1 198)**	**–**	**–**	**–**	**9 662**	**(9 662)**	**–**	**(1 198)**
Carrying value at the end of the year	**10 109**	**111 888**	**273 152**	**19 203 789**	**17 344**	**88 405**	**–**	**179 653**	**19 884 340**
Cost	**13 997**	**412 222**	**368 213**	**19 422 709**	**17 344**	**103 297**	**–**	**220 810**	**20 558 592**
Accumulated amortisation	**(3 888)**	**(300 334)**	**(95 061)**	**(218 920)**	**–**	**(14 892)**	**–**	**(41 157)**	**(674 252)**
	10 109	**111 888**	**273 152**	**19 203 789**	**17 344**	**88 405**	**–**	**179 653**	**19 884 340**
2015									
Carrying value at the beginning of the year	7 322	32 903	402 745	110 357	–	49 902	20 864	71 183	695 276
Business combinations	–	54 406	–	19 032 940	396	–	–	86 549	19 174 291
Additions	3 599	40 872	37 513	115 701	–	3 622	10 365	12 610	224 282
Foreign exchange differences	–	–	20 573	(4 996)	–	–	–	28 641	44 218
Disposals	–	(2 353)	–	–	–	–	–	–	(2 353)
Amortisation	(566)	(21 723)	(39 509)	(27 211)	–	(6 098)	–	(7 269)	(102 376)
Impairment	–	(523)	–	–	–	–	–	–	(523)
Transfers	–	23 948	(143 127)	–	–	21 567	(21 567)	(26 800)	(145 979)
Carrying value at the end of the year	10 355	127 530	278 195	19 226 791	396	68 993	9 662	164 914	19 886 836
Cost	12 080	391 182	352 432	19 399 470	396	82 853	9 662	198 939	20 447 014
Accumulated amortisation	(1 725)	(263 652)	(74 237)	(172 679)	–	(13 860)	–	(34 025)	(560 178)
	10 355	127 530	278 195	19 226 791	396	68 993	9 662	164 914	19 886 836

* Restated

The amortisation expense has been included in the line item depreciation and amortisation in the income statement.

The bid costs relating to the gaming operations in Lesotho of R1.3 million were impaired due to the recoverable amount being less than the carrying value.

During the year the fourth casino licence with a carrying value of R10.4 million in Mpumalanga was impaired due to uncertainty surrounding the allocation of the licence.

There were no significant changes made to useful lives or residual values of other intangible assets during the year.

4. INTANGIBLE ASSETS continued

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

Bid costs	10 to 12.5 years
Computer software	2 to 10 years
Trademarks	5 to 25 years
Licences with expiry date	12 to 15 years
Programming under development	**
Programming completed	period of economic life
Distribution rights	***
Management contract	indefinite

A trademark with a carrying value of R97 million (2015: R79 million) is considered to have an indefinite useful life, and is therefore not amortised, but is tested annually for impairment on the same basis as goodwill.

Casino licences and management contracts having no expiry dates are considered to have an indefinite life, are not amortised and are tested annually for impairment on the same basis as goodwill (note 3). Refer to note 3 Goodwill for assumptions used in impairment testing. Casino licences having an expiry date are amortised over the exclusivity period of the respective licence.

** Programming under development has not yet been brought into use. The assets were tested for impairment and no impairment was required. Once brought into use the assets would be transferred to programming completed

*** Distribution rights represent multi-territory and multi-platform programming rights that the group is able to onsell to other broadcasters. These rights are amortised over the estimated useful life, based on the territory and platform for which the respective rights have been onsold

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 22.

5. INTANGIBLE ASSETS MINING

Group	Evaluation and exploration R'000	Development expenditure R'000	Total R'000
2016			
Carrying value at the beginning of the year	**11 193**	**91 077**	**102 270**
Amortisation	**–**	**(15 692)**	**(15 692)**
Additions	**1 264**	**6 540**	**7 804**
Carrying value at the end of the year	**12 457**	**81 925**	**94 382**
2015			
Carrying value at the beginning of the year	9 356	102 255	111 611
Amortisation	–	(13 398)	(13 398)
Rehabilitation provision released	–	2 220	2 220
Additions	1 837	–	1 837
Carrying value at the end of the year	11 193	91 077	102 270

Additions include capitalised expenses such as geology costs, engineering costs, environmental costs, consultants' fees, mining staff costs and capitalised interest.

Capitalised development expenditure is tested annually for impairment in accordance with IAS 38. The recoverable amount of the cash-generating units has been determined with reference to a discounted cash flow valuation of the mines. An inflation rate of 6% (2015: 6%) has been applied on cash flows that have been discounted at 12.25% (2015: 11%) for Mbali Coal Proprietary Limited and 13% (2015: 11%) for Palesa Proprietary Limited.

The following assumptions have been applied when reviewing capitalised development expenditure for impairment:

Future expected profits have been estimated using budgeted projected cash flows extending over the remaining life of 324 months for the Palesa Mine (including Rooipoort Reserve) and 50 months for the Mbali Mine respectively.

Sales growth and gross margins were based on expected sales prices and sales volumes for export and inland coal. Sales and sales prices were assumed to grow in line with expansion and expected inflation as well as taking prices per agreements into account.

Costs were assumed to grow in line with expansion and expected inflation.

The recoverable amount of the cash-generating units was determined to exceed the net asset value of the mines as at 31 March 2016 (excluding the effect of the shareholder financing) and therefore no impairment was necessary.

Capitalised development assets are depreciated over the total expected tons to be produced during the life of the mine. The total expected tons to be produced for the Palesa Mine is 75 000 000 tons and Mbali Mine is 8 445 215 tons respectively and the actual tons produced during the year were 3 081 557 tons which included parting mined at Palesa, whereas the actual tons produced during the year at Mbali were 1 071 650 tons.

6. INVESTMENTS IN ASSOCIATES

Set out below are the associates which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly and indirectly by the group. The country of incorporation or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held.

			Group's interest		**Group carrying value**		**Company carrying value**	
Name of associates	Place of business/ Country of incorporation	Principal activity	**2016 %**	2015 %	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Business Systems Group Proprietary Limited	South Africa	Information technology	**40**	40	**29 622**	24 988	**3 000**	3 000
Cape Town Film Studios Proprietary Limited	South Africa	Media	**42.5**	42.5	**78 488**	52 897	**–**	–
Da Vinci Media GmbH	Germany	Media	**33**	33	**78 085**	57 615	**–**	–
Global Media Alliance Broadcasting Limited	Ghana	Media	**37**	40	**27 491**	47 937	**–**	–
Impact Oil & Gas Limited	United Kingdom	Oil and gas exploration	**20**	20	**454 360**	383 024	**–**	–
Redefine BDL Hotel Group Limited	United Kingdom	Hotel management	**25**	25	**141 917**	150 101	**–**	–
International Hotel Group Limited	British Virgin Islands	Hotel and leisure	**25**	–	**315 214**	–	**–**	–
Other associates*					**97 836**	72 525	**–**	–
					1 223 013	789 087	**3 000**	3 000
Market valuation of listed investment in International Hotel Group Limited					**321 000**	–		
Directors' valuation of unlisted associates					**907 799**	789 087		

* A list of these is available for inspection at the company's registered office

6. INVESTMENTS IN ASSOCIATES continued

The summarised financial information in respect of the Group's principal associates is set out below:

	Business Systems Group Proprietary Limited		Cape Town Film Studios Proprietary Limited		Da Vinci Media GmbH	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Summarised statement of financial position						
Non-current assets	**16 515**	13 798	**303 747**	273 694	**39 273**	25 501
Total current assets	**72 563**	61 742	**5 396**	4 500	**85 089**	62 303
Non-current liabilities	**(856)**	(2 538)	**(106 418)**	(126 675)	**–**	–
Total current liabilities	**(18 259)**	(14 622)	**(226 530)**	(176 099)	**(22 245)**	(19 876)
Net assets (liabilities)	**69 963**	58 380	**(23 805)**	(24 580)	**102 118**	67 928
Reconciliation to carrying amounts:						
Opening net assets (liabilities) at 1 April	**58 380**	47 805	**(24 580)**	(24 756)	**67 928**	–
Acquired on business combination	**–**	–	**–**	–	**–**	60 873
Profit (loss) for the year	**15 748**	13 397	**775**	176	**30 332**	7 055
Other comprehensive income	**–**	–	**–**	–	**–**	–
Other equity movements	**–**	–	**–**	–	**6 934**	–
Dividends paid	**(4 165)**	(2 822)	**–**	–	**(3 076)**	–
Closing net assets (liabilities) attributable to owners	**69 963**	58 380	**(23 805)**	(24 580)	**102 118**	67 928
Group's share in %	**40%**	40%	**42.5%**	42.5%	**33%**	33%
Group's share in R'000	**27 986**	23 352	**(10 112)**	(10 442)	**33 699**	22 416
Loans to associates	**–**	–	**88 600**	65 140	**–**	–
Reporting entities' adjustment for fair value*	**–**	–	**–**	(1 801)	**2 021**	2 021
Translation	**–**	–	**–**	–	**9 187**	–
Goodwill and intangible asset	**1 636**	1 636	**–**	–	**33 178**	33 178
Carrying value of investments in associates	**29 622**	24 988	**78 488**	52 897	**78 085**	57 615
Summarised statement of comprehensive income						
Revenue	**147 972**	125 928	**36 531**	32 282	**89 899**	41 884
Profit from operations	**15 748**	13 397	**775**	176	**30 332**	7 055
Profit for the period	**15 748**	13 397	**775**	176	**30 332**	7 055
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**15 748**	13 397	**775**	176	**30 332**	7 055
Dividends received from associates	**1 666**	1 128	**–**	–	**1 015**	–
Group's share of associates' profits (losses) for the year	**6 299**	5 359	**329**	75	**10 009**	2 328

* The group revalued its existing interests in associates in accordance with accounting standards for business acquisitions and adjustments were made to the carrying value of associates as at the acquisition date

	2016 R'000	2015 R'000
Group's share of associates:		
– Contingent commitments	**–**	–
– Capital commitments	**–**	–

6. INVESTMENTS IN ASSOCIATES continued

	Global Media Alliance Broadcasting Limited		Impact Oil & Gas Limited	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Summarised statement of financial position				
Non-current assets	**20 679**	14 561	**817 126**	532 373
Total current assets	**18 482**	10 945	**204 791**	342 742
Non-current liabilities	**–**	–	**–**	–
Total current liabilities	**(19 474)**	(74 457)	**(138 715)**	(91 747)
Net assets (liabilities)	**19 687**	(48 951)	**883 202**	783 368
Reconciliation to carrying amounts:				
Opening net assets (liabilities) at 1 April	**(48 951)**	(29 975)	**783 368**	–
Acquisition of associate	**–**	–	**–**	950 365
Profit (loss) for the year	**(8 636)**	(4 273)	**(89 365)**	(146 997)
Other comprehensive income	**–**	–	**–**	–
Other equity movements	**77 274**	(14 703)	**189 199**	–
Dividends paid	**–**	–	**–**	–
Closing net assets (liabilities) attributable to owners	**19 687**	(48 951)	**883 202**	783 368
Group's share in %	**37%**	40%	**20%**	20%
Group's share in R'000	**7 284**	(19 580)	**176 640**	156 674
Loans to associates	**–**	67 517	**–**	–
Reporting entities' adjustment for fair value*	**926**	–	**–**	–
Translation	**19 281**	–	**51 370**	–
Goodwill and intangible asset	**–**	–	**226 350**	226 350
Carrying value of investments in associates	**27 491**	47 937	**454 360**	383 024
Summarised statement of comprehensive income				
Revenue	**16 137**	13 566	**–**	–
Loss from operations	**(8 636)**	(4 273)	**(89 365)**	(146 997)
Loss for the period	**(8 636)**	(4 273)	**(89 365)**	(146 997)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive loss	**(8 636)**	(4 273)	**(89 365)**	(146 997)
Dividends received from associates	**–**	–	**–**	–
Group's share of associates' profits (losses) for the year	**(3 195)**	(1 709)	**(17 873)**	(29 399)

* The group revalued its existing interests in associates in accordance with accounting standards for business acquisitions and adjustments were made to the carrying value of associates as at the acquisition date

6. INVESTMENTS IN ASSOCIATES continued

	Redefine BDL Hotel Group Limited		International Hotel Group Limited	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Summarised statement of financial position				
Non-current assets	**161 135**	201 208	**869 974**	–
Total current assets	**258 780**	152 016	**361 313**	–
Non-current liabilities	**(15 901)**	(13 478)	**(117 284)**	–
Total current liabilities	**(368 120)**	(204 508)	**(101 959)**	–
Net assets	**35 894**	135 238	**1 012 044**	–
Reconciliation to carrying amounts:				
Opening net assets at 1 April	**135 238**	–	**–**	–
Acquired on business combination	**–**	106 340	**–**	–
Acquisition of associate	**–**	–	**1 095 649**	–
Profit (loss) for the year	**95 526**	38 116	**1 367**	–
Other comprehensive income	**(66 608)**	8 492	**(84 972)**	–
Other equity movements	**–**	–	**–**	–
Dividends paid	**(128 262)**	(17 710)	**–**	–
Closing net assets attributable to owners	**35 894**	135 238	**1 012 044**	–
Group's share in %	**25%**	25%	**25%**	–
Group's share in R'000	**8 974**	33 810	**253 011**	–
Translation	**14 529**	(2 123)	**21 243**	
Goodwill and intangible asset	**118 414**	118 414	**40 960**	–
Carrying value of investments in associates	**141 917**	150 101	**315 214**	–
Summarised statement of comprehensive income				
Revenue	**343 043**	149 102	**7 878**	–
Profit from operations	**95 526**	38 116	**1 367**	–
Profit for the period	**95 526**	38 116	**1 367**	–
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**95 526**	38 116	**1 367**	–
Dividends received from associates	**32 066**	4 427	**–**	–
Group's share of associates' profits (losses) for the year	**23 882**	9 529	**342**	–

* The group revalued its existing interests in associates in accordance with accounting standards for business acquisitions and adjustments were made to the carrying value of associates as at the acquisition date

7. INVESTMENT IN JOINT ARRANGEMENTS

The following are the group's principal joint arrangements:

		Group's interest		Group carrying value	
Name of joint arrangements	Principal activity	2016 %	2015 %	2016 R'000	2015 R'000
Baycorp Holdings Proprietary Limited	Debt collection service provider	–	53	–	320 280
Clare Developments Proprietary Limited	Property	50	50	33 672	32 479
Cohort Holdings Australia Proprietary Limited	Online lead generation	50	50	61 013	56 834
Regal Holding Proprietary Limited	Property	50	50	6 221	6 330
United Resorts and Hotels Limited	Hotels	50	50	129 349	131 554
				230 255	547 477
Cost				242 484	605 092
Accumulated impairment				(12 229)	(57 615)
Carrying value				230 255	547 477

Baycorp Holdings Proprietary Limited

During the year the group disposed of its interest in Baycorp Holdings Proprietary Limited in exchange for AUD18.4 million cash, 24.875% equity interest in BC Holdings 1 Proprietary Limited (BC Holdings) and AUD10 million of stapled loan notes issued by BC Holdings. In accordance with the group's accounting policy in relation to investments in associates, the group has elected to account for the investment in BC Holdings at fair value through profit or loss; this is considered appropriate having regard to the company's business model.

The summarised financial information in respect of the group's principal joint arrangements is set out below:

	Baycorp Holdings Proprietary Limited		Cohort Holdings Australia Proprietary Limited		United Resorts and Hotels Limited		Other	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Current assets	–	489 900	90 000	35 822	47 447	37 462	3 982	4 885
Non-current assets	–	864 629	7 799	15 385	450 068	175 093	200 754	201 792
Current liabilities	–	(138 701)	(64 207)	(35 256)	(10 953)	(19 975)	(12 160)	(8 502)
Non-current liabilities	–	(483 410)	(114)	(2 331)	–	(944)	(126 256)	(133 439)
Income	–	538 267	272 949	91 940	117 597	26 591	26 748	25 340
Expenses	–	(517 719)	(257 497)	(87 092)	(120 967)	(8 187)	(24 627)	(13 643)
Group's share of joint arrangements' profits (losses) for the year	–	10 274	7 726	2 424	(1 685)	18 404	1 061	5 849
Group's share of joint arrangements' capital commitments	–	–	–	–	–	–	–	–

		Group	
		2016 R'000	2015 R'000
8.	**OTHER FINANCIAL ASSETS**		
	Financial assets carried at fair value through profit or loss		
	Foreign currency exchange contracts	**36 852**	16 923
	Equity securities	**360 408**	41 018
		397 260	57 941
	Available-for-sale investments held at fair value		
	Equity securities	**255 849**	3 644
	Other	**1 050**	878
		256 899	4 522
	Amortised cost		
	Loans and receivables	**10 957**	24 025
	Derivative financial instruments		
	Interest rate swaps – cash flow hedges	**88 521**	22 103
		753 637	108 591
	Current portion	**87 056**	59 360
	Non-current portion	**666 581**	49 231
		753 637	108 591

Fair value of foreign currency exchange contracts carried at fair value through profit or loss
The fair value of derivatives was based upon market valuations. The net market value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contracted rates to the equivalent year-end market foreign exchange rates.

Fair value of equity securities carried at fair value through profit or loss
The fair value of the listed equity instruments was determined using the quoted price available for the instruments.

During the year the investment in Baycorp Holdings Proprietary Limited, a former joint arrangement, was restructured, resulting in the group no longer being able to exert joint control or significant influence over this entity. The group's restructured unlisted investment is in BC Holdings 1 Proprietary Limited (BC Holdings), comprising an equity interest and stapled loan notes has been valued with regard to contractual exit arrangements contained in a shareholders' agreement entered into with the controlling shareholder of BC Holdings. These exit arrangements provide a mechanism for the disposal of the group's interest in BC Holdings during the period of two to four years from October 2015 to the controlling shareholder of BC Holdings. The pricing for such disposal would be the result of a market-driven process, however in certain circumstances the price would be derived from an imputed value of AUD66 million for the whole of BC Holdings.

Fair value of equity securities held as available for sale
During August 2015 the Tsogo Sun group acquired 55% of Hospitality Property Fund Limited's (HPF), a listed entity on the JSE Limited, B-linked units (currently 27.3% of the voting rights) for R252 million, which equated to the investment's fair value at 31 March 2016 based on the entity's listed share price at that date. This investment is classified as a level 1 fair value measurement. Due to the fact that the group has no board representation nor any significant influence over the financial and operating decisions of HPF, this acquisition has been accounted for as an available-for-sale investment. Refer to note 50 Events subsequent to reporting date for further detail. The outcome of the fulfilment of the conditions precedent may impact on the classification of this investment in future periods.

