2017

HCI

Hosken Consolidated Investments Limited

ANNUAL FINANCIAL STATEMENTS

CONTENTS

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
Ngiphiwe Mpumelelo Patience Mhlangu
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
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
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 2017.

	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
Range of holdings				
1 – 1 000	1 421	63.24	408 498	0.44
1 001 – 10 000	482	21.45	1 777 246	1.91
10 001 – 50 000	206	9.17	4 533 158	4.88
50 001 – 100 000	51	2.27	3 607 321	3.89
100 001 – 500 000	60	2.67	14 658 973	15.79
500 001 – 1 000 000	18	0.80	12 173 588	13.12
1 000 001 shares and over	9	0.40	55 655 864	59.97
	2 247	100.00	92 814 648	100.00
Type of shareholder				
Public companies	29	1.29	5 597 993	6.03
Banks	34	1.51	6 096 591	6.57
Close corporations	66	2.94	3 708 090	4.00
Individuals	1 738	77.35	26 137 343	28.16
Nominees and trusts	196	8.72	2 762 048	2.98
Other corporations	71	3.16	38 962 391	41.97
Pension funds	68	3.03	2 310 561	2.49
Private companies	45	2.00	7 239 631	7.80
	2 247	100.00	92 814 648	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

SHAREHOLDINGS GREATER THAN 5%

	2017 %	2016 %
Southern African Clothing and Textile Workers Union	**32.8**	32.8
Ronaldgate Proprietary Limited	**6.0**	–
Geomer Investments Proprietary Limited	**1.8**	7.8
JA Copelyn	**0.2**	5.5
	40.8	46.1

SHAREHOLDER SPREAD

	Percentage held		Number of shareholders	
	2017 %	2016 %	2017	2016
Public	**54.9**	59.6	**2 239**	1 875
Non-public	**45.1**	40.4	**8**	7
Directors	**6.5**	5.7	**3**	2
Associates of directors	**0.6**	0.9	**1**	1
Significant shareholder	**32.8**	32.8	**1**	1
Share trust	**0.7**	0.8	**1**	1
Treasury shares*	**4.5**	0.2	**2**	2
	100.0	100.0	**2 247**	1 882

* Nil shares (2016: 244 021) held by the company, pending cancellation, at year-end

Stock exchange performance

Total number of shares traded ('000)	17 151
Total value of shares traded (R'000)	2 231 433
Market price (cents per share)	
– Closing	14 185
– High	15 000
– Low	10 450
Market capitalisation (R'000)	12 487 623

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 therein. The annual financial statements for the year ended 31 March 2017 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 auditors during the audit were valid and appropriate.

The annual financial statements for the year ended 31 March 2017 were approved by the board of directors on 30 August 2017 and are signed on its behalf by:

JA Copelyn	**TG Govender**
Chief Executive Officer	Financial Director

Cape Town
30 August 2017

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Consolidated Investments Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2017, 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 2017

REPORT OF THE AUDIT COMMITTEE

Members: Mr MSI Gani [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 below for attendances at these meetings. Mr MSI Gani was appointed to the board of directors and as a member of the audit committee on 30 August 2016.

Attendance of meetings

Committee members		
MSI Gani	Independent non-executive director	3
LM Molefi	Independent non-executive director	3
JG Ngcobo	Independent non-executive director	4
Invitees		
B Frey	External auditor – Grant Thornton	3
T Schoeman	External auditor – Grant Thornton	3
TG Govender	Chief financial officer	4
D Levin	Chief risk officer	4
C Pereira	Group financial manager	4
C Philip	Company secretary	4
C Rossouw	Financial manager	2
P Naidoo	Financial manager	1
C Smit	Group internal audit executive	4

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 IV™ 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 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 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 2017;
- 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 auditors 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 committee meetings.

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. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed.

The group audit 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 2017 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

Mr MSI Gani
Chairperson: audit committee

30 August 2017

REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF HOSKEN CONSOLIDATED INVESTMENTS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Hosken Consolidated Investments Limited and its subsidiaries (the group) set out on pages 14 to 114 which comprise the statements of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Goodwill and indefinite life intangible assets impairment assessment related to the gaming division	
Due to the business combinations that the group entered into in previous financial periods, the group's net assets include a significant amount of goodwill. Further, due to the nature of the casino gaming and hotels segment, the group also owns a significant amount of indefinite life intangible assets related to the casino licences. To determine recoverable amounts of the cash-generating units (CGUs), management has used the value-in-use methodology. Management applied a discounted cash flow analysis for each of the individual CGUs, being the individual casinos. Significant estimates and judgements were applied by management when performing these calculations to determine whether any impairment is required. The key assumptions applied in the valuation models for the casinos were the discount rate and the terminal growth rate. Management concluded, based on its assessment, that the current carrying values of each of the individual CGUs were below the recoverable amount determined and therefore no impairment was required on goodwill or the indefinite life intangible assets relating to casino licences at 31 March 2017. The impairment assessment is considered to be a matter of most significance to the current year audit due to: • the significant judgements made by management regarding the discount rate, the terminal growth rates and forecasts included in the analyses used to perform the impairment assessment; and • the magnitude of both of these balances. Refer to note 3 Goodwill and note 4 Intangible assets where detail on these items is included.	The most significant amount of goodwill (R4 526 million of R4 785 million) arises on consolidation and relates to one particular cash-generating unit. Other goodwill balances are accounted for at component level in various other entities of the group. We tested the mathematical accuracy of the valuation models relating to goodwill on consolidation and assessed the allocation of assets and liabilities to the CGU, and are satisfied that the approach adopted by management in the valuation model is appropriate and in line with market practice as well as the applicable requirements of IAS 36: Impairment of Assets. The casino licences originate from a significant component of the group. We issued group instructions to component auditors of this component. The instructions covered significant audit areas as well as specific information required to be reported on to the group audit team in relation to the intangible assets. Throughout the audit various planning, execution and completion meetings and discussions were held with the management of the component as well as the component auditors. The component auditors agreed management's cash flow forecasts to its latest five-year strategic plan which has been presented to and approved by the board of directors. Actual results were compared to the 2017 financial year figures included in the prior year forecast. Based on the testing it was found that management's cash flow forecasts are reasonable when compared to historical actual results. The terminal growth rate was compared to forecast industry trends and to management's past forecast history and found to be consistent and within an acceptable range. The component auditor's valuation expertise independently recalculated a discount rate for the group taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies; and compared this to the discount rate used by management. We assessed the competence, knowledge and experience of our component audit team and performed a review of the significant audit areas to assess the adequacy of the process performed in pursuit of our audit opinion. We also assessed the mathematical accuracy of the valuation models and assessed the allocation of assets and liabilities to the CGUs, and are satisfied that the approach adopted by management in the valuation models is appropriate and in line with market practice as well as the applicable requirements of IAS 36: Impairment of Assets. Our valuation expertise reviewed the goodwill and licence impairment calculation and flexed growth and discount rates to determine whether impairments should be recognised. As part of our sensitivity procedures, we flexed the discount rates, the annual growth rates and the terminal growth rates. Refer to note 3 Goodwill and note 4 Intangible assets for further details.