Fair value of interest rate swaps
The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the hedging instrument is more than 12 months and as a current asset or liability if the maturity of the hedging instrument is less than 12 months.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets and liabilities in the statement of financial position.

Gains or losses are recognised in the hedging reserve directly in other comprehensive income (after tax). The ineffective portion recognised in the income statement from cash flow hedges for the year amounted to Rnil (2015: Rnil).

	Company	
	2016 R'000	2015 R'000
9. SUBSIDIARY COMPANIES		
Shares at cost less impairment	**13 582 253**	13 305 011
Amounts owing by subsidiary companies – non-current portion	**3 727 295**	4 157 324
Amounts owing by subsidiary companies – current portion	**377 590**	–
	17 687 138	17 462 335
Amounts owing to subsidiary companies	**(565 109)**	(1 265 250)
	17 122 029	16 197 085

These loans are interest free and have no set repayment dates.

The company recognised impairments of R296 million (2015: R2 million) on investments in subsidiaries with pre-impaired carrying values totalling R1 060 million. Indicators of impairment included net asset deficiency of the relevant entity's statement of financial position and deteriorating market conditions, combined with subdued share prices. The impairments were determined using discounted cash flow valuations. Significant assumptions included:

Pre-tax discount rates: 10% – 14%

Income growth: 6% – 9%

Cost growth: 4% – 6%

Number of years: 5 years to 7 years

There were no further indicators of impairment at reporting date for the remaining investments.

Interests in subsidiaries

Set out below are the group's principal subsidiaries at year-end. Unless otherwise stated the subsidiaries have share capital consisting solely of ordinary shares, which are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ Country of incorporation	**% of effective interest held by the group**		**% exercisable voting rights**		**% of effective interest held by the non-controlling interests (NCIs)**	
			2016 %	2015 %	**2016 %**	2015 %	**2016 %**	2015 %
Tsogo Sun Holdings Limited**	Casino gaming and hotels	South Africa	**48.0**	48.0	**48.0**	48.0	**52.0**	52.0
KWV Holdings Limited	Alcoholic beverage producer	South Africa	**29.8**	29.8	**57.1**	57.1	**70.2**	70.2
eMedia Investments Proprietary Limited*	Media and broadcasting	South Africa	**43.9**	41.7	**67.7**	64.4	**56.1**	58.3
Deneb Investments Limited	Branded products and manufacturing	South Africa	**64.1**	64.2	**64.1**	64.2	**35.9**	35.8

* The investment is held through various intermediary companies controlled by the group including eMedia Holdings Limited which has high and low voting shares in issue, resulting in exercisable voting rights being in excess of effective economic interest

** The group controls the board of directors and the non-controlling shareholding is sufficiently fragmented for the group to exercise control over the entity's strategy and operations

9. SUBSIDIARY COMPANIES continued

Significant restrictions

There are no significant statutory, contractual or regulatory restrictions on the group's ability to access or use its assets and settle its liabilities.

There are no contractual arrangements in place for the provision of financial support to any of the principal subsidiaries, nor has there been any financial or other support provided to these entities during the reporting period. There is no current intention of providing financial or other support to these entities.

Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests (NCIs) that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Tsogo Sun Holdings Limited		KWV Holdings Limited		eMedia Investments Proprietary Limited		Deneb Investments Limited	
	2016 R'000	2015* R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Summarised statement of financial position								
Non-current assets	**35 441 552**	34 073 474	**754 765**	743 760	**1 818 250**	1 585 161	**1 689 141**	1 723 603
Current assets	**3 408 199**	3 855 541	**1 314 254**	1 320 089	**1 143 407**	1 164 981	**1 450 674**	1 252 271
Disposal group assets held for sale	**–**	–	**–**	–	**118 492**	249 405	**2 175**	57 933
Non-current liabilities	**(17 041 748)**	(17 095 642)	**(559 717)**	(120 517)	**(456 795)**	(508 723)	**(100 976)**	(109 428)
Current liabilities	**(5 285 012)**	(5 480 234)	**(230 415)**	(268 887)	**(1 270 007)**	(1 149 749)	**(1 090 668)**	(1 055 652)
Disposal group liabilities held for sale	**–**	–	**–**	–	**(16 515)**	(24 879)	**–**	–
Net assets	**16 522 991**	15 353 139	**1 278 887**	1 674 445	**1 336 832**	1 316 196	**1 950 346**	1 868 727
Accumulated non-controlling interests	**12 958 357**	12 335 246	**735 272**	717 837	**783 573**	745 700	**663 250**	638 325
Summarised statement of comprehensive income								
Revenue	**12 282 578**	6 821 999	**1 224 214**	1 155 385	**2 431 314**	2 390 271	**2 715 640**	2 665 399
Profit (loss) for the year	**1 711 419**	1 078 938	**24 062**	44 244	**(17 568)**	120 213	**53 451**	207 313
Other comprehensive income (loss)	**334 063**	19 179	**(86)**	52	**31 451**	22 728	**44 947**	3 590
Total comprehensive income (loss) for the year	**2 045 482**	1 098 117	**23 976**	44 296	**13 883**	142 941	**98 398**	210 903
Profit (loss) allocated to non-controlling interests	**909 165**	566 641	**17 473**	19 046	**(361)**	121 473	**17 371**	74 990
Dividends paid to non-controlling interests	**460 179**	155 784	**–**	–	**–**	70 192	**–**	–
Summarised cash flows								
Cash flows from operating activities	**2 090 713**	853 672	**3 353**	(20 555)	**336 153**	329 673	**62 316**	(154 832)
Cash flows from investing activities	**(1 946 922)**	(1 002 101)	**(46 128)**	(35 603)	**(262 089)**	(855 125)	**(29 531)**	(47 831)
Cash flows from financing activities	**(567 177)**	394 508	**16 395**	(4 315)	**(44 660)**	496 876	**(21 805)**	207 425

Full details of subsidiary companies are provided in annexure A.

* Restated

		Group	
		2016 R'000	2015* R'000
10.	**DEFERRED TAX**		
	Movements in deferred taxation		
	At the beginning of the year	**(7 413 986)**	(149 498)
	Asset revaluations	**(33 861)**	17 540
	Accelerated tax allowances	**(254 785)**	(109 167)
	Provisions and accruals	**19 094**	3 014
	Assessed losses	**17 706**	126 608
	Business combinations: Fair value remeasurements	**–**	(7 655 458)
	Provisions and accruals	**7 107**	339 587
	Assessed losses	**–**	8 000
	Asset revaluations	**–**	413
	Other	**–**	(3 000)
	Transfer to disposal groups held for sale	**(5 592)**	5 592
	Change in rate	**(19 113)**	–
	Other	**(2 074)**	2 383
	At the end of the year	**(7 685 504)**	(7 413 986)
	Analysis of deferred taxation		
	Accelerated tax allowances	**(2 776 927)**	(2 525 607)
	Fair value remeasurements	**(5 644 335)**	(5 629 683)
	Provisions and accruals	**497 745**	474 148
	Deferred revenue	**5 689**	4 348
	Asset revaluations	**(159 064)**	(119 730)
	Assessed losses	**391 956**	374 250
	Other	**(568)**	8 288
		(7 685 504)	(7 413 986)
	Composition of deferred taxation		
	Deferred taxation assets	**449 789**	440 056
	Deferred taxation liabilities	**(8 135 293)**	(7 854 042)
		(7 685 504)	(7 413 986)

There are tax losses in respect of certain subsidiary companies. The directors have considered the future profitability of these entities and on the basis that they are projected to produce taxable income in the foreseeable future, these deferred tax assets are considered fully recoverable.

* Restated

11.	**OPERATING LEASE EQUALISATION**		
	Straight-lining of operating leases		
	Assets	**88 275**	46 476
	Liabilities	**(280 497)**	(280 753)
		(192 222)	(234 277)

	Group 2016 R'000	Group 2015 R'000
12. FINANCE LEASE RECEIVABLES		
Finance lease receivables	**74 276**	59 471
Details of finance lease receivables		
Gross investment in leases	**163 227**	109 786
– within one year	**63 849**	41 246
– in second to fifth year	**99 378**	68 540
Unearned finance income	**(40 138)**	(18 145)
Present value of minimum lease payments	**123 089**	91 641
– within one year (included in trade and other receivables)	**48 813**	32 170
– in second to fifth year	**74 276**	59 471

Finance lease receivables relate mainly to the group's branded products and manufacturing segment interests (2016: R74.1 million; 2015: R58.8 million). The finance lease arrangement is for copiers, faxes and point-of-sale equipment. The average term of finance leases entered into is four to five years.

Interest is charged at rates varying between 10.5% and 25%.

There were no contingent rents recognised as income during the year.

Fair value of finance lease receivables
The carrying value approximates fair value as market-related rates have been applied to discount the receivables.

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
13. NON-CURRENT RECEIVABLES				
Financial instruments				
Loan to HCI Employee Share Trust (2001)	**–**	–	**45 725**	54 251
Prepayments	**41 108**	47 035	**–**	–
Amounts due by share scheme participants	**15 130**	22 673	**–**	–
Loans to Ithuba Holdings (RF) Proprietary Limited	**393 648**	–	**–**	–
Other loans	**105 833**	187 947	**–**	–
Provision for impairment of other loans	**(55 953)**	(51 776)	**–**	–
Non-financial instruments				
Prepayments	**9 764**	–	**–**	–
	509 530	205 879	**45 725**	54 251
Less: Current portion	**(2 697)**	(18 977)	**–**	–
	506 833	186 902	**45 725**	54 251

Prepayments (included in financial instruments) comprise mainly a prepaid property lease rental deposit by a subsidiary of the group in Nairobi which is carried at cost, together with an upfront rental payment by another of the group's subsidiaries in Maputo which is amortised over the period of the lease (both are considered refundable).

Loans to share scheme participants incur fringe benefit tax on interest at 6.75% (2015: 6.5% up to July 2014 and 6.75% from August 2014) as the loans are interest free.

13. NON-CURRENT RECEIVABLES continued

The loans to Ithuba Holdings (RF) Proprietary Limited comprise several loans advanced bearing differing terms. The loans advanced comprise:

- R125 million;
- R50 million; and
- R150 million

Interest is charged at rates ranging from 25% nominal annual compounded monthly to 30% compounded monthly in arrears.

The loans are repayable in annual instalments (ranging between R10 million and R50 million) beginning 29 April 2017, with the last payment being on 29 April 2023.

The loan of R125 million is secured by special notarial bonds over gaming equipment, security cession over the National Lottery management agreement and various bank accounts, insurance policies and intellectual property, as well as the security cession and pledge of various shareholders' ordinary shares in Ithuba Holdings (RF) Proprietary Limited. The loans of R50 miilion and R150 million are unsecured. Various financial covenants are in place in respect of the financial performance of Ithuba Holdings (RF) Proprietary Limited.

Other loans are due within one to six years and bear interest at rates ranging from 0% to 13% per annum.

Fair value of long-term loans and receivables

The fair value of long-term interest-bearing receivables approximates the carrying value as market-related rates of interest are charged on these outstanding amounts.

Non-current receivables are denominated in the following currencies:

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
South African Rand	**465 725**	151 577	**45 725**	54 251
United States Dollar	**41 108**	35 325	**–**	–
	506 833	186 902	**45 725**	54 251

	Group	
	2016 R'000	2015 R'000
14. INVENTORIES		
Raw materials	**1 137 623**	1 133 216
Work in progress	**115 339**	99 726
Finished goods	**629 892**	553 305
Consumables and spares	**78 631**	84 537
Coal	**10 452**	21 462
Operating equipment	**44 367**	33 714
Allowance for obsolete inventory	**(6 202)**	(7 664)
	2 010 102	1 918 296

Inventories stated at net realisable value – R232 million (2015: R193 million).

Encumbrances

Certain inventories have been ceded as security for loans due. Refer to note 22.

	Group 2016 R'000	Group 2015 R'000
15. PROGRAMME RIGHTS		
Television programmes		
– International	**398 284**	322 427
– Local	**92 689**	108 742
	490 973	431 169
Reconciliation of carrying value		
At the beginning of the year	**431 169**	292 726
Additions	**519 855**	508 837
Transfers	**–**	2 143
Currency translation	**–**	12
Amortised through other operating expenses	**(460 051)**	(372 549)
At the end of the year	**490 973**	431 169

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1 789 688**	1 695 383	**–**	–
Prepayments	**213 935**	234 747	**–**	–
Other receivables	**668 783**	793 971	**289**	–
Allowance for impairment of trade receivables	**(81 455)**	(66 375)	**–**	–
Allowance for impairment of other receivables	**(20 730)**	(17 040)	**–**	–
	2 570 221	2 640 686	**289**	–
Fair value of trade receivables				
Trade and other receivables	**2 570 221**	2 640 686	**289**	–

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

Trade receivables neither past due nor impaired

The credit quality of trade and other receivables that are neither past due nor impaired is assessed on an ongoing basis for individual debtors and based on repayment history. No individual customer represents more than 10% of the group's trade receivables.

Collateral

The group holds no collateral over the trade receivables, which can be sold or repledged to a third party.

Trade receivables past due but not impaired

At 31 March 2016 trade receivables of R338.5 million (2015: R278.9 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 analysis of these trade receivables is as follows:

	Group 2016 R'000	Group 2015 R'000
30 to 60 days	**193 907**	146 582
60 to 90 days	**24 866**	46 014
More than 90 days	**119 773**	86 382

None of the financial assets that are fully performing have been renegotiated in the last year.

	Group 2016 R'000	Group 2015 R'000
16. TRADE AND OTHER RECEIVABLES continued		

Impairment of trade receivables
At 31 March 2016 trade receivables of R81 million (2015: R66 million) were impaired. Impaired trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

Movements on the allowance for impairment of trade receivables are as follows:

	2016 R'000	2015 R'000
At the beginning of the year	**66 375**	28 990
Business combinations	**(258)**	18 034
Currency translation	**302**	(50)
Allowance for receivables impairment	**49 207**	29 792
Receivables written off during the year as uncollectible	**(8 435)**	(1 207)
Unused amounts reversed	**(25 736)**	(9 184)
At the end of the year	**81 455**	66 375

Other receivables past due but not impaired
At 31 March 2016 other receivables of R31 million (2015: R106 million) were past due but not impaired. These relate mainly to loans, banqueting debtors and vending commission.

Impairment of other receivables
At 31 March 2016 other receivables of R20.7 million (2015: R17 million) were impaired.

Movements on the allowance for impairment of other receivables are as follows:

	2016 R'000	2015 R'000
At the beginning of the year	**17 040**	–
Business combinations	**–**	17 643
Allowance for other receivables impairment	**6 103**	698
Receivables written off during the year as uncollectible	**(2 335)**	(1 096)
Unused amounts reversed	**(78)**	(205)
At the end of the year	**20 730**	17 040

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 income statement. Amounts charged to the allowance account are written off when there is no expectation of recovery.

16. TRADE AND OTHER RECEIVABLES continued

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Australian Dollar	**78 323**	67 508	**–**	–
British Pound	**8 691**	–	**–**	–
Canadian Dollar	**8 169**	–	**–**	–
Euro	**3 069**	2 883	**–**	–
Japanese Yen	**3 390**	–	**–**	–
Kenyan Shilling	**3 198**	4 736	**–**	–
Mozambican Metical	**12 412**	17 465	**–**	–
Nigerian Naira	**27 908**	26 041	**–**	–
South African Rand	**2 197 693**	2 397 619	**289**	–
Seychelles Rupee	**12 338**	5 685	**–**	–
Swiss Franc	**18 542**	859	**–**	–
Tanzanian Shilling	**13 106**	9 479	**–**	–
United Arab Emirates Dirham	**5 003**	2 620	**–**	–
United States Dollar	**169 166**	98 703	**–**	–
Zambian Kwacha	**9 213**	7 088	**–**	–
	2 570 221	2 640 686	**289**	–

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

Encumbrances

Details of assets that serve as security for borrowings are presented in note 22.

17. PLEDGED DEPOSITS

Bank deposits of R2 million (2015: R2 million) have been pledged to support guarantees issued by the company's bankers in favour of a certain South African provincial gaming board for the due and punctual fulfilment of the licence obligations under which certain group subsidiaries operate.

	Group	
	2016 R'000	2015 R'000
18. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE		
Disposal group assets classified as held for sale	**147 298**	307 338
Liabilities associated with the disposal group assets held for sale	**(16 603)**	(24 967)
	130 695	282 371
18.1 Deneb Investments Limited		
Assets associated with the Deneb group classified as held for sale included in branded products and manufacturing		
Property	**935**	55 628
Plant and machinery	**1 240**	2 305
	2 175	57 933

Refer to note 39.1 for details of operations related to the above assets that have been classified as discontinued.

18. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

18.2 eMedia Holdings Limited

Following a decision to exit the business of Shibula Lodge and Spa Proprietary Limited and Mindset TV Proprietary Limited, the results of these operations were reclassified to discontinued operations in the statement of comprehensive income and its assets and liabilities reclassified to disposal groups held for sale in the statement of financial position.

A decision was also taken to dispose of a commercial building at 9 Summit Road, Dunkeld West, Johannesburg owned by Sabido Properties Proprietary Limited. The value of the building at the lower of its carrying value and fair value less costs to sell has been included in disposal groups held for sale in the statement of financial position.

The group has disposed of its controlling interest in Afrikaans Satelliet Televisie Proprietary Limited and Learnthings Africa Proprietary Limited. The results of the subsidiaries have therefore been reclassified as discontinued operations of the group.

Assets and liabilities associated with eMedia Holdings Limited classified as held for sale included in media and broadcasting

	Group	
	2016 R'000	2015 R'000
Property, plant and equipment	**42 409**	3 966
Intangible assets	**38 260**	155 973
Inventories	**–**	135
Deferred taxation asset	**1 938**	1 715
Investment in associates	**–**	37 091
Taxation receivable	**158**	–
Cash and cash equivalents	**39 470**	18 403
Trade and other receivables	**22 888**	32 122
Trade and other payables	**(16 312)**	(19 198)
Taxation payable	**(203)**	(49)
Deferred taxation liability	**–**	(5 632)
	128 608	224 526

Refer to note 39.2 for details of operations related to the above assets and liabilities that have been classified as discontinued.