Key audit matter	How our audit addressed the key audit matter
Fair valuation of investment property	
The group owns a total portfolio of investment properties to the value of R8 510 million of which approximately R4 952 million is owned through its subsidiary Hospitality Property Fund (HPF properties), as well as in other property which is rented to parties external to the group and is thus classified as investment property. The HPF properties were acquired during the current financial year. The properties are measured at fair value in terms of the requirements of IAS 40: Investment Property. Management utilises an external valuator who utilised a value-in-use methodology to estimate the fair value at reporting date. We considered the valuation of the portfolio of the HPF properties as a matter of most significance to the current year audit due to the significant judgements made by management regarding the discount rates, the terminal growth rates and the occupancy rates for the individual hotel operations in the analyses used to perform the valuation. Refer to note 2 Investment properties.	The HPF properties are all held in one significant component of the group. We issued group instructions to component auditors of this component. The instructions covered significant audit areas. Throughout the audit various planning, execution and completion meetings and calls were held with management of the component as well as the component auditors. We requested specific information relating to the investment properties from the component auditors. We further assessed the competence, knowledge and experience of our component audit team and performed a review of significant audit areas to assess the adequacy of the procedures performed in pursuit of our audit opinion. The component auditors tested the mathematical accuracy of the valuation model and are satisfied that the approach adopted by management in the valuation model is in line with market practice for hotel operations and the applicable requirement of IAS 40: Investment Property. This was further corroborated by the valuation expert. The component auditors tested the controls surrounding the valuation process, which includes the budgeting process and the use of a sworn real estate appraiser. Their independent valuator recalculated a discount rate for the investment properties taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies and compared this to the discount rate used by management. These were considered to be within an acceptable range. The reasonableness of the budgets included in cash flow forecasts were tested against the actual results for the period and the terminal growth rate and discount rate utilised were compared to marked-related data. Our corporate finance team has reviewed the reasonableness of the recalculation of discount rates used by management and as reperformed by the component audit team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa which were obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of Hosken Consolidated Investments Limited for 20 years.

Grant Thornton

GRANT THORNTON
Registered Auditors
Practice Number: 903485E

B Frey
Partner
Registered Auditor
Chartered Accountant (SA)

29 September 2017

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

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 the adding of value to these investments over time. As such, HCI has itself consciously established 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.

Refer to pages 18 to 35 of the integrated annual report for an overview of operations during the year under review.

3. RESTATEMENT OF COMPARATIVE RESULTS

There were various circumstances in the group requiring a restatement of prior year results. The details of these are set out in note 50 of the annual financial statements.

4. BUSINESS COMBINATIONS

Details of business combinations are set out in note 47 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 38 and 18 of the annual financial statements, respectively.

6. DIVIDENDS

Ordinary dividend number 54, in the amount of forty-five cents per share, was paid to shareholders on 14 December 2016. Ordinary dividend number 55, in the amount of one hundred and seventy cents per share, was paid to shareholders on 26 June 2017.

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 the inside back cover. Ms NMP Mhlangu was appointed as a director of the company on 23 March 2017 and Mr MSI Gani on 30 August 2016.

9. COMPANY SECRETARY

The secretary of the company for the twelve months ended 31 March 2017 is HCI Managerial Proprietary Limited. The secretary has an arm's length relationship with the board of directors. The name, business and postal address of the company secretary are set out on the inside back cover.

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 shareholders that own more than 5% of the issued shares are Southern African Clothing and Textile Workers Union and Ronaldgate Proprietary Limited who own 32.8% and 6.0% 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 1 November 2016:

- 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 2016 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 on 21 July 2016:

- Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's memorandum of incorporation, for the repurchase by HCI of 5 240 000 HCI shares from Rivetprops 47 Proprietary Limited and its subsidiaries, Circumference Investments Proprietary Limited and Chearsley Investments Proprietary Limited.
- Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's memorandum of incorporation, for the repurchase by HCI of 3 500 000 HCI shares from Geomer Investments Proprietary Limited.

- Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's memorandum of incorporation, for the repurchase by HCI of 3 000 000 HCI shares from Geomer Investments Proprietary Limited.
- Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's memorandum of incorporation, for the repurchase by HCI of 400 000 HCI shares from Majorshelf 183 Proprietary Limited.
- Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's memorandum of incorporation, for the repurchase by HCI of 4 000 000 HCI shares from SACTWU.