18.3 Formex Industries Proprietary Limited

Following the closure of the pulley division of Formex Industries the remaining liabilities have been reflected as disposal group liabilities held for sale:

Liabilities associated with the pulley division of the Formex group classified as held for sale	**(88)**	(88)

19. ORDINARY SHARE CAPITAL

	Number of shares			
	2016 '000	2015 '000	**2016 R'000**	2015 R'000
Authorised				
Ordinary shares of 25 cents each	**450 000**	450 000	**112 500**	112 500
Issued				
In issue in company	**104 956**	105 199	**26 239**	26 300
Treasury shares held by company subsidiary and employee share trust	**(848)**	(1 159)	**(212)**	(290)
On consolidation	**104 108**	104 040	**26 027**	26 010

Details of the issued share capital and share premium and changes during the current and prior year are as follows:

	Number of shares '000	Share capital R'000	Share premium R'000
In issue at 31 March 2014	118 509	29 627	99 840
Shares repurchased	(13 737)	(3 434)	(118 626)
Shares issued	427	107	65 896
Treasury shares held by company subsidiary and employee share trust	(1 159)	(290)	(47 110)
In issue at 31 March 2015	104 040	26 010	–
In issue at 31 March 2015	**105 199**	**26 300**	**47 110**
Shares repurchased	**(243)**	**(61)**	**(29 952)**
Shares issued	**–**	**–**	**–**
Treasury shares held by company subsidiary and employee share trust	**(848)**	**(212)**	**(17 158)**
In issue at 31 March 2016	**104 108**	**26 027**	**–**

Details of options over shares are set out in note 42.

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

20. OTHER RESERVES

Group	FCTR R'000	Share-based payments R'000	Hedging R'000	Revaluation R'000	Other R'000	Total R'000
2016						
At the beginning of the year	**410 578**	**89 374**	**(25 510)**	**2 216**	**(6 821)**	**469 837**
Exchange differences on translation of foreign subsidiaries	**387 269**	–	–	–	–	**387 269**
Equity-settled share-based payments	–	**11 689**	–	–	–	**11 689**
Fair value gains	–	–	**55 636**	–	–	**55 636**
Release of share-based payment reserve to accumulated profits	–	**(82 999)**	–	–	–	**(82 999)**
At the end of the year	**797 847**	**18 064**	**30 126**	**2 216**	**(6 821)**	**841 432**
2015						
At the beginning of the year	588 044	77 879	19 709	1 816	462	687 910
Exchange differences on translation of foreign subsidiaries	85 002	–	–	–	–	85 002
Equity-settled share-based payments	–	11 495	–	–	–	11 495
Fair value gains (losses)	–	–	(45 219)	400	–	(44 819)
Changes in holding	(262 468)	–	–	–	–	(262 468)
Transactions with non-controlling interests	–	–	–	–	(7 283)	(7 283)
At the end of the year	410 578	89 374	(25 510)	2 216	(6 821)	469 837

	Group 2016 R'000	Group 2015 R'000
21. FINANCIAL LIABILITIES		
Financial liabilities carried at fair value through profit or loss		
Foreign exchange contracts	**47 424**	2 231
Derivative financial instruments		
Put option	**492 553**	485 467
Interest rate swaps – cash flow hedges	**16 811**	112 112
	509 364	597 579
	556 788	599 810
Current portion	**64 235**	61 767
Non-current portion	**492 553**	538 043
	556 788	599 810

Fair value of derivative financial instruments carried at fair value through profit or loss

The fair value of derivatives was based upon market valuations. The net market value of all foreign exchange contracts at year-end was calculated by comparing the foreign exchange contracted rates to the equivalent year-end market foreign exchange rates.

Put option

During the prior year the Tsogo Sun group entered into a call option over Liberty Group Limited's (Liberty) 40% shareholding in The Cullinan Hotel Proprietary Limited (a subsidiary) and Liberty has a corresponding put option, both exercisable at the fair value of the shares. A financial liability for the put option of R493 million and a corresponding debit to transactions with non-controlling interest was recognised on initial recognition. At the end of each reporting period the liability is remeasured and the increase or decrease recognised in the income statement. The non-current liability has been remeasured to R493 million (2015: R485 million) at the year-end with the increase of R7 million (2015: decrease of R8 million) recognised in finance costs. For further information on judgements and estimates applied, refer to page 24.

21. FINANCIAL LIABILITIES continued

Interest rate swaps

The full fair value of a derivative financial instrument is classified as a non-current liability if the remaining maturity of the hedging instrument is more than 12 months and as a current liability if the maturity of the hedging instrument is less than 12 months.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative liabilities in the statement of financial position.

Gains or losses are recognised in the hedging reserve directly in other comprehensive income (after tax). The ineffective portion recognised in the income statement from cash flow hedges for the year amounted to Rnil (2015: Rnil).

The group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps them into fixed rates in terms of group intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts.

Hedge accounting is applied to the group's interest rate swaps. The ineffective portion is recognised immediately in profit or loss and the effectiveness of the hedges is tested at inception and thereafter annually.

As at 31 March 2016, 54% (2015: 56%) of consolidated gross borrowings and 57% (2015: 61%) of consolidated net borrowings were in fixed rates taking into account interest rate swaps.

Fixed interest rate swaps ranged from 6.46% to 8.09% as at 31 March 2016 referenced against the three-month JIBAR of 7.233%, as well as one-month JIBAR of 7.033% (2015: fixed interest rate swaps ranged from 6.46% to 8.09% referenced against the three-month JIBAR of 6.108%, as well as one-month JIBAR of 5.933% at 31 March 2015).

The notional amounts of the outstanding interest rate swap contracts at 31 March were:

	Group	
	2016 R'000	2015 R'000
Tsogo Sun Proprietary Limited linked to the three-month JIBAR rate		
With a fixed rate of 7.68% maturing 31 March 2018	**400 000**	600 000
With a fixed rate of 6.46% maturing 31 March 2018	**1 500 000**	1 500 000
With a fixed rate of 8.045% maturing 30 June 2021	**1 000 000**	1 000 000
With a fixed rate of 8.09% maturing 30 June 2021	**2 000 000**	2 000 000
Silverstar Casino Proprietary Limited linked to the one-month JIBAR rate		
With a fixed rate of 7.22%, excluding credit and liquidity margins, maturing 3 April 2018	**405 000**	540 000
	5 305 000	5 640 000

22. BORROWINGS

Bank borrowings	**10 009 783**	10 363 447
Bank mortgage	**1 788 655**	1 530 142
Instalment sale liabilities	**429 419**	410 064
Loan from non-controlling interests	**1 224 879**	1 640 167
Other borrowings	**208 142**	205 506
Redeemable preference shares	**1 685 488**	1 390 058
	15 346 366	15 539 384
Current portion of borrowings	**(3 247 985)**	(3 184 504)
	12 098 381	12 354 880
Secured	**13 622 500**	13 949 406
Unsecured	**1 723 866**	1 589 978
	15 346 366	15 539 384

The loan from non-controlling interests is unsecured, bears interest at JIBAR +4.43% and is repayable by 1 May 2024.

The redemption dates for the preference shares vary between 31 October 2016 and 21 July 2020, as they will be redeemed in tranches. The dividend rates also vary between 69% of prime rate and 86% of prime rate.

The following represents the book value of the security for these borrowings:

22. BORROWINGS continued

	Group	
	2016 R'000	2015 R'000
Property, plant and equipment	**6 201 223**	6 679 284
Investment properties	**1 866 983**	2 016 567
Inventory	**132 092**	661 997
Intangible assets	**473 591**	247 545
Pledge of cash in bank accounts	**1 837 559**	–
Other assets	**4 014**	4 814
Long-term receivables	**–**	181 822
Trade receivables	**311 395**	900 769
Cession of Tsogo Sun shares (treasury shares)	**539 679**	–
Non-current assets held for sale	**–**	57 933
	11 366 536	10 750 731

The above securities are inclusive of securities pledged for bank overdrafts. Refer to note 29.

The group's shareholding in:

- Golden Arrow Bus Services Proprietary Limited;
- eMedia Holdings Limited;
- Niveus Investments Limited; and
- KWV Holdings Limited

has been pledged as security for various debt facilities.

For further information on guarantees issued and suretyships provided for group and company debt facilities, refer to note 47.

	Group	
	2016 R'000	2015 R'000
Fixed rates	**1 462 297**	1 722 630
Floating rates	**13 884 069**	13 816 754
	15 346 366	15 539 384
Maturity of these borrowings is as follows:		
Due within one year	**3 247 985**	3 206 685
Due within two to five years	**10 772 935**	8 625 825
Due after five years	**1 325 446**	3 706 874
	15 346 366	15 539 384
Analysis by currency		
Australian Dollar	**153 455**	159 908
South African Rand	**14 096 911**	14 594 476
United States Dollar	**1 096 000**	785 000
	15 346 366	15 539 384

	%	%
Weighted average effective interest rates	**8.57**	8.77

At 31 March 2016 the carrying value of borrowings approximates their fair value as market-related rates have been applied to discount the instruments.

	Group 2016 R'000	2015 R'000
23. FINANCE LEASE LIABILITIES		
Total liability	–	16 762
Less: Current portion*	–	(15 031)
Non-current portion	–	1 731
* Included in trade and other payables.		
The minimum lease payments under the lease liabilities are due as follows:		
Not later than one year	–	15 951
Later than one year and not later than five years	–	1 784
Later than five years	–	–
	–	17 735
Future finance charges on finance leases	–	(701)
Present value of finance lease liabilities	–	17 034
The present value of finance lease liabilities is as follows:		
Not later than one year	–	15 031
Later than one year and not later than five years	–	1 731
Later than five years	–	–
	–	16 762

Finance lease liabilities were settled during the current year.

24. RETIREMENT BENEFIT INFORMATION

24.1 Pension funds

Certain subsidiaries of the group operate pension funds. These are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund.

Provident funds

Certain subsidiaries of the group also operate provident funds. All are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund.

	Group	
	2016 R'000	2015 R'000
24.2 Medical aid		
Non-current post-retirement benefit liabilities	**159 972**	194 376
Current portion of post-retirement benefit liabilities*	**6 789**	6 413
	166 761	200 789

* Included in trade and other payables

24.2.1 A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund (MBF). The Fund uses the grant to cover the outgoings not financed from member contributions. The administrators of the MBF are the Metropolitan Health Group. The subsidiary also makes contributions to Discovery Health.

The calculation of accrued service liability in respect of post-retirement healthcare was performed by Willis Towers Watson Actuaries and Consultants as at 31 March 2016.

Movements in the liability recognised in the statement of financial position are as follows:

	Group	
	2016 R'000	2015 R'000
Balance at the beginning of the year	**82 173**	63 762
Net expense recognised in the income statement	**9 804**	7 281
Actuarial (gains) losses	**(29 261)**	11 130
	62 716	82 173
Less: Current portion	**–**	–
Balance at the end of the year	**62 716**	82 173
The amounts recognised in the income statement are as follows:		
Current service cost	**5 469**	3 780
Interest cost	**7 240**	6 284
Pensioner subsidy	**(2 905)**	(2 783)
Total included in employee costs	**9 804**	7 281

	Group 2016 %	2015 %
24. RETIREMENT BENEFIT INFORMATION continued		
24.2 Medical aid continued		
24.2.1 The principal actuarial assumptions used for the valuation were:		
Discount rate	**10.30**	8.40
Medical aid subsidy increase rate	**8.40**	7.20
Normal retirement age (years)	**65**	65
Continuation of membership at retirement	**55.00**	55.00

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
As at 31 March					
Present value of obligations	**62 716**	82 173	63 762	65 894	58 899

Contributions of R71.6 million (2015: R39 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2016.

	Group 2016 R'000	2015 R'000
As at 31 March the effects of a 1% movement in the discount rate and the subsidy rate would change the post-retirement medical aid liability to the following:		
Upward movement		
Discount rate increased by 1%	**52 420**	65 400
Subsidy increase rate increased by 1%	**70 560**	95 262
Downward movement		
Discount rate reduced by 1%	**66 148**	87 764
Subsidy increase rate decreased by 1%	**56 134**	71 554
24.2.2 A subsidiary of the group subsidises certain past employees who participate in the National Independent Medical Aid Society (NIMAS) and who joined before 1 July 1996. These past employees are eligible for a 50% retirement subsidy of the total medical scheme contributions.		
Movements in the liability recognised in the statement of financial position are as follows:		
Opening balance	**109 107**	97 460
Net expense recognised in the income statement	**9 545**	8 622
Contributions	**(6 673)**	(6 524)
Actuarial (gains) losses	**(14 387)**	9 549
	97 592	109 107
Less: Current portion*	**(6 790)**	(6 413)
Balance at the end of the year	**90 802**	102 694

* Included in trade and other payables

	Group 2016 R'000	Group 2015 R'000
24. RETIREMENT BENEFIT INFORMATION continued		
24.2 Medical aid continued		
24.2.2 The amounts recognised in the income statement are as follows:		
Current service cost	**489**	444
Interest on obligation	**9 056**	8 178
	9 545	8 622

	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.68**	8.30
Medical aid subsidy increase rate	**8.49**	8.60
Normal retirement age (years)	**65**	65

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
As at 31 March					
Present value of obligations	**97 592**	109 107	97 460	89 433	79 307
Experience adjustments on plan liabilities	**(14 387)**	9 549	(5 965)	(7 962)	(5 792)

There is no surplus or deficit in the plan as there are no plan assets.

Contributions of R7.1 million are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2016 (2015: R6.7 million).

	Group **2016 R'000**	Group 2015 R'000
As at 31 March a 1% movement in the assumed medical cost trend rate would change the current service cost and interest cost, and the post-retirement medical aid liability to the following:		
Upward movement		
Current service cost and interest cost	**10 628**	9 834
Post-retirement medical aid liability	**108 030**	122 381
Downward movement		
Current service cost and interest cost	**8 623**	7 609
Post-retirement medical aid liability	**88 671**	97 943

24. RETIREMENT BENEFIT INFORMATION continued

24.2 Medical aid continued

24.2.3 A subsidiary of the group operates a closed fund defined benefit plan for a portion of the medical aid members. The assets of the funded plans are held independently of the group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

	Present value of obligation R'000	Fair value of plan assets R'000	Total R'000
The movement in the defined benefit obligation is as follows:			
2016			
At 1 April 2015	**37 551**	**(28 042)**	**9 509**
Other post-retirement benefits – medical aid	**344**	**502**	**846**
Current service cost	**145**	**–**	**145**
Expected return on plan assets	**–**	**(2 009)**	**(2 009)**
Expected benefit payments from plan assets	**(2 511)**	**2 511**	**–**
Interest expense	**2 710**	**–**	**2 710**
Remeasurements:	**(1 434)**	**(2 467)**	**(3 901)**
Gain from change in financial assumptions	**(880)**	**–**	**(880)**
Return on plan assets	**–**	**(2 467)**	**(2 467)**
Experience gains	**(554)**	**–**	**(554)**
At 31 March 2016	**36 461**	**(30 007)**	**6 454**
2015			
Acquired on business combination	36 065	(26 553)	9 512
Other post-retirement benefits – medical aid	1 014	84	1 098
Current service cost	266	–	266
Expected return on plan assets	–	(2 259)	(2 259)
Expected benefit payments from plan assets	(2 343)	2 343	–
Interest expense	3 091	–	3 091
Remeasurements:	472	(1 573)	(1 101)
Gain from change in financial assumptions	1 588		1 588
Return on plan assets	–	(1 573)	(1 573)
Experience gains	(1 116)	–	(1 116)
At 31 March 2015	37 551	(28 042)	9 509

	Group 2016 %	Group 2015 %
24. RETIREMENT BENEFIT INFORMATION continued		
24.2 Medical aid continued		
24.2.3 The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.80**	7.50
Healthcare cost inflation	**9.40**	7.30
Expected return on plan assets	**9.80**	7.50
Remuneration inflation	**8.90**	6.80

	Group 2016 R'000	Group 2015 R'000
At 31 March the effects of a 1% movement in the assumed medical cost trend rate would be:		
Upward movement		
Effect on the current service cost and interest cost	**361**	3 000
Effect on the post-retirement medical aid liability	**3 681**	40 000
Downward movement		
Effect on the current service cost and interest cost	**309**	2 000
Effect on the post-retirement medical aid liability	**3 162**	32 000

The fund is actively managed and returns are based on both the expected performance of the asset class and the performance of the fund managers. The assets of the medical aid scheme comprise cash for both 2016 and 2015 with values of R30 million and R28 million respectively.

No contributions are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2016 (2015: Rnil).

	Group 2016 R'000	Group 2015 R'000
25. LONG-TERM INCENTIVE PLAN		
Certain subsidiaries of the group operate cash-settled long-term incentive plans. Liabilities equal to the current fair values are recognised at each reporting date. The movement in the fair value of these liabilities is expensed. The fair value is expensed over the period as services are rendered by employees.		
Cash-settled, share-based long-term incentive plan (refer to note 25.1)	**2 793**	7 479
The Tsogo Sun Share Appreciation Bonus Plan (refer to note 25.2)	**234 472**	250 283
Total long-term incentive liabilities	**237 265**	257 762
Less: Current portion	**(203 389)**	(221 897)
Non-current portion	**33 876**	35 865

25. LONG-TERM INCENTIVE PLAN continued

25.1 Cash-settled, share-based long-term incentive plan continued

During March 2009 the previous Gold Reef board approved, on the recommendation of the remuneration and nominations committee, the implementation of the long-term incentive plan to attract, retain, motivate and reward executive directors and management who are able to influence the performance of the company on a basis which aligns their interests with those of the company's shareholders. In terms of the long-term incentive plan management will receive cash payments based on the share price of the company on exercise date. This long-term incentive plan consisted of three distinct components, being share appreciation units, bonus units and performance units. The share appreciation units vested in three equal tranches; one-third after three years, one-third after four years and one-third after five years after grant date and are exercisable at the option of the recipient up until the end of six years after grant date. The amount settled is the difference between the company's share price on exercise date and the strike price. The strike price of the share appreciation units is the company's share price on grant date. There have been no awards since 2011 and therefore there are no further bonus units or performance units as all awards have either been forfeited or exercised in terms of the rules of the incentive plan.

Compound annual growth rate in HEPS	Multiplication factor
5.0% to 7.5%	0 – 1
7.5% to 10.0%	1 – 3

	2016		2015	
	Share appreciation units	**Average strike price R**	Share appreciation units	Average strike price R
Cash-settled in units at:				
At 1 April	**805 585**	**18.16**	–	–
Assumed on business combination	**–**	**–**	1 528 753	17.04
Forfeited	**(90 157)**	**18.19**	(56 257)	17.65
Exercised	**(400 982)**	**18.48**	(666 911)	17.08
At 31 March	**314 446**	**17.75**	805 585	18.16
Units exercisable at 31 March	**314 446**		595 743	
Number of employees granted units	**132**		132	
Number of employees remaining at year-end	**80**		93	

At 31 March 2016 the group has recorded liabilities of R2.8 million (2015: R7.5 million) in respect of this long-term incentive plan. The current portion of this liability is R2.8 million (2015: R7.5 million).