The following special resolution was passed by the company's shareholders at a general meeting of shareholders held subsequent to year-end on 31 May 2017:

- Approval for the repurchase by the company (or its nominee), by way of a specific authority, in accordance with the applicable provisions of the Companies Act, the Listings Requirements and its memorandum of incorporation, to acquire 2 688 000 HCI shares currently owned by the HCI Foundation, for a consideration of R140.00 per HCI share, and an aggregate consideration of R376 320 000.

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 pages 7 to 11 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 2017, are set out in notes 42 and 41 in the annual financial statements, respectively.

16. DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2017 are set out in note 43 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 borrowing 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 2017.

21. EVENTS SUBSEQUENT TO REPORTING DATE

Events occurring subsequent to the reporting date are set out in note 49 in the annual financial statements.

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 2017

		Group		Company	
	Notes	**2017 R'000**	2016* R'000	**2017 R'000**	2016 R'000
ASSETS					
Non-current assets		**61 845 515**	55 612 739	**17 038 159**	17 269 578
Property, plant and equipment	1	**25 127 835**	24 371 720	**–**	–
Investment properties	2	**8 510 174**	3 021 423	**–**	–
Goodwill	3	**4 785 158**	4 999 002	**–**	–
Intangible assets	4	**19 529 696**	19 887 190	**–**	–
Intangible assets mining	5	**75 990**	94 382	**–**	–
Investments in associates	6	**1 267 048**	1 223 013	**3 000**	3 000
Investments in joint arrangements	7	**187 734**	230 255	**–**	–
Other financial assets	8	**1 275 663**	666 581	**–**	–
Investments in and loans to subsidiary companies	9	**–**	–	**16 997 511**	17 220 853
Deferred taxation	10	**379 252**	449 789	**–**	–
Operating lease equalisation asset	11	**80 393**	88 275	**–**	–
Finance lease receivables	12	**88 349**	74 276	**–**	–
Non-current receivables	13	**538 223**	506 833	**37 648**	45 725
Current assets		**8 563 616**	8 850 081	**878 224**	380 249
Inventories	14	**955 733**	2 010 102	**–**	–
Programme rights	15	**866 244**	490 973	**–**	–
Other financial assets	8	**38 333**	87 056	**–**	–
Amounts owing from subsidiary companies	9	**–**	–	**810 488**	377 590
Trade and other receivables	16	**2 541 697**	2 570 221	**–**	289
Taxation		**101 431**	152 071	**–**	–
Cash and cash equivalents	40.5	**4 060 178**	3 539 658	**67 736**	2 370
Disposal group assets held for sale	18	**126 632**	147 298	**–**	–
Total assets		**70 535 763**	64 610 118	**17 916 383**	17 649 827
EQUITY AND LIABILITIES					
Capital and reserves		**36 119 875**	32 928 450	**15 963 237**	16 884 808
Equity attributable to equity holders of the parent		**15 755 603**	16 539 747	**15 963 237**	16 884 808
Ordinary share capital	19	**22 008**	26 027	**23 204**	26 239
Share premium	19	**–**	–	**17 158**	17 158
Other reserves	20	**412 040**	841 432	**–**	–
Accumulated profits		**15 321 555**	15 672 288	**15 922 875**	16 841 411
Non-controlling interest		**20 364 272**	16 388 703	**–**	–
Non-current liabilities		**22 868 060**	21 483 182	**–**	–
Operating lease equalisation liability	11	**254 740**	280 497	**–**	–
Financial liabilities	21	**41 448**	492 553	**–**	–
Borrowings	22	**13 999 138**	12 098 381	**–**	–
Post-retirement medical benefit liabilities	23	**165 115**	159 972	**–**	–
Long-term incentive plan	24	**18 919**	33 876	**–**	–
Long-term provisions	25	**278 496**	246 749	**–**	–
Deferred revenue	26	**28 646**	35 223	**–**	–
Deferred taxation	10	**8 081 558**	8 135 931	**–**	–
Current liabilities		**11 543 748**	10 181 883	**1 953 146**	765 019
Trade and other payables	27	**3 210 411**	2 966 211	**1 861**	1 840
Deferred revenue	26	**93 634**	74 106	**–**	–
Financial liabilities	21	**60 409**	64 235	**–**	–
Amounts owing to subsidiary companies	9	**–**	–	**1 551 644**	476 414
Current portion of borrowings	22	**5 194 588**	3 247 985	**–**	–
Taxation		**124 115**	155 846	**10**	1 518
Provisions	25	**335 905**	411 415	**–**	–
Long-term incentive plan	24	**128 650**	203 389	**–**	–
Bank overdrafts	28	**2 396 036**	3 058 696	**399 631**	285 247
Disposal group liabilities held for sale	18	**4 080**	16 603	**–**	–
Total equity and liabilities		**70 535 763**	64 610 118	**17 916 383**	17 649 827