25.2 Cash-settled – Tsogo Sun Share Appreciation Bonus Plan

The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the company's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. Allocations vest in full three years after date of allocation.

Liabilities equal to the current fair values are recognised at each reporting date. The movements in the fair value of these liabilities are taken to profit or loss.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules the fair values of the payments are determined using the seven-day volume weighted average trading price of the company's share prior to the determination of the fair value of the long-term incentive bonus. Dividends declared and paid post-merger post the grant date are added to the trading price in determining the fair value.

The group recognised an expense of R43 million (2015: R85 million) related to this bonus appreciation plan during the year and at 31 March 2016 the group had recorded liabilities of R234.5 million (2015: R250.3 million) in respect of this plan. The current portion of this liability is R200 million (2015: R217 million).

	Group 2016 R'000	2015 R'000
26. PROVISIONS		
Rehabilitation provision		
Balance at the beginning of the year	59 475	53 899
Raised during the year	9 266	5 576
Utilised during the year	(1 485)	–
Balance at the end of the year	67 256	59 475
Leave pay		
Balance at the beginning of the year	35 714	33 629
Raised during the year	14 264	13 781
Unused amounts reversed	(2 586)	–
Utilised	(13 178)	(11 696)
Balance at the end of the year	34 214	35 714
Staff bonuses		
Balance at the beginning of the year	26 791	20 376
Raised during the year	41 415	35 320
Utilised	(21 214)	(28 905)
Balance at the end of the year	46 992	26 791
Repurchase of service		
Balance at the beginning of the year	41 576	41 576
Raised during the year	18 519	–
Utilised	(3 933)	–
Balance at the end of the year	56 162	41 576
Restructuring		
Balance at the beginning of the year	–	23 116
Raised during the year	5 705	–
Utilised	–	(23 116)
Balance at the end of the year	5 705	–
Third-party claims		
Balance at the beginning of the year	15 551	13 002
Raised during the year	7 334	6 209
Utilised	(8 653)	(3 660)
Balance at the end of the year	14 232	15 551
Jackpot provisions		
Balance at the beginning of the year	12 400	–
Acquired from business combinations	–	13 466
Raised during the year	94 483	72 177
Utilised	(96 077)	(73 243)
Balance at the end of the year	10 806	12 400
Incentives		
Balance at the beginning of the year	140 237	–
Acquired from business combinations	–	106 201
Raised during the year	212 464	40 999
Utilised	(138 182)	(6 963)
Balance at the end of the year	214 519	140 237

	Group	
	2016 R'000	2015 R'000
26. PROVISIONS continued		
Long-service awards		
Balance at the beginning of the year	**166 996**	–
Acquired from business combinations	**–**	148 532
Raised during the year	**23 943**	22 514
Utilised	**(9 113)**	(4 050)
Balance at the end of the year	**181 826**	166 996
Other		
Balance at the beginning of the year	**21 853**	9 885
Raised during the year	**15 651**	19 342
Unused amounts reversed	**(1 334)**	(982)
Utilised	**(9 718)**	(6 392)
Balance at the end of the year	**26 452**	21 853
Total provisions	**658 164**	520 593
Non-current	**246 749**	221 717
Current	**411 415**	298 876
	658 164	520 593

Rehabilitation provision

Rehabilitation obligations are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the rehabilitation of coal mining sites.

The net present value of the provision for rehabilitation has been determined using a discount rate of 4.50% per annum (2015: 6.10% per annum) and an inflation rate of 4.50% per annum (2015: 6.10% per annum) and has been discounted over the expected lives of the Palesa and Mbali Mines and estimated settlement dates of the rehabilitation costs.

The periods used for discounting were (remaining life of mine):

Mbali Coal Proprietary Limited – 50 months

Palesa Coal Proprietary Limited – 27 years

Leave pay

This provision is raised in respect of accumulated annual leave days accrued to employees as the group has a present legal obligation as a result of past service provided by the employee. The timing of the settlement is uncertain given the nature of the provision.

Staff bonuses

This provision is recognised when the group has a present legal or constructive obligation as a result of past service provided by the employee. The timing and extent of claims settled remain uncertain until settlement occurs.

Repurchase of service

This is a provision raised in respect of costs that will be payable to employees on completion of the restructuring of the bus industry by the Department of Transport. This process is ongoing at year-end.

Restructuring

These provisions relate to management's restructuring plans already implemented and/or communicated before the reporting date. It is anticipated that the costs associated with restructuring and retrenchments will occur within the next 12 months. The uncertainties surrounding the provisions relate to the exact costs of restructuring and which employees will be retrenched and which will be reassigned.

Third-party claims

Third-party claims are legal claims resulting from traffic accidents. Claims that are insured are excluded from this provision. The timing and extent of claims settled remain uncertain until settlement occurs.

Jackpot provisions

Provision is also made for the potential jackpot payouts on slot machines and table progressives and is based on the meter readings. Due to the nature of the jackpot provisions the timing of their utilisation is uncertain; however, it is not expected to be longer than 12 months.

Incentives

This is a provision for bonus plans based on a formula that takes into consideration the profit attributable to the subsidiary company's shareholders after certain adjustments and the performance of the respective employees. These criteria are only finalised after the subsidiary's year-end.

26. PROVISIONS continued

Long-service awards

This provision relates to a long-service benefit. The benefit is paid when employees reach predetermined years of service. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually by independent actuaries using the projected unit credit method.

27. DEFERRED REVENUE

27.1 The Tsogo Sun group accounts for its hotel customer reward programmes in terms of IFRIC 13: Customer Loyalty Programmes with the liability on the statement of financial position allocated to deferred revenue, whilst the gaming customer reward programmes are accounted for in terms of IAS 39: Financial Instruments – Recognition and Measurement with this liability allocated to deferred income on the statement of financial position.

	Group	
	2016 R'000	2015 R'000
Deferred revenue		
At 1 April	**64 180**	–
Acquired on business combination	**–**	64 809
Created during the year	**105 886**	40 810
Forfeitures during the year	**(24 752)**	–
Utilised during the year	**(71 608)**	(41 439)
At 31 March	**73 706**	64 180
The expected timing of the recognition of the deferred revenue is within three years as follows:		
Non-current	**24 323**	21 163
Current	**49 383**	43 017
	73 706	64 180
Deferred income		
At 1 April	**23 661**	–
Acquired on business combination	**–**	23 585
Created during the year	**159 717**	76 240
Forfeitures during the year	**(5 198)**	–
Utilised during the year	**(155 332)**	(76 164)
At 31 March	**22 848**	23 661
Non-current portion	**–**	–
Current portion	**22 848**	23 661
The expected timing of the recognition of the deferred income is within one year and is considered current.		
27.2 During the current year the Niveus group received a grant from the Department of Trade and Industry of R16.4 million (2015: Rnil) in terms of the Manufacturing Competitiveness Enhancement Programme of the South African government.		
Non-current	**10 900**	–
Current	**1 875**	–
	12 775	–
Total deferred revenue and income		
Non-current	**35 223**	21 163
Current	**74 106**	66 678
	109 329	87 841

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
28. TRADE AND OTHER PAYABLES				
Trade payables	**1 297 998**	1 231 384	**–**	–
Accruals	**572 425**	532 616	**–**	–
Advance deposits	**89 202**	79 086	**–**	–
Operating lease liabilities	**30 651**	24 052	**–**	–
Other payables	**975 935**	995 708	**1 840**	4 070
	2 966 211	2 862 846	**1 840**	4 070

Fair value of trade and other payables

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

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
29. BANK OVERDRAFTS				
Balance outstanding at 31 March	**3 058 696**	3 102 514	**285 247**	136 432

29.1 Trade receivables totalling R40 million (2015: R40 million) have been ceded as security for debtors' factoring facilities. The balance of the facility at year-end was R8.8 million (2015: R19.2 million).

29.2 A subsidiary, Deneb Investments Limited (Deneb), has secured its debt facilities, including overdraft facilities, by providing general, special and mortgage bonds over assets of the group to a special purpose vehicle, which has in turn guaranteed the obligations of Deneb group companies in favour of the Deneb group lenders.

The following assets are subject to the above bonds:

	Group 2016 R'000	Group 2015 R'000
Property, plant and equipment	**723 935**	584 711
Investment property	**737 507**	766 804
Intangible assets	**–**	23 761
Other assets	**–**	3 644
Non-current receivables	**–**	181 882
Inventories	**–**	594 197
Trade and other receivables	**161 817**	624 588
Non-current assets held for sale	**–**	57 933

Overdrafts of R547.7 million (2015: R529.8 million) are secured over assets as part of its general borrowings. Refer to note 22.

Fair value of bank overdrafts

The carrying value of bank overdrafts approximates fair value due to the short-term maturity of these instruments.

	Group 2016 R'000	Group 2015 R'000
30. GOVERNMENT GRANTS		
Receivable balance for government grants brought forward	**38 486**	33 875
Total income from government grants, included in other operating expenses and income, recognised during the year amounted to	**33 933**	34 860
Total cash received during the year from government grants amounted to	**(33 469)**	(30 249)
Amount outstanding as at year-end	**38 950**	38 486

The government grants received related to the Production Incentive Scheme established by the Department of Trade and Industry.

Amounts outstanding at the year-end is included under other receivables (refer to note 16).

There are no unfulfilled conditions or contingencies relating to the government assistance recognised.

31. COMMITMENTS

Operating lease arrangements where the group is a lessee:

	Group 2016 R'000	Group 2015 R'000
Future leasing charges:		
– Payable within one year	**279 800**	287 764
– Payable within two to five years	**964 276**	1 043 666
– Payable after five years	**811 234**	977 674
	2 055 310	2 309 104

The operating lease commitments relate mainly to leases of property within the group's portfolio of hotels, as well as the head offices of various subsidiaries. All operating lease contracts contain market review clauses in the event that the group exercises its option to renew. The group does not have the option to purchase the property at expiry of the lease period.

Operating lease arrangements where the group is a lessor:

	Group 2016 R'000	Group 2015 R'000
Future leasing charges for premises:		
Receivable within one year	**364 044**	313 435
Receivable within two to five years	**815 274**	794 762
Receivable after five years	**352 595**	228 402
	1 531 913	1 336 599

Operating leases relate to the investment property owned by the group with lease terms of between one and 30 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessees do not have an option to purchase the property at expiry of the lease period. A portion of the rental is contingent and based on the turnover of a lessee.

Capital expenditure

	Group 2016 R'000	Group 2015 R'000
Authorised by directors but not yet contracted for:		
– Property, plant and equipment	**4 579 315**	3 949 265
– Intangible assets	**24 523**	69 709
– Programming rights	**485 800**	561 110
	5 089 638	3 949 265
Authorised by directors and contracted to be expended:		
– Investment property	**106 838**	649 097
– Property, plant and equipment	**856 878**	818 430
– Intangible assets	**3 836**	41 985
	967 552	1 509 512

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

	Group 2016 R'000	Group 2015* R'000
32. REVENUE		
Sale of goods	**5 229 332**	5 121 444
Provision of services	**9 825 026**	7 034 416
	15 054 358	12 155 860

* Restated

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
33. INVESTMENT INCOME				
Dividends				
Listed investments	**18 743**	1 004	**–**	–
Associates	**–**	–	**1 666**	1 128
Subsidiaries	**–**	–	**1 310 353**	864 072
	18 743	1 004	**1 312 019**	865 200
Interest				
Bank	**80 049**	81 080	**192**	93
Other	**108 677**	394	**–**	13 972
	188 726	81 474	**192**	14 065
	207 469	82 478	**1 312 211**	879 265
34. INVESTMENT SURPLUS (DEFICIT)				
Gain on sale of other investments	**12 600**	5 312	**–**	–
Deficit on disposal of subsidiary	**(6 781)**	–	**–**	(486 395)
	5 819	5 312	**–**	(486 395)
35. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill	**18 176**	2 150	**–**	–
Impairment of investments in subsidiaries*	**–**	–	**295 970**	2 019
Impairment of investments in joint ventures	**400**	7 208	**–**	–
	18 576	9 358	**295 970**	2 019

* Impairments of investments in subsidiaries were recognised in respect of the company's underlying investments and did not affect goodwill recognised in the consolidated statement of financial position.

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
36. FINANCE COSTS				
Interest	**1 233 322**	750 807	**22 291**	18 794
Preference dividends	**132 806**	92 795	**–**	–
	1 366 128	843 602	**22 291**	18 794

	Group		Company	
	2016 R'000	2015* R'000	**2016 R'000**	2015 R'000
37. PROFIT BEFORE TAXATION				
The following items have been included in arriving at profit before taxation:				
Auditors' remuneration				
– Audit fees – current year	**57 320**	33 729	**2 507**	1 911
– prior year	**–**	1 649	**–**	–
– Other services	**5 656**	2 190	**184**	84
Consultancy fees	**76 312**	72 110	**922**	140
Foreign exchange loss	**26 043**	8 144	**–**	–
Gaming levies	**882 789**	550 363	**–**	–
Government grant income	**(33 933)**	(34 860)	**–**	–
Inventory recognised as expense	**23 630**	29 883	**–**	–
Cost of sales	**1 848 418**	1 782 238	**–**	–
Operating lease charges				
– Premises	**293 828**	192 972	**–**	–
– Plant and equipment	**120 380**	74 353	**–**	–
Pension fund contributions	**77 637**	77 990	**–**	–
(Gain) loss on disposal of property, plant and equipment	**(63)**	269	**–**	–
Research and development	**17 860**	12 769	**–**	–
Secretarial fees	**42**	163	**–**	52
Share-based payments	**11 689**	11 495	**–**	–
Staff costs	**4 762 032**	3 426 966	**–**	–
VAT on net gaming win	**944 467**	564 081	**–**	–
38. TAXATION				
South African taxes				
Current normal tax	**1 015 470**	692 874	**53**	25
Prior year normal tax	**(26 566)**	(7 495)	**1 193**	–
Deferred normal tax	**132 748**	(21 637)	**–**	–
Deferred tax – under (over) provision prior year	**35 200**	(6 016)	**–**	–
Securities transfer tax	**154**	4 571	**–**	4 571
Withholding tax	**5 348**	3 182	**–**	–
	1 162 354	665 479	**1 246**	4 596
Various subsidiaries have incurred operating losses which result in losses for tax purposes.				
Losses for tax purposes available for set off against future taxable income and for which deferred tax assets have not been raised are estimated at:				
– Normal tax	**2 935 010**	2 589 138		
– Capital gains tax	**442 209**	459 436		
Tax relief at current rates:				
– Normal tax	**821 803**	724 959		
– Capital gains tax	**99 055**	128 642		

* Restated

	Group 2016 %	Group 2015 %	Company 2016 %	Company 2015 %
38. TAXATION continued				
Reconciliation of tax rate				
Normal tax rate	**28**	28	**28**	28
Deferred tax not raised on losses	**1**	1	**–**	–
Utilisation of deferred tax assets not previously raised	**–**	(3)	**–**	–
Capital losses and non-deductible expenses	**4**	(2)	**10**	40
Non-taxable income inlcuding share of associates' income	**–**	(12)	**(38)**	(68)
Differential tax rates – CGT and foreign	**1**	–	**–**	–
Securities transfer tax	**–**	–	**–**	1
Effective rate	**34**	12	**–**	1

	2016 R'000	2015 R'000
The income tax relating to each component of other comprehensive income is set out below:		
Actuarial gains (losses) on post-employment benefit liability	**(13 313)**	2 674

39. DISCONTINUED OPERATIONS

	2016 R'000	2015 R'000
Losses for the year from discontinued operations	**(118 184)**	(379 954)

39.1 During the year ended 31 March 2014 the directors of Seardel Investment Corporation Limited resolved to dispose of the group's apparel manufacturing business to an associated company of SACTWU. The sale consisted of all plant, equipment and inventory within the business. As a consequence the results of the group's apparel manufacturing and clothing factory stores were reported as discontinued operations.

Loss from discontinued operations relating to apparel manufacturing business

	2016 R'000	2015 R'000
Revenue	**–**	9 581
Operating and other costs	**–**	(24 218)
Impairment of assets	**–**	(2 647)
Loss before taxation	**–**	(17 284)
Taxation	**–**	–
Loss after tax	**–**	(17 284)

Cash flows from discontinued operations

	2016 R'000	2015 R'000
Cash flows from operating activities	**–**	(21 985)
Cash flows from investing activities	**–**	39 518
Cash flows from financing activities	**–**	–
	–	17 533

Refer to note 18.1 for details of assets and liabilities relating to the discontinued operation that have been classified as held for sale.

39. DISCONTINUED OPERATIONS continued

39.2 During the year ended 31 March 2015 a decision was made by the eMedia board of directors to dispose of the group's interest in various loss-making subsidiaries and associates within media interests.

Several subsidiaries were disposed of subsequent to year-end, with the remaining businesses being actively marketed to seek potential buyers.

	Group	
	2016 R'000	2015* R'000
Loss from discontinued operations relating to eMedia Holdings Limited		
Revenue	**41 591**	37 720
Operating costs	**(49 856)**	(76 784)
Investment income	**150**	–
Impairment of goodwill	**–**	(74 303)
Impairment of property, plant and equipment	**(7 449)**	(14 605)
Impairment of intangible assets	**(121 938)**	–
Profit in associate companies	**14 209**	9 073
Loss before tax	**(123 293)**	(118 899)
Taxation	**5 109**	(652)
Loss after tax	**(118 184)**	(119 551)
Cash flows from discontinued operations		
Cash flows from operating activities	**16 497**	(25 280)
Cash flows from investing activities	**43 679**	(15 773)
Cash flows from financing activities	**–**	–
	60 176	(41 053)

Refer to note 18.2 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

39. DISCONTINUED OPERATIONS continued

39.3 In March 2014 a decision was made by the company's board of directors to distribute the group's interest in Johnnic Holdings USA LLC to its shareholders, subject to the receipt of the necessary regulatory approvals. The results of these operations were therefore classified as discontinued operations for the group.

	Group	
	2016 R'000	2015 R'000
Loss from discontinued operations relating to Johnnic Holdings USA LLC		
Revenue	–	275 640
Operating and other costs	–	(335 160)
Loss on unbundling	–	(181 207)
Net finance costs	–	378
Loss before tax	–	(240 349)
Taxation	–	(2 770)
Loss after tax	–	(243 119)
Cash flows from discontinued operations		
Cash flows from operating activities	–	20 384
Cash flows from investing activities	–	(68 800)
Cash flows from financing activities	–	128 692
	–	80 276

40. EARNINGS PER SHARE

40.1 Earnings per share as presented on the income statement is based on the weighted average number of 104 166 662 ordinary shares in issue (2015: 105 724 029).

40.2 Diluted earnings per share is based on the weighted average number of 105 350 346 ordinary shares in issue (2015: 107 363 817).