* Restated

INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

		Group		Company	
	Notes	**2017 R'000**	2016* R'000	**2017 R'000**	2016** R'000
Revenue	31	**14 829 657**	13 018 211	**1 128 159**	1 312 019
Net gaming win		**8 805 745**	8 523 426	**–**	–
		23 635 402	21 541 637	**1 128 159**	1 312 019
Depreciation and amortisation		**(1 411 497)**	(1 352 670)	**–**	–
Other operating expenses and income		**(17 051 612)**	(15 792 721)	**(19 493)**	(16 799)
Investment income	32	**268 375**	195 209	**97**	192
Share of (losses) profits of associates and joint arrangements		**(74 752)**	31 459	**–**	–
Investment surplus (deficit)	33	**88 663**	(6 781)	**79 409**	–
Gain on bargain purchase	47	**81 764**	4 630	**–**	–
Fair value adjustment on associate on change of control		**–**	(1 094)	**–**	–
Fair value adjustments of investment properties	2	**941 655**	149 791	**–**	–
Asset impairments		**(25 134)**	(147 781)	**–**	–
Fair value adjustments of financial instruments		**–**	4 560	**–**	–
Impairment of goodwill and investments	34	**(33 159)**	(18 176)	**(608 822)**	(295 970)
Finance costs	35	**(1 623 439)**	(1 354 183)	**(23 527)**	(22 291)
Profit before taxation	36	**4 796 266**	3 253 880	**555 823**	977 151
Taxation	37	**(1 074 406)**	(1 124 924)	**(134)**	(1 246)
Profit for the year from continuing operations		**3 721 860**	2 128 956	**555 689**	975 905
Discontinued operations	38	**(447 383)**	(6 984)	**–**	–
Profit for the year		**3 274 477**	2 121 972	**555 689**	975 905
Attributable to:					
Equity holders of the parent		**1 237 909**	1 043 404		
Non-controlling interest		**2 036 568**	1 078 568		
		3 274 477	2 121 972		
Earnings per share (cents)	39	**1 312.99**	1 001.66		
Continuing operations		**1 582.96**	943.83		
Discontinued operations		**(269.97)**	57.83		
Diluted earnings per share (cents)	39	**1 298.47**	990.42		
Continuing operations		**1 565.46**	933.23		
Discontinued operations		**(266.99)**	57.19		

* Restated
** Restated. Refer to notes 31 and 32

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Profit for the year	**3 274 477**	2 121 972	**555 689**	975 905
Other comprehensive income net of tax:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences	**(230 431)**	525 122	**–**	–
Reclassification of foreign currency translation differences on disposal	**(253 799)**	–	**–**	–
Cash flow hedge reserve	**(127 784)**	161 719	**–**	–
Income tax relating to available-for-sale investments	**(10 879)**	–	**–**	–
Income tax relating to items that may subsequently be reclassified to profit or loss	**35 779**	(45 281)	**–**	–
Items that may not be reclassified subsequently to profit or loss				
Actuarial gains on post-employment benefit liability	**809**	47 549	**–**	–
Income tax	**(229)**	(13 313)	**–**	–
Total comprehensive income for the year	**2 687 943**	2 797 768	**555 689**	975 905
Attributable to:				
Equity holders of the parent	**805 310**	1 515 368		
Non-controlling interest	**1 882 633**	1 282 400		
	2 687 943	2 797 768		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

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 2015	26 010	–	469 837	14 455 142	15 552 434	30 503 423
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
Acquisition of subsidiaries	–	–	–	(6 105)	4 853	(1 252)
Effects of changes in holding	–	–	–	235 574	41 331	276 905
Capital reductions and dividends	–	–	–	(176 710)	(492 315)	(669 025)
Transfer of negative share premium	–	(8 925)	–	8 925	–	–
Release of share-based payment reserve to accumulated profits	–	–	(82 999)	82 999	–	–
Restated balance at 31 March 2016	26 027	–	841 432	15 672 288	16 388 703	32 928 450
As previously stated	26 027	–	841 432	15 672 288	16 387 433	32 927 180
Restatement	–	–	–	–	1 270	1 270
Share capital and premium						
Treasury shares released	**70**	**18 501**	**–**	**–**	**–**	**18 571**
Shares repurchased	**(4 089)**	**(448 156)**	**–**	**(1 274 949)**	**–**	**(1 727 194)**
Current operations						
Total comprehensive income	**–**	**–**	**(431 778)**	**1 237 088**	**1 882 633**	**2 687 943**
Equity-settled share-based payments	**–**	**–**	**13 084**	**–**	**–**	**13 084**
Acquisition of subsidiaries	**–**	**–**	**–**	**438 116**	**2 476 015**	**2 914 131**
Effects of changes in holding	**–**	**–**	**–**	**(132 833)**	**611 416**	**478 583**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**(319 422)**	**(319 422)**
Capital reductions and dividends	**–**	**–**	**–**	**(199 198)**	**(675 073)**	**(874 271)**
Transfer of negative share premium	**–**	**429 655**	**–**	**(429 655)**	**–**	**–**
Release of share-based payment reserve to accumulated profits	**–**	**–**	**(10 698)**	**10 698**	**–**	**–**
Balance at 31 March 2017	**22 008**	**–**	**412 040**	**15 321 555**	**20 364 272**	**36 119 875**
Notes	19		20			

* Restated

STATEMENTS OF CHANGES IN EQUITY continued

FOR THE YEAR ENDED 31 MARCH 2017

COMPANY	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Balances at 31 March 2015	26 300	47 110	16 042 542	16 115 952
Share capital and premium				
Shares repurchased	(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
Share capital and premium				
Shares repurchased	**(3 035)**	**–**	**(1 274 949)**	**(1 277 984)**
Current operations				
Total comprehensive income	**–**	**–**	**555 689**	**555 689**
Dividends	**–**	**–**	**(199 276)**	**(199 276)**
Balances at 31 March 2017	**23 204**	**17 158**	**15 922 875**	**15 963 237**
Note	19	19		