	Group	
	2016	2015
Reconciliation of weighted average number of shares:		
Used in calculation of earnings per share	**104 166 662**	105 724 029
Options outstanding in employee share scheme	**1 183 684**	1 639 788
Used in calculation of diluted earnings per share	**105 350 346**	107 363 817
40.3 Headline earnings per share (cents)*	**1 002.69**	946.04
– Continuing operations	**1 013.13**	1 036.31
– Discontinued operations	**(10.44)**	(90.27)
Diluted headline earnings per share (cents)*	**991.44**	931.60
– Continuing operations	**1 001.76**	1 020.49
– Discontinued operations	**(10.32)**	(88.89)

* Restated

40. EARNINGS AND DIVIDENDS PER SHARE continued

40.3 Headline earnings per share (cents) continued

	2016		2015*	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Reconciliation of headline earnings:				
Earnings attributable to equity holders of the parent		1 043 404		3 553 966
IFRS 3 gain on bargain purchase	(4 630)	(4 630)	–	–
IFRS 3 fair value adjustment on deemed disposal of associate	–	–	(2 757 227)	(2 738 733)
IFRS 10 fair value adjustment of remaining investment	2 811	1 324	–	–
IAS 12 change in tax rate	16 670	11 491	–	–
IAS 16 gains on disposal of property	(3 541)	(2 748)	–	–
IAS 16 losses on disposal of plant and equipment	3 478	1 966	269	10
IAS 16 impairment of plant and equipment	25 386	8 937	40 962	16 573
IAS 21 foreign currency translation reserve recycled	(11 600)	(5 094)	–	–
IAS 27 losses from disposal/part disposal of subsidiary	6 781	3 532	181 207	181 207
IAS 28 gain on disposal of associates and joint ventures	(6 661)	(3 550)	(17 519)	(7 298)
IAS 28 impairment of associates and joint ventures	400	92	34 059	21 650
IAS 28 recycle reserves upon disposal of joint ventures	(6 856)	(6 856)	–	–
IAS 36 impairment of assets	2 154	769	–	–
IAS 36 impairment of goodwill	18 176	9 106	49 603	20 665
IAS 36 reversal of impairment of assets	–	–	(12 771)	(5 900)
IAS 38 losses on disposal of intangible assets	254	101	–	–
IAS 38 impairment of intangible assets	132 365	56 218	–	–
IAS 39 impairment of investments reclassified to profit and loss	–	–	14 608	14 608
IAS 40 losses on disposal of investment property	–	–	386	312
IAS 40 fair value adjustment to investment property	(149 773)	(71 880)	(155 753)	(74 036)
Remeasurements included in equity-accounted earnings of associates and joint ventures	2 295	2 295	17 166	17 166
Headline profit		1 044 477		1 000 190

* Restated

41. NOTES TO THE CASH FLOW STATEMENT

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
41.1 Cash generated (utilised) by operations				
Profit for the year	**2 121 972**	4 455 590	**975 905**	355 003
Taxation	**1 157 245**	668 900	**1 246**	4 596
Depreciation and amortisation	**1 410 673**	1 007 748	**–**	–
Share-based payments	**11 689**	11 495	**–**	–
(Gain) loss on disposal of property, plant and equipment	**(63)**	269	**–**	–
Loss on disposal of intangible assets	**254**	–	**–**	–
Profit on sale of assets held for sale	**(13 716)**	–	**–**	–
Impairment of goodwill and investments	**18 576**	83 662	**295 970**	2 019
Other impairments	**278 625**	55 570	**–**	–
Impairment reversals	**–**	(12 771)	**–**	–
Equity-accounted profits retained in subsidiaries	**(56 330)**	(275 424)	**–**	–
Forex translation	**49 967**	8 144	**–**	–
Fair value adjustment on deemed disposal of associate	**–**	(2 757 227)	**–**	–
Fair value adjustments of investment properties	**(149 773)**	(155 753)	**–**	–
Fair value adjustments of financial instruments	**1 214**	(8 071)	**–**	–
Investment income	**(207 469)**	(216 276)	**(1 312 211)**	(879 265)
Preference dividends and interest	**1 366 128**	845 648	**22 291**	18 794
Gain on bargain purchase	**(4 630)**	–	**–**	–
Investment surplus	**(5 819)**	175 894	**–**	486 395
Movement in provisions	**354 238**	115 778	**–**	–
Operating equipment usage	**55 617**	33 581	**–**	–
Post-retirement medical aid benefits	**4 482**	13 119	**–**	–
Long-term incentive charges	**46 485**	95 897	**–**	–
Operating lease equalisation asset	**(6 969)**	(13 938)	**–**	–
Other non-cash items	**43 465**	184 546	**–**	–
	6 475 861	4 316 401	**(16 799)**	(12 458)
41.2 Changes in working capital				
Inventory	**(47 769)**	(174 582)	**–**	–
Programming rights	**(58 717)**	(148 487)	**–**	–
Trade and other receivables	**91 495**	(213 289)	**(289)**	352
Trade and other payables	**(454 354)**	(354 435)	**(2 229)**	2 099
	(469 345)	(890 793)	**(2 518)**	2 451
41.3 Taxation (paid) received				
Unpaid at the beginning of the year	**(29 723)**	609	**(20)**	(20)
Charged to the income statement	**(934 797)**	(693 121)	**(1 246)**	(4 596)
Business combinations	**(940)**	(310 387)	**–**	–
Foreign exchange difference	**2 517**	3 821	**–**	–
Withholding tax	**(5 348)**	(3 181)	**–**	–
Tax asset sold on disposal	**1 268**	–	**–**	–
Unpaid at the end of the year	**3 775**	29 723	**1 518**	20
	(963 248)	(972 536)	**252**	(4 596)

	Group 2016 R'000	Group 2015* R'000
41. NOTES TO THE CASH FLOW STATEMENT continued		
41.4 Business combinations		
Net cash inflow from acquisitions	**28 592**	333 364
Net cash outflow from disposals	**(1 269)**	(189 469)
	27 323	143 895
41.4.1 Acquisitions		
Property, plant and equipment*	**(9 116)**	(18 586 252)
Investment property*	**–**	(125 739)
Intangible assets*	**(17 598)**	(19 174 291)
Deferred tax asset	**(1 347)**	(147 000)
Taxation receivable	**–**	(20 555)
Investment in associates	**–**	(182 832)
Investment in joint venture	**–**	(113 419)
Goodwill	**–**	(2 106 549)
Derivative financial instruments	**–**	(63 000)
Other non-current assets	**–**	(69 250)
Trade and other receivables	**(24 107)**	(559 496)
Inventory	**(2 081)**	(161 089)
Cash and cash equivalents	**(68 067)**	(1 750 042)
Other current assets	**–**	(25 276)
Deferred tax liability*	**4 925**	7 468 265
Interest-bearing borrowings	**–**	8 539 153
Derivative financial instruments	**–**	499 707
Provisions	**–**	148 533
Other non-current liabilities	**3 056**	411 125
Interest-bearing borrowings – current portion	**–**	1 065 853
Trade and other payables	**74 437**	1 118 484
Current income tax liabilities	**1 971**	332 767
Long-term incentive liabilities	**–**	211 484
Provisions – current portion	**–**	119 666
Bank overdrafts	**–**	1 090 210
Loans with group companies	**13 680**	–
Other current liabilities	**1 418**	206 951
	(22 829)	(21 872 592)
Non-controlling interest*	**1 024**	11 954 957
Interest already owned	**4 758**	12 176 557
Gain on bargain purchase	**4 630**	–
Goodwill*	**(62 936)**	(2 586 790)
Cash and cash equivalents at date of acquisition	**68 067**	659 832
Asset – deferred payments (fair value)	**3 825**	–
Contingent consideration	**32 053**	1 400
Net cash inflow	**28 592**	333 364

* Restated

	Group	
	2016 **R'000**	2015 R'000
41. NOTES TO THE CASH FLOW STATEMENT continued		
41.4 Business combinations continued		
41.4.2 Disposals		
Property, plant and equipment	**3 984**	572 625
Other intangible assets	**–**	294 159
Deferred tax asset	**348**	–
Other non-current assets	**–**	3 840
Inventory	**52**	–
Trade and other receivables	**1 466**	52 644
Cash and cash equivalents	**1 269**	189 469
Other current assets	**–**	11 723
Borrowings	**–**	(134 708)
Other non-current liabilities	**–**	(62 112)
Loans payable	**(8 584)**	–
Trade and other payables	**(2 943)**	(42 493)
Provisions	**–**	(8 431)
Other current liabilities	**(4 639)**	(17 203)
	(9 047)	859 513
Non-controlling interest	**2 770**	(2 025)
Goodwill	**13 058**	–
Recognised as distribution	**–**	(676 281)
Loss on disposal	**(6 781)**	(181 207)
Cash and cash equivalents at date of disposal	**(1 269)**	(189 469)
Net cash outflow	**(1 269)**	(189 469)

	Group		Company	
	2016 **R'000**	2015 R'000	**2016** **R'000**	2015 R'000
41.5 Cash and cash equivalents				
Bank balances and deposits	**3 539 658**	3 793 342	**2 370**	2 138
Bank overdraft and loans	**(3 058 696)**	(3 102 514)	**(285 247)**	(136 432)
Cash in disposal group assets held for sale	**39 470**	18 403	**–**	–
	520 432	709 231	**(282 877)**	(134 294)

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.

42. HCI EMPLOYEE SHARE OPTION SCHEME

The group operates a share option scheme, the HCI Employee Share Scheme (the Scheme), in terms of which shares in the group are offered on a share option basis to participants, provided they remain in the group's employ 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.

Options must be exercised within three months of the vesting date, whereafter the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors.

In terms of the HCI Employee Share Trust (2001), the previous option scheme, shares in the group were offered either on a share option or on a combined share option and deferred sale basis. Participants were able to exercise options to purchase shares in tranches within periods of three to seven years from the grant date at the exercise price, provided that they remained in the group's employ until the options vested. The terms of the previous option scheme remain applicable to all options issued in terms of that scheme and that have not yet been paid for or become unconditional.

Options issued in terms of the previous scheme must be exercised within three years of being granted, whereafter the options lapse. Options vest over periods of three to seven years. These vesting periods may be varied by the trustees of the scheme. Participants are required to pay for the shares between five and ten years from the date of grant.

42. HCI EMPLOYEE SHARE OPTION SCHEME continued

Share options granted to eligible participants that have not yet become unconditional:

	2016		2015	
	Number of share options	**Weighted average exercise price R**	Number of share options	Weighted average exercise price R
Balance at the beginning of the year	**2 058 304**	**87.97**	2 809 534	73.01
Options granted	**306 833**	**123.49**	294 633	142.03
Options unconditional	**(589 648)**	**70.98**	(656 139)	55.89
Options forfeited	**(5 122)**	**132.61**	(389 724)	88.72
Balance at the end of the year	**1 770 367**	**99.66**	2 058 304	87.97

The fair value of options granted is measured using the Black-Schöles model. Share options granted in the current year were fairly valued using a volatility indicator of 19% (2015: 16% and 19%) and an annual interest rate of 6% (2015: 5.75%). The cost relating to these options is recognised by allocating the fair value over the vesting period on a straight-line basis.

The volume weighted average share price during the current year was R129.84 (2015: R154.86).

The options issued in terms of the HCI Employee Share Trust (2001) and outstanding at 31 March 2016 become unconditional between the following dates:

	Number of share options	Exercise price R
4 June 2014 and 3 June 2016	7 500	37.80
	7 500	
Options vested but not yet paid for	145 720	40.50
Options vested but not yet paid for	541 148	70.00
	694 368	
The options issued in terms of the Scheme and outstanding at 31 March 2016 become unconditional between the following dates:		
28 August and 28 November 2016	273 557	118.06
29 August and 29 November 2016	45 874	77.24
19 March and 19 June 2017	39 696	125.02
27 August and 27 November 2017	78 356	150.07
28 August and 28 November 2017	2 711	118.06
29 August and 29 November 2017	45 874	77.24
18 March and 18 June 2018	167 523	135.99
19 March and 19 June 2018	39 695	125.02
27 August and 27 November 2018	306 833	123.49
27 August and 27 November 2018	16 738	150.07
28 August and 28 November 2018	2 710	118.06
19 March and 19 June 2019	39 695	125.02
27 August and 27 November 2019	16 737	150.07
	1 075 999	
Total number of options in issue	1 770 367	

A maximum number of 668 997 (2015: 796 012) shares may be issued in respect of 1 075 999 (2015: 1 289 988) options issued in terms of the Scheme.

The maximum number of shares that may be utilised for the purposes of the Scheme is 10 500 000 shares. In addition to the options in issue at the reporting date and shares already delivered to participants, a further 9 356 249 (2015: 9 516 352) shares may be utilised by the Scheme. 306 833 (2015: 294 633) options were issued in terms of the Scheme during the year and 287 118 (2015: 187 636) shares delivered to participants.

42. HCI EMPLOYEE SHARE OPTION SCHEME continued

	2016		2015	
	Number of share options	**Weighted average exercise price R**	Number of share options	Weighted average exercise price R
Options granted to executive directors				
JA Copelyn				
Balance at the beginning of the year	**771 159**	**85.70**	685 664	79.17
Options granted	**102 442**	**123.49**	85 495	138.07
Options vested and shares delivered	**(273 486)**	**74.78**	–	–
Balance at the end of the year	**600 115**	**97.13**	771 159	85.70
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**308 571**	**70.00**	308 571	70.00
15 March and 15 June 2015	**–**	**–**	137 015	72.32
29 August and 29 November 2015	**–**	**–**	136 471	77.24
28 August and 28 November 2016	**103 607**	**118.06**	103 607	118.06
27 August and 27 November 2017	**12 631**	**150.07**	12 631	150.07
18 March and 18 June 2018	**72 864**	**135.99**	72 864	135.99
27 August and 27 November 2018	**102 442**	**123.49**	–	–
MJA Golding*				
Balance at the beginning of the year	**–**	**–**	685 664	79.17
Options granted	**–**	**–**	12 631	150.07
Options forfeited	**–**	**–**	(389 724)	88.72
Options vested and shares delivered	**–**	**–**	(308 571)	70.00
Balance at the end of the year	**–**	**–**	–	–
TG Govender				
Balance at the beginning of the year	**250 075**	**96.74**	205 567	87.10
Options granted	**11 384**	**123.49**	44 508	141.25
Options vested and shares delivered	**(58 778)**	**72.85**	–	–
Balance at the end of the year	**202 681**	**105.17**	250 075	96.74
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**77 143**	**70.00**	77 143	70.00
15 March and 15 June 2015	**–**	**–**	52 424	72.32
29 August and 29 November 2015	**–**	**–**	6 354	77.24
28 August and 28 November 2016	**69 646**	**118.06**	69 646	118.06
27 August and 27 November 2017	**16 629**	**150.07**	16 629	150.07
18 March and 18 June 2018	**27 879**	**135.99**	27 879	135.99
27 August and 27 November 2018	**11 384**	**123.49**	–	–
Y Shaik				
Balance at the beginning of the year	**119 086**	**125.02**	119 086	125.02
Options granted	**7 354**	**123.49**	–	–
Balance at the end of the year	**126 440**	**124.93**	119 086	125.02
Unconditional between the following dates:				
19 March and 19 June 2017	**39 696**	**125.02**	39 696	125.02
19 March and 19 June 2018	**39 695**	**125.02**	39 695	125.02
19 March and 19 June 2019	**39 695**	**125.02**	39 695	125.02
27 August and 27 November 2018	**7 354**	**123.49**	–	–

* Mr MJA Golding resigned on 30 October 2014

42. HCI EMPLOYEE SHARE OPTION SCHEME continued

The following loans were advanced in terms of the HCI Employee Share Trust (2001) in respect of the strike price of options issued in terms of that scheme. These loans are interest free and are repayable within three years of the options' vesting date.

	2016 R'000	2015 R'000
JA Copelyn	10 411	19 123
Payable by 11 June 2015	–	8 712
Payable by 17 June 2018	10 411	10 411
TG Govender	7 316	7 316
Payable by 11 June 2017	3 333	3 333
Payable by 17 June 2018	3 983	3 983

43. DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial		Associates	
	Number	Percentage holding %	Number	Percentage holding %	Number	Percentage holding %
2016						
Executive directors						
JA Copelyn	5 736 886	5.5	–	–	–	–
TG Govender***	218 214	0.2	17 250	–	1 004 244	0.9
	5 955 100	5.7	17 250	–	1 004 244	0.9
2015						
Executive directors						
JA Copelyn	5 584 766	5.3	–	–	–	–
TG Govender	215 024	0.2	17 250	–	1 004 244	0.9
Non-executive directors						
VM Engel**	2 000	–	–	–	–	–
Directors that resigned during the year						
MJA Golding*	7 327 217	6.9	921 519	0.9	–	–
	13 129 007	12.4	938 769	0.9	1 004 244	0.9

* Mr MJA Golding resigned on 30 October 2014
** Mrs VM Engel passed away on 18 May 2015
*** An associate of Mr TG Govender sold 400 000 shares to the company on 26 July 2016

Other than as noted there were no changes in directors' shareholdings between 31 March 2016 and the date of issue of this report.