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

		Group		Company	
	Notes	**2017 R'000**	2016 R'000	**2017 R'000**	2016* R'000
Cash flows from operating activities		**3 337 138**	3 290 203	**559 561**	(55 031)
Cash generated by operating activities		**6 990 480**	6 271 732	**784 006**	144 044
Cash generated by operations	40.1	**7 275 484**	6 475 861	**783 599**	146 370
Investment income		**246 920**	265 216	**97**	192
Changes in working capital	40.2	**(531 924)**	(469 345)	**310**	(2 518)
Finance costs		**(1 676 222)**	(1 349 256)	**(23 527)**	(22 291)
Taxation (paid) refunded	40.3	**(970 155)**	(963 248)	**(1 642)**	252
Dividends paid		**(1 006 965)**	(669 025)	**(199 276)**	(177 036)
Cash flows from investing activities		**(3 202 455)**	(3 297 342)	**(195 795)**	(63 539)
Business combinations/disposals	40.4	**230 635**	27 323	**–**	–
Investment in:					
– Subsidiary companies		**–**	–	**(295 005)**	(63 539)
– Associated companies and joint ventures		**(300 846)**	(298 389)	**–**	–
– Financial assets		**(1 294 215)**	(351 957)	**–**	–
Dividends received		**63 387**	64 205	**–**	–
Short-term loans advanced		**1 112**	16 398	**–**	–
Decrease (increase) in long-term receivables		**358 757**	(343 027)	**–**	–
Proceeds on disposal of investments		**2 636**	166 747	**99 210**	–
Intangible assets					
– Additions		**(32 788)**	(56 023)	**–**	–
– Disposals		**–**	855	**–**	–
Investment properties					
– Additions		**(617 768)**	(503 654)	**–**	–
– Disposals		**166 806**	34 271	**–**	–
Property, plant and equipment					
– Additions		**(1 854 710)**	(2 152 413)	**–**	–
– Disposals		**74 539**	98 322	**–**	–
Cash flows from financing activities		**1 060 825**	(235 394)	**(412 784)**	(30 013)
Ordinary shares issued and treasury shares sold		**8 078**	3 680	**–**	–
Ordinary shares repurchased		**(438 070)**	(35 766)	**(412 784)**	(30 013)
Other liabilities raised		**5 756**	8 677	**–**	–
Government grants received		**–**	16 395	**–**	–
Transactions with non-controlling shareholders		**(930 813)**	(2 483)	**–**	–
Short-term funding raised		**2 877**	–	**–**	–
Long-term funding raised		**5 793 727**	1 187 242	**–**	–
Long-term funding repaid		**(3 380 730)**	(1 413 139)	**–**	–
Cash and cash equivalents					
Movements		**1 195 508**	(242 533)	**(49 018)**	(148 583)
At the beginning of the year		**520 432**	709 231	**(282 877)**	(134 294)
Foreign exchange difference on translation of foreign subsidiaries		**(42 577)**	53 734	**–**	–
At the end of the year	40.5	**1 673 363**	520 432	**(331 895)**	(282 877)

* Restated. Refer to note 32

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 and investment properties 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 board.

(c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries, associated entities and joint arrangement 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 arrangements

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 investments in joint ventures include 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 statement of financial position date with the resultant translation differences being recognised in profit or loss. Translation differences on non-monetary assets such as equity investments classified as available for sale are recognised in other comprehensive income.

(iii) Foreign subsidiaries 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 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.

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, 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. Trademarks are amortised on a straight-line basis over their estimated useful economic lives.

(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 lives.

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 the redemption value is recognised in the 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

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the statement of financial position, depending on when they are expected to mature. 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. Such 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 values. 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.

Derivatives are designated as 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 currency or 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. If a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

(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 and liabilities held for sale

Items classified as disposal group assets and liabilities held for sale are measured at the lower of 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 are made to the group's Environmental Rehabilitation Trust Fund 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 sale agreement.

(ii) Rendering of services

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

(iii) Property rental income

Property rentals received are recognised on a straight-line basis over the term of the lease. Contingent (variable) rentals are included in revenue when the amounts can be reliable measured.

(iv) Dividend income

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

(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 and limited payout route 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.

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 investment properties and property, plant and equipment 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 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 has granted share options to employees in terms of the HCI Employee Share Trust (2001) and The HCI Employee Share Scheme. 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-Scholes 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) Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) 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.

(v) Deferred tax assets

Management has applied a probability analysis to determine future taxable income against which calculated tax losses will be utilised.

(vi) Plant and equipment

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.

(vii) 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 had a lengthy production cycle. As the group had disposed of its beverages interests during the current year, it no longer has significant matured wine and brandy inventories. 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.

(viii) 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.

(ix) 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 2017 or later periods which the group has not early adopted:

Standard	Details	Annual periods beginning on or after
IFRS 9: Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39: Financial Instruments – Recognition and Measurement. The completed standard comprises guidance on classification and measurement, impairment hedge accounting and derecognition: • IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. • The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. • IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity. In addition, enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. The financial impact of the adoption of IFRS 9 will be provided closer to the date of application.	The group will apply IFRS 9 from annual periods beginning 1 April 2018
IFRS 15: Revenue from Contracts with Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The new standard supersedes: • IAS 11: Construction Contracts; • IAS 18: Revenue; • IFRIC 13: Customer Loyalty Programmes; • IFRIC 15: Agreements for the Construction of Real Estate; • IFRIC 18: Transfers of Assets from Customers; and • SIC-31: Revenue – Barter Transactions Involving Advertising Services. The group is in the process of finalising the impact of IFRS 15 and has identified its customer loyalty programme as mostly impacted. The group will provide the financial impact of the adoption of IFRS 15 closer to the date of application.	The group will apply IFRS 15 from annual periods beginning 1 April 2018

Standard	Details	Annual periods beginning on or after
IFRS 16: Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7: Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following Standards and Interpretations: • IAS 17: Leases; • IFRIC 4: Determining Whether an Arrangement Contains a Lease; • SIC-15: Operating Leases – Incentives; and • SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The group is in the process of assessing the impact of IFRS 16 and has identified its Sandton Convention Centre and certain hotel property and land leases, where the group is the lessee as mostly impacted.	The group will apply IFRS 16 from annual periods beginning 1 April 2019
IAS 7: Statement of Cash Flows	Disclosure initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).	The group will apply the IAS 7 amendments from annual periods beginning 1 April 2017