44. DIRECTORS' EMOLUMENTS

	Board fees R'000	Salary R'000	Other benefits R'000	Gains from share options R'000	Bonus R'000	Total R'000
2016						
Executive directors						
JA Copelyn	–	6 114	877	3 488	2 751	13 230
TG Govender	–	3 183	607	1 500	525	5 815
Y Shaik	–	3 159	–	1 212	1 232	5 603
Non-executive directors						
JG Ngcobo	886[1]	–	–	–	–	886
LW Maasdorp*	348[2]	–	–	–	–	348
MF Magugu	311[3]	–	–	–	–	311
ML Molefi	528[4]	–	–	–	–	528
R Watson	610[5]	–	–	–	–	610
VE Mphande	612[6]	–	–	–	–	612
VM Engel##	30	–	–	–	–	30
	3 325	12 456	1 484	6 200	4 508	27 973

Resigned on 31 March 2016
Mrs VM Engel passed away on 18 May 2015
1 Includes R43 750 audit committee fees, R46 125 remuneration committee fees, R33 250 social and ethics committee fees, and R517 000 board fees paid by subsidiary companies
2 Includes R101 791 audit committee fees
3 Includes R64 667 remuneration committee fees
4 Includes R101 791 audit committee fees, R9 375 remuneration committee fees, R11 958 social and ethics committee fees, and R159 000 board fees paid by subsidiary companies
5 Includes R364 000 board fees paid by subsidiary companies
6 Includes R366 000 board fees paid by subsidiary companies

	Board fees R'000	Salary R'000	Other benefits R'000	Gains from share options R'000	Bonus R'000	Total R'000
2015						
Executive directors						
JA Copelyn	–	5 763	1 404	3 497	3 242	13 906
MJA Golding#	–	3 362	851	114	–	4 327
TG Govender	–	3 000	502	1 424	1 463	6 389
Y Shaik	–	2 978	8 543	1 157	1 452	14 130
Non-executive directors						
BA Hogan##	181[1]	–	–	–	–	181
JG Ngcobo	838[2]	–	–	–	–	838
LW Maasdorp	327[3]	–	–	–	–	327
MF Magugu	292[4]	–	–	–	–	292
ML Molefi	593[5]	–	–	–	–	593
R Watson	376[6]	–	–	–	–	376
VE Mphande	571[7]	–	–	–	–	571
VM Engel###	231	–	–	–	–	231
	3 409	15 103	11 300	6 192	6 157	42 161

Resigned 30 October 2014
Resigned 27 October 2014
Mrs VM Engel passed away on 18 May 2015
1 Includes R52 940 audit committee fees
2 Includes R57 810 remuneration committee fees, R57 810 social and ethics committee fees, and R491 000 board fees paid by subsidiary companies
3 Includes R95 708 audit committee fees
4 Includes R60 666 remuneration committee fees
5 Includes R57 810 audit committee fees, R57 810 social and ethics committee fees, and R246 000 board fees paid by subsidiary companies
6 Includes R145 000 board fees paid by subsidiary companies
7 Includes R340 000 board fees paid by subsidiary companies

45. SEGMENT INFORMATION

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

	Revenue*		Net gaming win	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Continuing operations				
Media and broadcasting	**2 531 580**	2 483 363	**–**	–
Non-casino gaming	**89 843**	82 566	**1 166 767**	999 695
Casino gaming and hotels	**4 921 450**	2 720 404	**7 361 128**	4 101 595
Information technology	**341 317**	312 625	**–**	–
Transport	**1 509 919**	1 417 136	**–**	–
Vehicle component manufacture	**296 575**	328 227	**–**	–
Beverages	**1 224 214**	1 155 385	**–**	–
Properties	**262 255**	161 979	**–**	–
Mining	**817 497**	830 813	**–**	–
Branded products and manufacturing	**2 714 260**	2 661 837	**–**	–
Other	**345 448**	1 525	**–**	–
	15 054 358	12 155 860	**8 527 895**	5 101 290
Discontinued operations				
Branded products and manufacturing	**–**	9 581	**–**	–
Media and broadcasting	**41 591**	37 720	**–**	–
Natural gas	**–**	275 640	**–**	–
	41 591	322 941	**–**	–

	Segment result (profit before tax)	
	2016 R'000	2015 R'000
Continuing operations		
Media and broadcasting*	**251 376**	475 796
Non-casino gaming	**172 671**	137 869
Casino gaming and hotels*	**2 499 137**	4 457 360
Information technology	**45 866**	44 019
Transport	**268 286**	233 618
Vehicle component manufacture	**6 646**	10 406
Beverages	**34 969**	61 678
Properties	**190 051**	143 519
Mining	**37 919**	15 031
Branded products and manufacturing	**95 032**	152 702
Other	**(199 443)**	(230 975)
	3 402 510	5 501 023

	Segment result (profit after tax)	
	2016 R'000	2015 R'000
Discontinued operations		
Branded products and manufacturing	**–**	(17 284)
Media and broadcasting	**(118 184)**	(119 551)
Natural gas	**–**	(243 119)
	(118 184)	(379 954)

* Restated

45. SEGMENT INFORMATION continued

	Assets		Liabilities	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Media and broadcasting	**3 305 771**	3 441 479	**1 465 508**	1 543 311
Non-casino gaming	**821 628**	465 329	**510 620**	436 996
Casino gaming and hotels*	**48 390 375**	47 248 326	**22 327 491**	22 575 043
Information technology	**309 473**	267 017	**111 789**	98 525
Transport	**1 382 535**	1 273 676	**760 516**	760 604
Vehicle component manufacture	**133 176**	138 023	**112 587**	108 356
Mining	**705 555**	709 672	**195 917**	182 104
Properties	**3 137 502**	2 327 083	**1 464 304**	1 025 559
Branded products and manufacturing	**2 936 854**	2 877 570	**1 126 280**	1 110 290
Beverages*	**2 068 626**	1 644 176	**370 373**	389 123
Other	**1 416 715**	1 591 053	**3 235 645**	3 250 070
	64 608 210	61 983 404	**31 681 030**	31 479 981

	PPE additions		Depreciation and amortisation	
	2016 R'000	2015 R'000	**2016 R'000**	2015* R'000
Media and broadcasting	**299 169**	275 854	**120 991**	105 008
Casino gaming and hotels	**1 342 223**	933 973	**884 932**	503 607
Non-casino gaming	**156 616**	233 334	**131 685**	98 837
Information technology	**20 079**	23 836	**21 542**	19 028
Transport	**149 219**	160 122	**88 764**	77 870
Vehicle component manufacture	**9 311**	7 157	**8 470**	8 135
Beverages	**44 628**	38 339	**32 481**	30 976
Properties	**2 016**	1 037	**1 496**	1 141
Mining	**65 746**	76 953	**76 670**	122 643
Branded products and manufacturing	**67 705**	59 694	**37 742**	37 973
Other	**14 178**	10 082	**5 900**	2 529
	2 170 890	1 820 381	**1 410 673**	1 007 748

Amounts applicable to associates and joint arrangements included above:

	Equity-accounted earnings		Investment in associates and joint ventures	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Media and broadcasting	**7 829**	(756)	**193 458**	169 531
Casino gaming and hotels	**29 241**	256 994	**621 147**	312 271
Non-casino gaming	**(2 258)**	(105)	**17 223**	4 895
Transport	**7 086**	10 835	**19 450**	22 675
Beverages	**239**	1 579	**18 177**	16 798
Properties	**1 062**	4 862	**39 893**	26 342
Other	**13 131**	(3 147)	**543 920**	784 052
	56 330	270 262	**1 453 268**	1 336 564

* Restated

45. SEGMENT INFORMATION continued

	Impairments**		Reversal of impairments	
	2016 R'000	2015* R'000	**2016 R'000**	2015 R'000
Media and broadcasting	**59 620**	91 059	**–**	–
Casino gaming and hotels	**21 813**	11 129	**–**	–
Non-casino gaming	**17 574**	4 837	**–**	–
Vehicle component manufacture	**176**	527	**–**	–
Beverages	**400**	903	**–**	–
Properties	**–**	6 305	**–**	–
Branded products and manufacturing	**2 248**	9 864	**–**	12 771
Other	**65 983**	14 608	**–**	–
	167 814	139 232	**–**	12 771

	Group	
	2016 R'000	2015* R'000
Group income is attributable to the following geographical areas:		
South Africa	**21 931 806**	16 309 624
Other African countries	**767 906**	453 724
Europe and United Kingdom	**307 079**	329 928
United States of America	**82 210**	35 648
Australia	**488 293**	83 686
Asia	**4 959**	44 540
	23 582 253	17 257 150
Non-current assets*** of the group are held in the following geographical areas:		
South Africa	**50 431 563**	49 134 783
Other African countries	**2 490 945**	2 147 749
Europe and United Kingdom	**535 216**	207 615
United States of America	**11 603**	9 445
Australia	**518 301**	535 436
	53 987 628	52 035 028

* Restated
** Includes impairment in discontinued operations
*** Excludes financial instruments, deferred tax assets and post-employment benefit assets

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
46. RELATED PARTY TRANSACTIONS				
46.1 The group entered into transactions in the ordinary course of business with various owned subsidiaries and associated companies.				
Dividends received by the company are as follows:				
– Subsidiaries			**1 310 353**	864 072
– Associates			**1 666**	1 128
Details of loans to and from these entities are set out in note 6 and annexure A.				
46.2 Key management compensation was paid as follows:				
Salaries and other short-term employee benefits	**214 048**	226 043		

Details of directors' remuneration are disclosed in note 44 to the financial statements.

47. CONTINGENT LIABILITIES

Group

The group has established bank guarantees in favour of the Department of Minerals and Energy against the future rehabilitation of its operations as follows:

- Mbali Coal Proprietary Limited – R26 million
- Palesa Coal Proprietary Limited – R30.2 million
- Nokuhle Coal Proprietary Limited – R5.2 million

The group has registered a Rehabilitation Trust Fund into which an amount of R14.5 million was transferred in the financial year ended 31 March 2012 for the purposes of rehabilitation at Palesa Colliery.

The group has also established bank guarantees in favour of Eskom Holdings Limited amounting to R2.4 million.

The group has entered into various agreements with its bankers and the respective gambling boards whereby the bank has guaranteed agreed capital amounts not exceeding R158 million (2015: R158 million) for gambling board taxes and working capital. The group has also entered into various agreements with its bankers and respective utility boards and municipalities whereby the bank has guaranteed agreed capital amounts not exceeding R21 million (2015: R21 million) for utility expenses.

The group has also provided security for Lukhanji's (an associate) borrowing obligations in favour of Investec Limited to a capital amount of R12 million (2015: R12 million) – refer to note 22.

In terms of the 90-year Notarial Deed of Lease entered into with the Khara Hais Municipality, a subsidiary, Kalahari Village Mall Proprietary Limited, will have an obligation to pay rent to the lessor, monthly in arrears, from the date of commencement of trade of the Kalahari Village Mall shopping centre. The monthly rent payable will be calculated as per the following formula:

- for the first 15 years after commencement of trade: 5% of income after deduction of operating expenses;
- for the remaining 75 years of the lease period: 8% of income after deduction of operating expenses.

A subsidiary of the group provides an unlimited guarantee to various financial institutions in respect of any claims against KWV South Africa Proprietary Limited.

47. CONTINGENT LIABILITIES continued

Company

- A guarantee in favour of The Standard Bank of South Africa Limited in respect of the obligations of a subsidiary, HCI Coal Proprietary Limited. The amount of the guarantee is limited to R64 million (2015: R64 million).
- Guarantees in favour of Sasol Oil Proprietary Limited in respect of obligations of subsidiaries, Palesa Coal Proprietary Limited and Mbali Coal Proprietary Limited. The amounts of the guarantee are limited to R12 million (2015: R12 million) and R12 million (2015: R12 million) respectively.
- A guarantee in favour of The Standard Bank of South Africa Limited in respect of the obligations of a subsidiary, HCI Sun Energy Three Proprietary Limited, to Karoshoek Solar One (RF) Proprietary Limited. The amount of the guarantee is limited to R264.7 million (2015: R278.5 million).
- A guarantee in favour of ABSA Bank Limited in respect of a credit intervention facility of R250 million granted to a subsidiary, HCI Treasury Proprietary Limited.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, Permasolve Investments Proprietary Limited. The amount of the guarantee is limited to R76.8 million (2015: R76.8 million) and relates to facilities for the development of investment property.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, Kalahari Village Mall Proprietary Limited. The amount of the guarantee is limited to R46.6 million (2015: R46.6 million) and relates to facilities for the development of investment property.
- A guarantee in favour of Nedbank Limited in respect of the obligations of a subsidiary, K2013204008 Proprietary Limited. The amount of the guarantee is limited to R4.3 million (2015: R4.3 million) and relates to facilities for the purchase of investment property.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, Lynnridge Shopping Centre Proprietary Limited. The amount of the guarantee is limited to R100 million (2015: R80 million) and relates to facilities for the purchase and redevelopment of investment property.
- A guarantee in favour of First Rand Bank Limited in respect of the obligations of a subsidiary, Highland Night Investments 93 Proprietary Limited. The amount of the guarantee is limited to R82.2 million (2015: R82.2 million) and relates to facilities for the development of an investment property.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, HCI Invest 8 Holdco Proprietary Limited. The amount of the guarantee is limited to R31 million (2015: R27 million) and is in respect of facilities that relate to the purchase and redevelopment of investment property.
- A guarantee in favour of The Standard Bank of South Africa Limited in respect of the obligations of a subsidiary, HCI Propco 2 Proprietary Limited. The amount of the guarantee is limited to R25 million (2015: R25 million) and is in respect of facilities for the development of an investment property.

47. CONTINGENT LIABILITIES continued

Company continued

- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, Olympus Village Proprietary Limited. The amount of the guarantee is limited to R66.2 million (2015: Rnil) and relates to facilities for the development of investment property.
- A guarantee in favour of The Standard Bank of South Africa Limited in respect of the obligations of a subsidiary, HCI Invest 5 Holdco Proprietary Limited. The amount of the guarantee is limited to R12.9 million (2015: Rnil) and is in respect of facilities for the development of an investment property.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, GE Property & Marketing Proprietary Limited. The amount of the guarantee is limited to R16 million (2015: Rnil) and relates to facilities for the redevelopment of investment property.
- Guarantees and suretyships to Investec Bank Limited, ABSA Bank Limited and First Rand Bank Limited for the preference share debt granted to TIH Prefco Proprietary Limited and certain short-term facilities. At 31 March 2016 an amount of R700 million (2015: R600 million) and R100 million (2015: R100 million) remained owing to First Rand Bank Limited in respect of preference share debt and short-term facilities, respectively and R650 million (2015: R650 million) to ABSA Bank Limited in respect of preference share debt. At 31 March 2016 R200 million in respect of preference share debt remained owing to Investec Bank Limited (2015: Rnil) The company has issued guarantees and suretyships to Investec Bank Limited for a term loan granted to HCI Treasury Proprietary Limited. At 31 March 2016 the total amount owing in respect of this term loan amounted to R136 million (2015: R136 million). In addition, guarantees and suretyships have been issued by the company to Investec Bank Limited for a term loan granted to Vukani Gaming Corporation Proprietary Limited in the amount of R185 million (2015: R185 million).

48. BUSINESS COMBINATIONS

48.1 Subsidiaries acquired

2016	Principal activity	Date of acquisition	Proportion of shares acquired %
Media and broadcasting			
Moonlighting Films Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the media and broadcasting sector within which this entity operates.	Film production services	15 December 2015	100
Casino gaming and hotels			
Majormatic 194 Proprietary Limited and management contract from Extrabold Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the hotels sector within which this entity operates.	Hotel management	1 March 2016	100

48. BUSINESS COMBINATIONS continued

48.1 Subsidiaries acquired continued

2016	Principal activity	Date of acquisition	Proportion of shares acquired %
Non-casino gaming			
Betcoza Online (RF) Proprietary Limited	Gaming	1 December 2015	43
Effective 1 December 2015 an additional 25.1% of the ordinary share capital of Betcoza Online (RF) Proprietary Limited was acquired by a group subsidiary, increasing its shareholding to 50.1% and obtaining control of Betcoza Online (RF) Proprietary Limited. The effective shareholding held by the group is 43%.			
In terms of IFRS 3: Business Combinations, Niveus has a maximum of 12 months from the date of acquisition to complete the acquisition accounting of Betcoza Online (RF) Proprietary Limited. The allocation of the purchase consideration to the identifiable assets and subsequent amendment to the recorded goodwill will therefore be reported in the following year, retrospectively for the year ended 31 March 2016.			
Red Strip Trading 107 Proprietary Limited	Gaming	1 January 2016	100
The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the gaming sector.			
The Glen Restaurant Proprietary Limited	Gaming	1 January 2016	100
The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the gaming sector.			
Properties			
Atterbell Investments Proprietary Limited	Conference and exhibition centre	1 March 2016	100
The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the properties sector.			

2015	Principal activity	Date of acquisition	Proportion of shares acquired %
Media and broadcasting			
TVPC Media Proprietary Limited	Sports production	1 July 2014	60
The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the media and broadcasting sector within which this entity operates.			
Coleske Artists Proprietary Limited	Music record company	1 March 2015	50
The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the media and broadcasting sector within which this entity operates.			

48. BUSINESS COMBINATIONS continued

48.1 Subsidiaries acquired continued

2015	Principal activity	Date of acquisition	Proportion of shares acquired %
Afrikaans Is Groot Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the media and broadcasting sector within which this entity operates.	Events management	1 March 2015	50
Casino gaming and hotels			
Tsogo Sun Holdings Limited The group acquired effective control after Tsogo Sun Holding Limited repurchased 134 million of its ordinary shares from a significant shareholder.	Hotels and gaming	31 August 2014	48
Non-casino gaming			
Thaba Gare Lydenburg Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the gaming sector.	Gaming	1 January 2015	100
Branded products and manufacturing			
Deneb Invest 141 Holdco Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the retailing sector.	Online distributor of stationery	1 August 2014	51
Other			
Crimsafe Holdings Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. The subsidiary was acquired to expand the group's business in the media and broadcasting sector within which this entity operates.	Supplier of security barriers	20 March 2015	97

48. BUSINESS COMBINATIONS continued

48.2 Cost of acquisition, net cash outflow on acquisition and analysis of assets and liabilities acquired

	Media and broadcasting R'000	Casino gaming and hotels R'000	Non-casino gaming R'000	Properties R'000
2016				
Non-current assets				
Property, plant and equipment	72	–	6 584	2 460
Intangible assets	–	16 948	650	–
Deferred tax asset	–	–	–	1 347
Current assets				
Trade and other receivables	5 225	16 613	2 263	6
Inventory	–	1 184	264	633
Cash and cash equivalents	12 178	3 311	2 131	50 447
Non-current liabilities				
Deferred tax liability	–	(4 925)	–	–
Other non-current liabilities	–	–	–	(3 056)
Current liabilities				
Trade and other payables	(15 967)	(18 131)	(2 070)	(38 269)
Current income tax liabilities	(1 033)	–	–	(938)
Loans with group companies	–	–	(13 680)	–
Bank overdrafts	–	–	–	–
Other current liabilities	–	–	(1 418)	–
	475	15 000	(5 276)	12 630
Fair value of existing interest	–	–	(4 758)	–
Non-controlling interests	(212)	–	(812)	–
Gain on bargain purchase	–	–	–	(4 630)
Goodwill on acquisition	47 090	–	15 846	–
Cost of acquisitions	47 353	15 000	5 000	8 000
Contingent consideration*	(32 053)	–	–	–
Asset – deferred payments (fair value)	(3 825)	–	–	–
Cash balances acquired	(12 178)	(3 311)	(2 131)	(50 447)
Net cash (inflow) outflow on acquisition	(703)	11 689	2 869	(42 447)

* The contingent consideration arrangement requires the group to pay the sellers of Moonlighting Films Proprietary Limited (Moonlighting) additional purchase consideration on 30 June 2018 and 30 June 2021 for the remaining shares (49%) held by the sellers. It was concluded that the group acquired 100% of Moonlighting Films due to a forward contract being entered into to acquire the remaining 49% of the shares in Moonlighting at the same date as the acquisition of the 51%. This is due to the fact that the forward contract transfers the ownership benefits of the underlying shares to the group

The sellers remain entitled to dividends while they hold the remaining shares, as it is also stipulated that Moonlighting will declare all profits (subject to working capital requirements) as a dividend at the end of each financial year

48. BUSINESS COMBINATIONS continued

48.2 Cost of acquisition, net cash outflow on acquisition and analysis of assets and liabilities acquired continued

	Media and broadcasting R'000	Casino gaming and hotels* R'000	Non-casino gaming R'000	Branded products and manufacturing R'000	Other R'000
2015					
Non-current assets					
Property, plant and equipment	3 110	18 571 020	683	93	11 346
Investment property	–	125 739	–	–	
Intangible assets	–	19 095 368	–	–	78 923
Deferred tax asset	–	147 000	–	–	–
Investment in associates	–	182 832	–	–	–
Investment in joint venture	–	113 419	–	–	–
Goodwill	–	2 106 549	–	–	–
Derivative financial instruments	–	63 000	–	–	–
Other non-current assets	–	69 250	–	–	–
Current assets					
Trade and other receivables	5 303	496 970	–	3 211	54 011
Inventory	–	108 422	53	701	51 913
Cash and cash equivalents	16 260	1 725 440	435	256	7 651
Taxation receivable	–	20 555	–	–	–
Other current assets	140	25 136	–	–	–
Non-current liabilities					
Deferred tax liability	–	(7 469 574)	–	–	1 309
Interest-bearing borrowings	–	(8 539 153)	–	–	–
Derivative financial instruments	–	(499 707)	–	–	–
Provisions	–	(148 533)	–	–	–
Other non-current liabilities	(5 587)	(392 325)	–	–	(13 213)
Current liabilities					
Interest-bearing borrowings – current portion	–	(1 065 853)	–	–	–
Trade and other payables	–	(1 108 252)	(3 557)	(6 675)	–
Current income tax liabilities	–	(332 767)	–	–	–
Long-term incentive liabilities	–	(211 484)	–	–	–
Provisions	–	(119 666)	–	–	–
Bank overdrafts	–	(1 090 140)	–	(70)	–
Other current liabilities	(10 116)	(164 866)	(6 742)		(25 226)
	9 110	21 708 380	(9 128)	(2 484)	166 714
Fair value of existing interest	–	(12 176 557)	–	–	–
Non-controlling interests	(4 832)	(11 950 940)	–	815	–
Goodwill on acquisition	45 619	2 419 117	10 630	3 067	108 357
Cost of acquisitions	49 897	–	1 502	1 398	275 071
Contingent consideration**	–	–	–	(1 400)	–
Cash balances acquired	(16 260)	(635 300)	(435)	(186)	(7 651)
Net cash (inflow) outflow on acquisition	33 637	(635 300)	1 067	(188)	267 420

* Restated

** The contingent consideration arrangement required the group to pay the former owners a fixed amount based on future operational profits. The potential undiscounted amount of all future payments that the group could be required to make under this arrangement is between RNil and R1 530 000

The fair value of the contingent consideration arrangement of R1 400 000 was estimated by applying a discount rate of 9.25%

48. BUSINESS COMBINATIONS continued

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

	Media and broadcasting R'000	Non-casino gaming R'000
2016		
Non-current assets		
Property, plant and equipment	(28)	(3 956)
Deferred tax asset	(348)	–
Current assets		
Trade and other receivables	(749)	(717)
Inventory	–	(52)
Cash and cash equivalents	(820)	(449)
Current liabilities		
Trade and other payables	2 547	396
Loans payable	–	8 584
Other current liabilities	4 596	43
	5 198	3 849
Goodwill	(2 428)	(10 630)
Loss on disposal of subsidiary	–	6 781
Non-controlling interests	(2 770)	–
Cash and cash equivalents disposed of	(820)	(449)
Net cash outflow on disposal	(820)	(449)

	Natural gas R'000
2015	
Non-current assets	
Property, plant and equipment	572 625
Other intangible assets	294 159
Other non-current assets	3 840
Current assets	
Trade and other receivables	52 644
Cash and cash equivalents	189 469
Other current assets	11 723
Non-current liabilities	
Borrowings	(134 708)
Other non-current liabilities	(62 112)
Current liabilities	
Trade and other payables	(42 493)
Provisions	(8 431)
Other current liabilities	(17 203)
	859 513
Non-controlling interest	(2 025)
Goodwill	–
Recognised as distribution	(676 281)
Loss on disposal	(181 207)
Cash and cash equivalents at date of disposal	(189 469)
Net cash outflow	(189 469)

48.4 Goodwill arising on acquisition

The purchase price of the businesses 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.

48.5 Impact of the acquisitions on the results of the group

The businesses acquired during the year contributed revenues of R55.8 million and net profit after tax of R6.7 million to the group for the periods from dates of effective control to 31 March 2016. Had the acquisitions been effective on 1 April 2015 the contribution to revenue would have been R544.8 million and net profits of R37.2 million would have been the contribution to profit after tax.

49. FINANCIAL RISK MANAGEMENT

49.1 Financial risk factors

The 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 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 group. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the treasury departments of the major operating units under policies approved by their boards of directors. Their boards provide principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is also managed at an entity level for trade receivables.

49.1.1 Market risk

Currency risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Australian Dollar and the Euro. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency. The group secures its debt denominated in US Dollar and Australian Dollar in the offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars and Australian Dollar). As a result no forward cover contracts is required on this debt. Foreign currency import and exports within the Group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate		**Reporting date**	
	2016 **R**	2015 R	**2016** **R**	2015 R
Australian Dollar	**10.11**	9.66	**11.40**	9.29
British Pound	**20.73**	17.82	**21.42**	18.05
Euro	**15.21**	13.98	**16.91**	13.11
United States Dollar	**13.78**	11.07	**14.88**	12.20

49. FINANCIAL RISK MANAGEMENT continued

49.1 Financial risk factors continued

49.1.1 Market risk continued

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/decreased profit and loss 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 as for 2015.

	Profit/loss	
	2016 R'000	2015 R'000
Local currency:		
Australian Dollar	**2 457**	2 997
British Pound	**364**	1 286
Euro	**47 339**	28 538
United States Dollar	**(32 285)**	11 153
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:		
Non-current receivables		
United States Dollar	**41 108**	35 325
Trade and other receivables		
Australian Dollar	**78 323**	67 508
British Pound	**8 691**	–
Canadian Dollar	**8 169**	–
Euro	**3 069**	2 883
Japanese Yen	**3 390**	–
Kenyan Shilling	**3 198**	4 736
Mozambican Metical	**12 412**	17 465
Nigerian Naira	**27 908**	26 041
Seychelles Rupee	**12 338**	5 685
Swiss Franc	**18 542**	859
Tanzanian Shilling	**13 106**	9 479
United Arab Emirates Dirham	**5 003**	2 620
United States Dollar	**169 166**	98 703
Zambian Kwacha	**9 213**	7 088
Trade and other payables		
Australian Dollar	**53 751**	37 540
British Pound	**1 350**	1 100
Canadian Dollar	**611**	–
Danish Krone	**50**	–
Euro	**27 215**	7 257
Hong Kong Dollar	**99**	–
Japanese Yen	**1 976**	13
Kenyan Shilling	**20 468**	–
Mozambican Metical	**14 481**	–
Nigerian Naira	**45 202**	30 954
Seychelles Rupee	**16 682**	–
Swiss Franc	**7**	–
Tanzanian Shilling	**8 654**	–
United Arab Emirates Dirham	**2 187**	–
United States Dollar	**427 099**	114 064
Zambian Kwacha	**11 307**	–

49. FINANCIAL RISK MANAGEMENT continued

49.1 Financial risk factors continued

49.1.1 Market risk continued

Interest rate risk

The group's primary interest rate risk arises from long-term borrowings. It is exposed to a lesser extent to interest rate changes on loans to non-controlling interest of subsidiary companies. Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. Where appropriate the group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts.

	Carrying amount	
	2016 R'000	2015 R'000
At 31 March the interest rate profile of the group's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial assets	**665 117**	62 462
Financial liabilities	**(1 462 297)**	(1 722 630)
	(797 180)	(1 660 168)
Variable rate instruments		
Financial assets	**88 520**	46 129
Financial liabilities	**(13 884 069)**	(13 816 754)
	(13 795 549)	(13 770 625)

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates would have increased or decreased equity by R10.5 million (2015: R12.4 million).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit or loss by R100 million (2015: R99.5 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

Other price risk

The group was not exposed to commodity price risk other than the market price of natural gas in the prior year, and the API4 price of expert quality coal. In order to mitigate the risks associated with the fluctuations in natural gas prices from time to time the group enters short-term future exchange contracts to fix gas prices for portions of expected production volumes. The group does not hedge its exposure to fluctuations in the price of export quality coal. A change of 1% in the gas price would have increased/decreased post-tax profits by Rnil (2015: R0.8 million). A change of 1% in the API4 price would have increased/decreased post-tax profits by R2.2 million (2015: R2.4 million). The analysis assumes that all other variables remain constant.

49.1.2 Credit risk

The group has no significant concentrations of credit risk. Overall credit risk is managed at entity 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 group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only group audit committee approved parties are accepted. The group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer to note 16 for further credit risk analysis in respect of 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.

The table below shows the group's maximum exposure to credit risk by class of asset:

	Carrying amount	
	2016 R'000	2015 R'000
Derivatives used for hedging	**108 147**	39 026
Receivables	**2 564 813**	2 632 182
Cash and cash equivalents	**3 539 658**	3 793 342
	6 212 618	6 464 550

49. FINANCIAL RISK MANAGEMENT continued

49.1 Financial risk factors continued

49.1.3 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 aims to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the group's liquidity headroom on the basis of expected cash flow 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 group's long-term planning process.

The table below analyses the 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. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
2016			
Bank and other borrowings	**7 430 841**	**13 574 868**	**893 805**
Financial guarantees	**1 085 854**	**–**	**–**
Foreign exchange contracts	**47 427**	**–**	**–**
Put option	**–**	**492 553**	**–**
Interest rate swaps – cash flow hedges	**16 811**	**–**	**–**
Finance lease liabilities	**–**	**–**	**–**
Trade and other payables	**2 966 211**	**–**	**–**
	11 547 144	**14 067 421**	**893 805**
2015			
Bank and other borrowings	7 775 659	10 566 935	2 935 858
Financial guarantees	1 072 765	–	–
Foreign exchange contracts	2 231	–	–
Put option	–	485 467	–
Interest rate swaps – cash flow hedges	59 536	32 000	(1 000)
Finance lease liabilities	15 031	1 731	–
Trade and other payables	2 847 815	–	–
	11 773 037	11 086 133	2 934 858

Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior year.

49. FINANCIAL RISK MANAGEMENT continued

49.2 Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The group's debt capacity and optimal gearing levels are determined by its cash flow profile and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

49.3 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 items are measured at fair value:

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2016				
ASSETS				
Financial assets at fair value through profit or loss				
Foreign exchange contract	–	36 852	–	36 852
Equity securities	360 408	–	–	360 408
Available-for-sale financial assets				
Equity securities	255 849	–	–	255 849
Other	–	–	1 050	1 050
Derivative financial instruments				
Interest rate swaps – cash flow hedges	–	88 521	–	88 521
Non-financial assets at fair value through profit or loss				
Investment property	–	–	3 021 423	3 021 423
Total assets	616 257	125 373	3 022 473	3 764 103
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	–	47 424	–	47 424
Derivative financial instruments				
Put option	–	492 553	–	492 553
Interest rate swaps – cash flow hedges	–	16 811	–	16 811
Contingent consideration	–	–	32 053	32 053
Total liabilities	–	556 788	32 053	588 841

49. FINANCIAL RISK MANAGEMENT continued

49.3 Fair value estimation continued

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2015				
ASSETS				
Financial assets at fair value through profit or loss				
Foreign exchange contract	–	16 923	–	16 923
Equity securities	41 018	–	–	41 018
Available-for-sale financial assets				
Equity securities	3 644	–	–	3 644
Other	–	–	878	878
Derivative financial instruments				
Interest rate swaps – cash flow hedges	–	22 103	–	22 103
Non-financial assets at fair value through profit or loss				
Investment property	–	–	2 530 138	2 530 138
Total assets	44 662	39 026	2 531 016	2 614 704
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	–	2 231	–	2 231
Derivative financial instruments				
Put option	–	485 467	–	485 467
Interest rate swaps – cash flow hedges	–	112 112	–	112 112
Contingent consideration	–	–	1 400	1 400
Total liabilities	–	599 810	1 400	601 210

49. FINANCIAL RISK MANAGEMENT continued

49.3 Fair value estimation continued

The following table presents the changes in level 3 financial instruments for the year:

Group	Other R'000	Investment property R'000	Total R'000
2016			
ASSETS			
Carrying value at the beginning of the year	**878**	**2 530 138**	**2 531 016**
Additions	**172**	**20 972**	**21 144**
Improvements	**–**	**461 875**	**461 875**
Disposals	**–**	**(10 564)**	**(10 564)**
Transfer (to) from property, plant and equipment	**–**	**(130 789)**	**(130 789)**
Profits recognised in profit and loss	**–**	**149 791**	**149 791**
Carrying value at the end of the year	**1 050**	**3 021 423**	**3 022 473**

	Contingent consider-ation R'000
LIABILITIES	
Carrying value at the beginning of the year	**1 400**
Reversed to income statement	**(1 400)**
Assumed in a business combination	**32 053**
Carrying value at the end of the year	**32 053**

Group	Other R'000	Investment property R'000	Total R'000
2015			
ASSETS			
Carrying value at the beginning of the year	5 244	1 695 532	1 700 776
Additions	–	407 128	407 128
Improvements	–	115 747	115 747
Business combinations*	–	125 739	125 739
Disposals	(4 366)	–	(4 366)
Transfer from property, plant and equipment	–	45 839	45 839
Transfer out of level 3 to disposal group assets held for sale	–	(15 600)	(15 600)
Profits recognised in profit and loss	–	155 753	155 753
Carrying value at the end of the year	878	2 530 138	2 531 016

	Contingent consideration R'000
LIABILITIES	
Carrying value at the beginning of the year	12 678
Interest recognised (discounting effect)	1 784
Payment	(5 000)
Transfer to interest-bearing borrowings	(9 462)
Assumed in a business combination	1 400
Carrying value at the end of the year	1 400

50. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date the following significant events have occurred:

- **KWV South Africa Proprietary Limited disposal of the operational assets of the KWV group**
  On 11 May 2016 it was announced that conditional agreements have been concluded in terms of which KWV South Africa Proprietary Limited shall dispose of the operational assets of the KWV group, and that KWV Holdings Limited shall dispose of all of its shares in and loan accounts against its wholly-owned subsidiary, KWV Intellectual Properties Proprietary Limited for an aggregate consideration of approximately R1.15 billion. Refer to note 50 for more detail.

  The consideration will be paid as follows:

  - R575 million (50% of the purchase consideration) will be paid on the effective date of the transactions and the remainder will be deferred and settled in three instalments on each of the first, second and third anniversaries of the effective date.
  - The full consideration of R1 150 000 000 will increase by 6% per annum from 1 May 2016 onwards. This increase will be added to the value of the three deferred instalments.
  - These deferred instalments will be secured by way of bank guaranteed promissory notes; and they will carry interest at 8.5%, annually compounded.

  The financial effects of this transaction have not been recognised at 31 March 2016 due to it not being effective yet. Provided that the remaining administrative conditions precedent are met, the effective date of the transaction is likely to be 1 October 2016.

- **Repurchase of 16.1 million shares of the company and related disposal of interest in HCI Investments Australia Proprietary Limited (HCI Australia)**
  The company entered into various agreements during April 2016 in respect of the specific repurchase of its shares from certain shareholders. The conditions precedent to these transactions were fulfilled during July and August 2016. A total number of 16 140 000 shares were repurchased for an aggregate consideration of R1 695 million. Refer to the circular posted to shareholders on 21 July 2016 for further information.

  As part of the specific repurchases and as detailed in the circular distributed to shareholders, the group entered into an agreement to dispose of its wholly-owned Australian subsidiary, HCI Australia. This agreement became unconditional during August 2016. The statement of financial position of HCI Australia as at disposal date had not yet been finalised at the time of release of this report. As a result the financial effects of this disposal could not be calculated.

- **Raising of bridge finance and provision of guarantee by the company**
  HCI Treasury Proprietary Limited, a wholly-owned subsidiary of the group, entered into a bridging loan agreement with a commercial bank in the amount of R300 million during August 2016. The company provided a financial guarantee as security for this facility. The facility is available until December 2016 and will accrue interest at a commercial bank rate.

- **Acquisition of a non-controlling interest in each of SunWest International Proprietary Limited (SunWest) and Worcester Casino Proprietary Limited (Worcester)**
  As announced on SENS on 4 April 2016, and in being consistent with the group's continued desire to increase its exposure in the Western Cape province, the group has entered into a transaction with Sun International Limited and Grand Parade Investments Limited for the acquisition of a 20% equity interest in each of SunWest and Worcester for an aggregate R1.35 billion, payable in 18 monthly instalments of R75 million each, funded from available cash balances. Tsogo Sun will have pre-emptive rights but no representation on the board of directors of either company and will not have any operational responsibilities. Tsogo Sun will also not have access to any information regarding the companies except for that to which it has statutory rights as a shareholder. The financial transaction does not require an application to the Competitions Commission in that there is no material influence.

- **Tsogo Sun to acquire control of Hospitality Property Fund Limited (HPF) by vending a portfolio of hotels into HPF in exchange for HPF shares**
  As announced on SENS on 15 December 2015 agreement has been reached with HPF to acquire a controlling stake through the injection of appropriate hotel assets having a value such that the issue of shares to the group at the time will result in the group owning not less than 50% of the shares following the reconstitution of HPF's capital into a single class of shares. All resolutions required in order to approve the transaction were passed by the requisite majority of shareholders at the general meeting of HPF shareholders held on Monday, 11 April 2016. The acquisition is subject to the fulfilment of conditions precedent, which include the approvals of the competition authorities. The Competition Commission Tribunal hearing is scheduled for August 2016. Due to the uncertainty of the timing of implementation the impact on the group's result for the 2017 financial year could not be estimated. The acquisition remains subject to the fulfilment of certain administrative conditions precedent.

- **Acquisition of hotel properties by The Cullinan Hotel Proprietary Limited (Culllinan)**
  Cullinan, a group subsidiary, concluded agreements with Liberty Group Limited (Liberty) for the further acquisition of two hotels from Liberty by Cullinan, being the Garden Court Umhlanga and the StayEasy Pietermaritzburg for R310 million. Regulatory approval has been received and control will follow transfer, expected in the next few months.