	Group 2017 R'000	Group 2016 R'000
1. PROPERTY, PLANT AND EQUIPMENT		
Cost		
Broadcast studios and equipment	**738 728**	792 012
Buses	**1 589 121**	1 385 856
Land and buildings	**20 255 334**	19 272 214
Leased land and buildings	**908 165**	856 560
Leasehold improvements	**209 888**	195 330
Mining infrastructure	**231 339**	237 007
Other equipment and vehicles	**1 500 855**	1 663 974
Plant and machinery	**7 340 406**	7 458 924
Properties under construction	**219 009**	88 926
	32 992 845	31 950 803
Accumulated depreciation		
Broadcast studios and equipment	**(475 505)**	(485 142)
Buses	**(589 448)**	(503 299)
Land and buildings	**(1 559 847)**	(1 402 304)
Leased land and buildings	**(264 562)**	(235 017)
Leasehold improvements	**(116 656)**	(97 200)
Mining infrastructure	**(161 986)**	(128 393)
Other equipment and vehicles	**(759 146)**	(847 821)
Plant and machinery	**(3 937 860)**	(3 878 907)
	(7 865 010)	(7 578 083)
Carrying value		
Broadcast studios and equipment	**263 223**	306 870
Buses	**999 673**	882 557
Land and buildings	**18 695 487**	17 869 910
Leased land and buildings	**643 603**	621 543
Leasehold improvements	**93 232**	98 130
Mining infrastructure	**69 353**	107 614
Other equipment and vehicles	**741 709**	816 153
Plant and machinery	**3 402 546**	3 580 017
Properties under construction	**219 009**	88 926
	25 127 835	24 371 720
Movements in property, plant and equipment		
Balance at the beginning 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

	Group 2017 R'000	Group 2016 R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Additions		
Broadcast studios and equipment	**41 630**	223 127
Buses	**188 165**	136 072
Land and buildings	**239 754**	261 234
Leased land and buildings	**51 567**	60 598
Leasehold improvements	**29 005**	26 539
Mining infrastructure	**4 499**	27 904
Other equipment and vehicles	**241 770**	261 175
Plant and machinery	**768 308**	711 038
Properties under construction	**230 523**	463 203
	1 795 221	2 170 890
Business combinations/disposal of subsidiaries and businesses		
Broadcast studios and equipment	**5 307**	–
Buses	**25 180**	–
Land and buildings	**860 288**	–
Leased land and buildings	**39**	–
Leasehold improvements	**3 588**	827
Other equipment and vehicles	**(66 459)**	4 001
Plant and machinery	**(236 324)**	258
	591 619	5 086
Transfer to disposal group assets held for sale		
Land and buildings	**(22 985)**	(39 289)
Other equipment and vehicles	**(379)**	(103)
	(23 364)	(39 392)
Disposals and operating equipment usage		
Broadcast studios and equipment	**(2 530)**	(7 022)
Buses	**(4 476)**	(6 812)
Land and buildings	**(1 538)**	(5 517)
Leasehold improvements	**(7 097)**	(1 436)
Mining infrastructure	**–**	(3)
Other equipment and vehicles	**(71 167)**	(38 669)
Plant and machinery	**(13 592)**	(16 021)
Properties under construction	**(391)**	(263)
	(100 791)	(75 743)

	Group 2017 R'000	Group 2016 R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Transfers		
Land and buildings	**92 054**	836 872
Leased land and buildings	**–**	(51 148)
Leasehold improvements	**(1 022)**	55 240
Mining infrastructure	**(9 166)**	–
Other equipment and vehicles	**(810)**	(63 998)
Plant and machinery	**72 055**	187 638
Properties under construction	**(100 049)**	(831 584)
	53 062	133 020
Depreciation		
Broadcast studios and equipment	**(88 054)**	(81 808)
Buses	**(91 753)**	(81 281)
Land and buildings	**(189 187)**	(208 837)
Leased land and buildings	**(29 546)**	(22 269)
Leasehold improvements	**(28 402)**	(29 241)
Mining infrastructure	**(33 594)**	(20 721)
Other equipment and vehicles	**(147 944)**	(165 591)
Plant and machinery	**(735 988)**	(708 092)
Properties under construction	**–**	24
	(1 344 468)	(1 317 816)
Impairments		
Broadcast studios and equipment	**–**	(1 561)
Land and buildings	**–**	(7 310)
Leasehold improvements	**(970)**	(6 461)
Other equipment and vehicles	**(987)**	(4 944)
Plant and machinery	**(5 698)**	(3 783)
	(7 655)	(24 059)
Currency translation		
Land and buildings	**(152 809)**	276 579
Other equipment and vehicles	**(28 468)**	34 744
Plant and machinery	**(26 232)**	51 803
	(207 509)	363 126

	Group 2017 R'000	Group 2016 R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Borrowing costs capitalised		
Properties under construction	–	9 427
	–	9 427
Balance at the end of the year		
Broadcast studios and equipment	**263 223**	306 870
Buses	**999 673**	882 557
Land and buildings	**18 695 487**	17 869 910
Leased land and buildings	**643 603**	621 543
Leasehold improvements	**93 232**	98 130
Mining infrastructure	**69 353**	107 614
Other equipment and vehicles	**741 709**	816 153
Plant and machinery	**3 402 546**	3 580 017
Properties under construction	**219 009**	88 926
	25 127 835	24 371 720

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

Broadcast studios and equipment	5 years
Buses	12 to 15 years
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	3 to 10 years
Plant and machinery	5 to 50 years

The group recognised impairments of property, plant and equipment with a net book value of R7.7 million (2016: R24.0 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.

The Tsogo Sun group reassessed the useful lives of property, plant and equipment during the year. Changes in useful lives and residual values are not considered significant estimates and judgements as any changes in useful lives and residual values have historically been gradual and any adjustments made, where necessary, have not been significant. The impact on depreciation for the year was a credit of R28 million (2016: credit of R39 million). The group also reviewed the residual values during the year and the impact on depreciation was Rnil (2016: credit of R3 million).