50. EVENTS SUBSEQUENT TO REPORTING DATE continued

Other than as previously detailed in this report, the directors are not aware of any event or circumstance occurring between the reporting date and the date of this report that materially affects the results of the group or company for the year ended 31 March 2016 or the financial position at that date.

51. PRIOR PERIOD RESTATEMENT

There were various circumstances in the group requiring a restatement of prior year results. The restatements relate to the group's casino gaming and hotels, and media and broadcasting segments.

Casino gaming and hotels

The accounting for the acquisition of Tsogo Sun Holdings Limited (Tsogo) was made on a provisional basis in terms of IFRS 3 for the year ended 31 March 2015. In terms of IAS 8: Accounting policies – Changes in Accounting Estimates and Errors, the adjustments to finalise the Tsogo acquisition have been amended retrospectively. The comparative figures have been restated to present the prior year figures as if the acquisition accounting had been finalised in the prior year.

The revised fair values of the assets and liabilities resulted in additional depreciation, amortisation and deferred tax charge for the year ended 31 March 2015.

Media and broadcasting

eMedia Holdings Limited have disclosed the results of discontinued operations separately on the face of the income statement and in the discontinued operations note and, where practical, the prior year results have been restated.

The effect of the restatement relating to casino gaming and hotels on the annual financial statements for the year ended 31 March 2015 is as follows:

	Previously reported 2015 R'000	Casino gaming and hotels restatement R'000	Restated 2015 R'000
STATEMENT OF FINANCIAL POSITION			
Non-current assets			
Property, plant and equipment	17 480 890	5 666 291	23 147 181
Investment properties	2 506 275	23 863	2 530 138
Goodwill	12 048 425	(7 122 333)	4 926 092
Intangible assets	5 158 615	14 728 221	19 886 836
Equity			
Equity attributable to equity holders of the parent	14 971 847	(20 858)	14 950 989
Non-controlling interest	7 865 217	7 687 217	15 552 434
Non-current liabilities			
Deferred taxation	2 224 359	5 629 683	7 854 042
INCOME STATEMENT IMPACT			
Increase in depreciation and amortisation	(60 327)		
Decrease in deferred tax expense	16 892		
EARNINGS PER SHARE (CENTS)			
Basic earnings per share	3 361.55		
As previously stated	3 381.28		
Increase in depreciation, amortisation and related tax	(19.73)		
Diluted earnings per share (cents)	3 310.20		
As previously stated	3 329.63		
Increase in depreciation, amortisation and related tax	(19.43)		

52. FINANCIAL INSTRUMENTS

An analysis of the group's assets and liabilities, classified by financial instrument, is set out below:

	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments	
Group	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
ASSETS						
Non-current assets	**571 345**	252 454	**–**	–	**54 372 905**	52 415 613
Property, plant and equipment	**–**	–	**–**	–	**24 371 720**	23 147 181
Investment properties	**–**	–	**–**	–	**3 021 423**	2 530 138
Goodwill	**–**	–	**–**	–	**4 999 944**	4 926 092
Intangible assets	**–**	–	**–**	–	**19 884 340**	19 886 836
Intangible assets mining	**–**	–	**–**	–	**94 382**	102 270
Investments in associates	**–**	–	**–**	–	**1 223 013**	789 087
Investments in joint arrangements	**–**	–	**–**	–	**230 255**	547 477
Other financial assets	**–**	6 081	**–**	–	**–**	–
Deferred taxation	**–**	–	**–**	–	**449 789**	440 056
Operating lease equalisation asset	**–**	–	**–**	–	**88 275**	46 476
Finance lease receivables	**74 276**	59 471	**–**	–	**–**	–
Non-current receivables	**497 069**	186 902	**–**	–	**9 764**	–
Current assets	**5 906 902**	6 217 225	**–**	–	**2 867 081**	2 706 208
Inventories	**–**	–	**–**	–	**2 010 102**	1 918 296
Programming rights	**–**	–	**–**	–	**490 973**	431 169
Other financial assets	**10 958**	17 944	**–**	–	**–**	–
Trade and other receivables	**2 356 286**	2 405 939	**–**	–	**213 935**	234 747
Taxation	**–**	–	**–**	–	**152 071**	121 996
Cash and cash equivalents	**3 539 658**	3 793 342	**–**	–	**–**	–
Disposal group assets held for sale	**62 358**	50 525	**–**	–	**84 940**	256 813
Total assets	**6 540 605**	6 520 204	**–**	–	**57 324 926**	55 378 634
LIABILITIES						
Non-current liabilities	**–**	–	**12 133 604**	12 377 774	**8 856 387**	8 586 753
Operating lease equalisation liability	**–**	–	**–**	–	**280 497**	280 753
Financial liabilities	**–**	–	**–**	–	**–**	–
Borrowings	**–**	–	**12 098 381**	12 354 880	**–**	–
Finance lease liabilities	**–**	–	**–**	1 731	**–**	–
Post-retirement medical benefit liabilities	**–**	–	**–**	–	**159 972**	194 376
Long-term incentive plan	**–**	–	**–**	–	**33 876**	35 865
Long-term provisions	**–**	–	**–**	–	**246 749**	221 717
Deferred revenue	**–**	–	**35 223**	21 163	**–**	–
Deferred taxation	**–**	–	**–**	–	**8 135 293**	7 854 042
Current liabilities	**–**	–	**9 346 998**	9 215 121	**770 650**	675 556
Trade and other payables	**–**	–	**2 966 211**	2 846 394	**–**	1 421
Deferred revenue	**–**	–	**74 106**	66 678	**–**	–
Financial liabilities	**–**	–	**–**	–	**–**	–
Current portion of finance lease liabilities	**–**	–	**–**	15 031	**–**	–
Current portion of borrowings	**–**	–	**3 247 985**	3 184 504	**–**	–
Taxation	**–**	–	**–**	–	**155 846**	153 362
Provisions	**–**	–	**–**	–	**411 415**	298 876
Long-term incentive plan	**–**	–	**–**	–	**203 389**	221 897
Bank overdrafts	**–**	–	**3 058 696**	3 102 514	**–**	–
Disposal group liabilities held for sale	**–**	–	**16 400**	19 198	**203**	5 769
Total liabilities	**–**	–	**21 497 002**	21 612 093	**9 627 240**	9 268 078

Available for sale		Fair value through profit or loss		Derivative financial instruments		Total	
2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
255 889	3 684	**337 525**	17 363	**73 167**	22 103	**55 610 831**	52 711 217
–	–	**–**	–	**–**	–	**24 371 720**	23 147 181
–	–	**–**	–	**–**	–	**3 021 423**	2 530 138
–	–	**–**	–	**–**	–	**4 999 944**	4 926 092
–	–	**–**	–	**–**	–	**19 884 340**	19 886 836
–	–	**–**	–	**–**	–	**94 382**	102 270
–	–	**–**	–	**–**	–	**1 223 013**	789 087
–	–	**–**	–	**–**	–	**230 255**	547 477
255 889	3 684	**337 525**	17 363	**73 167**	22 103	**666 581**	49 231
–	–	**–**	–	**–**	–	**449 789**	440 056
–	–	**–**	–	**–**	–	**88 275**	46 476
–	–	**–**	–	**–**	–	**74 276**	59 471
–	–	**–**	–	**–**	–	**506 833**	186 902
1 010	838	**59 734**	40 578	**15 354**	–	**8 850 081**	8 964 849
–	–	**–**	–	**–**	–	**2 010 102**	1 918 296
–	–	**–**	–	**–**	–	**490 973**	431 169
1 010	838	**59 734**	40 578	**15 354**	–	**87 056**	59 360
–	–	**–**	–	**–**	–	**2 570 221**	2 640 686
–	–	**–**	–	**–**	–	**152 071**	121 996
–	–	**–**	–	**–**	–	**3 539 658**	3 793 342
–	–	**–**	–	**–**	–	**147 298**	307 338
256 899	4 522	**397 259**	57 941	**88 521**	22 103	**64 608 210**	61 983 404
–	–	**–**	–	**492 553**	538 043	**21 482 544**	21 502 570
–	–	**–**	–	**–**	–	**280 497**	280 753
–	–	**–**	–	**492 553**	538 043	**492 553**	538 043
–	–	**–**	–	**–**	–	**12 098 381**	12 354 880
–	–	**–**	–	**–**	–	**–**	1 731
–	–	**–**	–	**–**	–	**159 972**	194 376
–	–	**–**	–	**–**	–	**33 876**	35 865
–	–	**–**	–	**–**	–	**246 749**	221 717
–	–	**–**	–	**–**	–	**35 223**	21 163
–	–	**–**	–	**–**	–	**8 135 293**	7 854 042
–	–	**47 424**	2 231	**16 811**	59 536	**10 181 883**	9 952 444
–	–	**–**	–	**–**	–	**2 966 211**	2 847 815
–	–	**–**	–	**–**	–	**74 106**	66 678
–	–	**47 424**	2 231	**16 811**	59 536	**64 235**	61 767
–	–	**–**	–	**–**	–	**–**	15 031
–	–	**–**	–	**–**	–	**3 247 985**	3 184 504
–	–	**–**	–	**–**	–	**155 846**	153 362
–	–	**–**	–	**–**	–	**411 415**	298 876
–	–	**–**	–	**–**	–	**203 389**	221 897
–	–	**–**	–	**–**	–	**3 058 696**	3 102 514
–	–	**–**	–	**–**	–	**16 603**	24 967
–	–	**47 424**	2 231	**509 364**	597 579	**31 681 030**	31 479 981

52. FINANCIAL INSTRUMENTS continued

	Loans and receivables		Financial liabilities at amortised cost		Non-financial instruments	
Company	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
ASSETS						
Non-current assets	**3 684 325**	4 211 575	**–**	–	**13 585 253**	13 308 011
Investments in associates	**–**	–	**–**	–	**3 000**	3 000
Investments in and loans to subsidiary companies	**3 638 600**	4 157 324	**–**	–	**13 582 253**	13 305 011
Non-current receivables	**45 725**	54 251	**–**	–	**–**	–
Current assets	**380 249**	2 138	**–**	–	**–**	–
Trade and other receivables	**289**	–	**–**	–	**–**	–
Amounts owing from subsidiary companies	**377 590**	–	**–**	–	**–**	–
Bank balances and deposits	**2 370**	2 138	**–**	–	**–**	–
Total assets	**4 064 574**	4 213 713	**–**	–	**13 582 253**	13 308 011
LIABILITIES						
Current liabilities	**–**	–	**763 501**	1 405 752	**1 518**	20
Trade and other payables	**–**	–	**1 840**	4 070	**–**	–
Amounts owing to subsidiaries	**–**	–	**476 414**	1 265 250	**–**	–
Taxation	**–**	–	**–**	–	**1 518**	20
Bank overdrafts	**–**	–	**285 247**	136 432	**–**	–
Total liabilities	**–**	–	**763 501**	1 405 752	**1 518**	20

	Available for sale		Fair value through profit or loss		Derivative financial instruments		Total	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
	–	–	**–**	–	**–**	–	**17 269 578**	17 519 586
	–	–	**–**	–	**–**	–	**3 000**	3 000
	–	–	**–**	–	**–**	–	**17 220 853**	17 462 335
	–	–	**–**	–	**–**	–	**45 725**	54 251
	–	–	**–**	–	**–**	–	**380 249**	2 138
	–	–	**–**	–	**–**	–	**289**	–
	–	–	**–**	–	**–**	–	**377 590**	–
	–	–	**–**	–	**–**	–	**2 370**	2 138
	–	–	**–**	–	**–**	–	**17 649 827**	17 521 724
	–	–	**–**	–	**–**	–	**765 019**	1 405 772
	–	–	**–**	–	**–**	–	**1 840**	4 070
	–	–	**–**	–	**–**	–	**476 414**	1 265 250
	–	–	**–**	–	**–**	–	**1 518**	20
	–	–	**–**	–	**–**	–	**285 247**	136 432
	–	–	**–**	–	**–**	–	**765 019**	1 405 772

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 31 MARCH 2016 *continued*

	Issued share capital R'000	Effective interest %	2016 Shares R'000	2016 Loans R'000	2015 Shares R'000	2015 Loans R'000
SHARES AND LOANS STATED AT COST LESS IMPAIRMENT						
Investment holding companies						
Catwalk Investments 167 Proprietary Limited	*	100	**	–	**	213
Deepkloof Limited[2]	7	100	**	–	**	–
Fabcos Investment Holding Company Proprietary Limited	*	100	**	–	**	–
Flaghigh Investments Proprietary Limited	*	100	**	–	**	–
Foothills Trading and Investment 8 Proprietary Limited	*	100	*	–	*	–
Fulela Trade and Invest 81 Proprietary Limited	*	100	**	–	**	–
HCI Central Investments Proprietary Limited	*	100	*	–	*	–
HCI Food & Beverages Proprietary Limited	*	100	*	–	*	63 000
HCI Invest 6 Holdco Proprietary Limited	800 000	70	**320 756**	**2 866 945**	560 000	3 222 284
HCI Invest 14 Holdco Proprietary Limited	*	100	*	**734 595**	*	734 595
HCI Invest 15 Holdco Proprietary Limited	*	100	*	–	–	–
HCI Investments Australia Proprietary Limited[1]	*	100	**	–	**	–
Johnnic Holdings Limited	16 647	100	**	–	**	–
Mercanto Investments Proprietary Limited	*	100	**	–	**	–
Merilyn Investments Proprietary Limited	25 002	100	**25 065**	**13 660**	25 065	13 660
Move On Up 104 Proprietary Limited	*	100	*	–	*	5
Niveus Investments Limited	925 399	52	**98 507**	–	98 507	–
Squirewood Investments 64 Proprietary Limited	*	100	*	–	*	–
Tangney Investments Proprietary Limited	1	100	**	–	**	–
TIH Prefco Proprietary Limited	11 779 570	100	**11 779 570**	–	11 779 570	(250 000)
TIHC Investments Proprietary Limited	12 039 448	100	**	–	**	–
Gaming, hotels and leisure						
Tsogo Investment Holding Company Proprietary Limited	**	100	**	–	**	–
Non-casino gaming						
Niveus Gaming and Entertainment Proprietary Limited	*	52	**	–	**	–
Vukani Gaming Corporation Proprietary Limited	5 107	52	**	–	**	–

* Under R1 000
** Indirectly held

	Issued share capital R'000	Effective interest %	2016 Shares R'000	2016 Loans R'000	2015 Shares R'000	2015 Loans R'000
Financial and management services						
HCI Managerial Services Proprietary Limited	*	100	*	**(476 414)**	*	(140 896)
HCI Treasury Proprietary Limited	500 000	100	**443 364**	**377 590**	500 000	(774 187)
Vehicle component manufacture						
Formex Industries Proprietary Limited	100	100	*	**23 400**	*	23 400
Transport						
Golden Arrow Bus Services Proprietary Limited	*	100	**265 014**	–	265 014	–
Hollyberry Props 12 Proprietary Limited	*	100	**	–	**	–
Media and broadcasting						
eMedia Holdings Limited	164 613	44	**	–	**	–
Crystal Brook Distribution Proprietary Limited	*	44	**	–	**	–
eSat.tv Proprietary Limited	*	44	**	–	**	–
e.tv Proprietary Limited	860 488	44	**	–	**	–
Longkloof Limited[2]	506 016	44	**	–	**	–
eMedia Investments Proprietary Limited	5 333 899	44	**	–	**	–
Sabido Properties Proprietary Limited	*	44	**	–	**	–
Yired Proprietary Limited	*	44	**	–	**	–
HCI Invest 3 Holdco Proprietary Limited	5 291 604	72	**	–	**	–
Silverline 360 Proprietary Limited	20 792	44	**	–	**	–
Mining						
HCI Coal Proprietary Limited	*	100	**6 794**	–	6 794	–
Branded products and manufacturing						
Deneb Investments Limited	1 717 286	64	**573 122**	–	**	–
Sargas Proprietary Limited	2 500	64	**	–	**	–
Seartec Trading Proprietary Limited	1	64	**	–	**	–
Information technology						
Mars Holdings Proprietary Limited	*	55	**19 801**	–	19 801	–
Properties						
Lynnridge Shopping Centre Proprietary Limited	*	80	**	–	**	–
Gallagher Estate Holdings Limited	19 300	100	**	–	**	–
Highland Night Investments 93 Proprietary Limited	33 358	52	**	–	**	–
Kalahari Village Mall Proprietary Limited	80 087	44	**	–	**	–
Olympus Village Proprietary Limited	*	52	**	–	**	–
Permasolve Investments Proprietary Limited	*	60	*	–	*	–
Mironetix Proprietary Limited	41 467	80	**33 173**	–	33 173	–
Curagen Investments Proprietary Limited	59 665	59	**	–	**	–
HCI Invest 5 Holdco Proprietary Limited	*	100	*	–	*	–
HCI Invest 8 Holdco Proprietary Limited	*	80	*	–	*	–
HCI Invest 9 Holdco Proprietary Limited	*	100	*	–	*	–
HCI-Propco 2 Proprietary Limited	*	100	*	–	*	–
HCI-Propco 4 Proprietary Limited	*	100	*	–	*	–
K2013204008 Proprietary Limited	*	60	*	–	*	–

* Under R1 000
** Indirectly held

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 31 MARCH 2016 *continued*

	Issued share capital R'000	Effective interest %	**2016** Shares R'000	**2016** Loans R'000	2015 Shares R'000	2015 Loans R'000
Beverages						
KWV Holdings Limited	1	30	**	–	**	–
Other						
Almania Investments Proprietary Limited	*	100	**1**	–	1	–
Anytime Power Proprietary Limited	*	60	*	–	*	–
Blue Beacon Investments 240 Proprietary Limited	*	85	*	–	*	–
Griffin Oil and Gas Proprietary Limited	*	51	*	–	*	–
HCI Sun Energy Three Proprietary Limited	*	100	*	–	*	–
IGI Investment Company Limited	37 546	55	*	–	*	–
Tuffsan 88 Proprietary Limited	654	100	**656**	–	656	–
Tylon Holdings Proprietary Limited	*	100	**16 429**	–	16 429	–
			13 582 253	**3 539 776**	13 305 011	2 892 074

* Under R1 000
** Indirectly held
1 Australia
2 Channel Islands

Subsidiaries whose financial position or results are not material are excluded.

Details of excluded subsidiaries are available from the company secretary.

	2016 R'000	2015 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**7 886 379**	6 526 593
Aggregate losses after tax	**(676 038)**	(281 729)

Subsidiaries are incorporated in South Africa unless otherwise shown.

Encumbrances

Shares and loans having a total carrying value of R12 586 million (2015: R12 643 million) have been pledged as security for certain loans owing to loan funders of the group. Refer to note 22.

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