The group's non-casino gaming operations revised the useful life of gaming machines from six years to seven years effective 1 April 2016. The effect on the depreciation expense for the year is a decrease of R10 million and an expected annual decrease for future years of R10 million per annum. Gaming site development costs were previously depreciated over the term of the initial lease, but the estimated depreciation period has been amended to include guaranteed renewal options, limited to a 10-year total depreciation term. The effect on depreciation for the current period is a decrease of R8 million and an expected annual decrease for future periods of R7 million.

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.

		Group	
		2017 R'000	2016 R'000
2.	**INVESTMENT PROPERTIES**		
	Investment properties consist of:		
	Bare dominiums	–	40 000
	Investment properties at cost	**1 448 496**	1 004 607
	Investment properties at fair value	**7 061 678**	1 976 816
		8 510 174	3 021 423

Properties segment

Properties totalling R1 448.5 million (2016: R1 004.6 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 R171.7 million at 31 March 2017, has been arrived at on the basis of an external valuation carried out at 31 March 2017 by Mills Fitchet Magnus Penny & Wolffs, an independent firm of valuers not related to the group. The fair value of properties totalling R116.5 million was determined by using the discounted cash flow method and applying a capitalisation rate of 10%. The fair value of properties totalling R55.2 million was determined by applying the direct comparable sales valuation technique.

The fair value of an investment property, totalling R85.8 million at 31 March 2017, has been arrived at on the basis of an external valuation carried out at 31 March 2017 by Africa Corporate Real Estate Solutions Proprietary Limited, an independent firm of valuers not related to the group. The fair value was determined by using the discounted cash flow method and applying a capitalisation rate of 9%.

The fair value of another investment property owned by the group's property interests, totalling R523 million at 31 March 2017, has been arrived at on the basis of an external valuation carried out at 31 March 2017 by Quadrant Properties Proprietary Limited, an independent firm of valuers not related to the group. The valuation was based on the property in its current use as a non-specialised retail investment property leased out in the market. Fair value was determined by discounting the net revenue income stream over a period of 10 years.

The fair value measurement of other investment properties, totalling R541.1 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 rates as noted above, occupation rates and projected income. Occupation rates and projected income are assessed for each property and vary based on each property's performance.

Casino gaming and hotel segment

The fair value of investment properties owned by the group's casino gaming and hotel interests at 31 March 2017, totalling R4 952.4 million, has been arrived at on the basis of valuations carried out at 31 March 2017 by external, independent property valuers not related to the group. The valuation technique applied is the discounted cash flow method.

Significant unobservable inputs were as follows:

- a weighted average rental growth rate of 5.5%;
- a terminal capitalisation rate of 7.26%; and
- a risk-adjusted discount rate of 12.76%.

Branded products and manufacturing segment

The fair value of investment properties owned by the group's branded products and manufacturing interests at 31 March 2017, totalling R759.1 million, has been arrived at on the basis of a valuation carried out at 31 March 2017 by an external, independent property valuer not related to the group. The valuation technique applied is the capitalisation of income method. Significant unobservable inputs are capitalisation rate, occupation rate and projected income. The capitalisation rates for the fair value of the properties are between 9% and 11%.

Non-casino gaming segment

The fair value of investment properties, totalling R28.6 million, has been arrived at on the basis of internal valuations. These valuations were based on a property rental capitalisation rate of 10.5%.

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

		Group	
		2017 R'000	2016 R'000
2.	**INVESTMENT PROPERTIES continued**		
	Reconciliation of carrying value		
	At the beginning of the year	**3 021 423**	2 530 138
	Business combinations	**4 185 475**	–
	Fair value adjustments	**941 655**	149 791
	Transfer to property, plant and equipment	**(54 836)**	(130 789)
	Transfer to non-current assets held for sale	**(67 350)**	–
	Additions	**99 113**	20 972
	Disposals	**(120 294)**	(10 564)
	Improvements	**504 988**	461 875
	At the end of the year	**8 510 174**	3 021 423
	Rental income from investment property (excluding recoveries)	**627 740**	304 420
	Direct operating expenses arising from investment property that generated rental income during the period	**(162 081)**	(114 688)

Encumbrances

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

		Group	
		2017 **R'000**	2016* R'000
3.	**GOODWILL**		
	Arising on obtaining control of subsidiaries	**4 785 158**	4 999 002
	Reconciliation of carrying value		
	At the beginning of the year	**4 999 002**	4 926 092
	– Cost	**5 212 428**	5 121 342
	– Accumulated impairment	**(213 426)**	(195 250)
	Business combinations – acquisitions	**24 822**	61 994
	– disposals	**(213 368)**	(13 058)
	Impairment	**(3 958)**	(18 176)
	Effects of foreign exchange differences	**(21 340)**	42 150
	At the end of the year	**4 785 158**	4 999 002
	– Cost	**5 002 542**	5 212 428
	– Accumulated impairment	**(217 384)**	(213 426)

* Restated

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

- casino gaming and hotel (2017: R4 525.7 million; 2016: R4 525.7 million);
- non-casino gaming (2017: R81.1 million; 2016: R78.4 million);
- media and broadcasting (2017: R142.2 million; 2016: R215.7 million);
- information technology (2017: Rnil; 2016: R24.3 million);
- transport (2017: R12.4 million; 2016: R7.6 million);
- branded products and manufacturing (2017: R23.8 million; 2016: R15.0 million); and
- other (2017: Rnil; 2016: R132.0 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:	12% – 17%
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 (2017: R3.9 million; 2016: R8.2 million);
- eMedia Holdings Limited (2017: Rnil; 2016: R7.7 million); and
- Deneb Investments Limited (2017: Rnil; 2016: R2.2 million).

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.

Based on the above calculations, the group has not identified any impairment to goodwill in the remaining CGUs during the current year under review.

The purchase price allocation of the Betcoza Online (RF) Proprietary 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 50 for more detail.

4. INTANGIBLE ASSETS

Group	Bid costs R'000	Computer software* R'000	Distribution rights R'000	Licences R'000
2017				
Carrying value at the beginning of the year	**10 109**	**114 738**	**273 152**	**18 835 254**
Business combinations/disposal of subsidiaries and businesses	**–**	**(32 093)**	**–**	**(102 459)**
Additions	**340**	**18 884**	**19 325**	**1 447**
Foreign exchange differences	**–**	**(7)**	**(559)**	**(11 566)**
Disposals	**–**	**(195)**	**–**	**–**
Amortisation	**(662)**	**(26 553)**	**(30 611)**	**(35 262)**
Impairment	**–**	**(31)**	**(7 390)**	**(861)**
Amounts written off	**–**	**–**	**(5 856)**	**–**
Transfer to disposal group assets held for sale	**(1 327)**	**(8)**	**–**	**–**
Transfers	**(1 902)**	**1 165**	**–**	**–**
Carrying value at the end of the year	**6 558**	**75 900**	**248 061**	**18 686 553**
Cost	**11 108**	**402 818**	**381 123**	**18 941 596**
Accumulated amortisation	**(4 550)**	**(326 918)**	**(133 062)**	**(255 043)**
	6 558	**75 900**	**248 061**	**18 686 553**
2016				
Carrying value at the beginning of the year	10 355	127 530	278 195	18 858 256
Business combinations	–	3 500	–	–
Additions	1 917	20 390	15 781	2 815
Foreign exchange differences	–	–	–	21 174
Disposals	–	(359)	–	(750)
Amortisation	(835)	(35 125)	(20 824)	(35 814)
Impairment	(1 328)	–	–	(10 427)
Transfers	–	(1 198)	–	–
Carrying value at the end of the year	10 109	114 738	273 152	18 835 254
Cost	13 997	415 072	368 213	19 054 174
Accumulated amortisation	(3 888)	(300 334)	(95 061)	(218 920)
	10 109	114 738	273 152	18 835 254

* Restated

Amortisation expenses amounting to R36.6 million have been included in the line item other operating expenses and income in the income statement.

During the current year management of the media and broadcasting operations performed an assessment of the quality of its distribution content. Certain content with a carrying value of R7.4 million was identified as not meeting the broadcasting quality requirements and was therefore impaired.

During the current and prior years bid costs of R1 million and R10 million respectively relating to the fourth casino licence in Mpumalanga were 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.

Brands R'000	Management contracts R'000	Programming completed R'000	Programming under development R'000	Trade-marks R'000	Customer-related intangible assets R'000	Total R'000
368 535	**17 344**	**88 405**	**–**	**179 653**	**–**	**19 887 190**
–	**–**	**–**	**–**	**(141 894)**	**27 852**	**(248 594)**
–	**–**	**1 757**	**–**	**825**	**1 000**	**43 578**
–	**–**	**–**	**–**	**(9 107)**	**–**	**(21 239)**
–	**–**	**–**	**–**	**–**	**–**	**(195)**
–	**–**	**(3 917)**	**–**	**(4 251)**	**(1 577)**	**(102 833)**
–	**–**	**–**	**–**	**–**	**–**	**(8 282)**
–	**–**	**–**	**–**	**–**	**–**	**(5 856)**
–	**–**	**–**	**–**	**(12 001)**	**–**	**(13 336)**
–	**–**	**–**	**–**	**–**	**–**	**(737)**
368 535	**17 344**	**86 245**	**–**	**13 225**	**27 275**	**19 529 696**
368 535	**17 344**	**105 054**	**–**	**58 633**	**28 852**	**20 315 063**
–	**–**	**(18 809)**	**–**	**(45 408)**	**(1 577)**	**(785 367)**
368 535	**17 344**	**86 245**	**–**	**13 225**	**27 275**	**19 529 696**
368 535	396	68 993	9 662	164 914	–	19 886 836
–	16 948	–	–	–	–	20 448
–	–	11 869	–	1 956	–	54 728
–	–	–	–	19 915	–	41 089
–	–	(1 087)	–	–	–	(2 196)
–	–	(1 032)	–	(7 132)	–	(100 762)
–	–	–	–	–	–	(11 755)
–	–	9 662	(9 662)	–	–	(1 198)
368 535	17 344	88 405	–	179 653	–	19 887 190
368 535	17 344	103 297	–	220 810	–	20 561 442
–	–	(14 892)	–	(41 157)	–	(674 252)
368 535	17 344	88 405	–	179 653	–	19 887 190

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	**
Brands	Indefinite
Management contract	Indefinite
Customer-related intangible assets	3 to 10 years

* Programming under development has not yet been brought into use. Once brought into use the assets are 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

Casino licences with a carrying value of R18 621 million (2016: R18 621 million), hotel brands of R369 million (2016: R369 million) and management contracts having no expiry dates are considered to have an indefinite life, are not amortised and are tested annually for impairment. Casino licences with a carrying value of R333 million (2016: R364 miillion) having an expiry date are amortised over the exclusivity period of the respective licence.

The carrying values of individual casino licences were tested for impairment and recoverable amounts determined with reference to their value in use as part of the CGU to which it relates. The value in use of individual CGUs were determined using, inter alia, pre-tax cash flow projections and the following variables:

– Term	5 years
– Discount rate	11.61%
– Long-term growth rate	5.6%
– Opex cost growth	5.4% – 8.2%

A sensitivity analysis was performed on the key assumptions used in the value-in-use calculations and it was concluded that no impairment would be recognised in respect of any of the CGUs, given a reasonably possible change in any one assumption.

The carrying values of individual brands were tested for impairment and recoverable amounts determined with reference to their value in use using a royalty model. The values in use were determined using, inter alia, pre-tax cash flow projections and the following variables:

– Term	5 years
– Discount rate	13%
– Long-term growth rate	5.7%
– Royalty rates	1.1% – 1.6%

A sensitivity analysis was performed on the key assumptions used in the value-in-use calculations and it was concluded that no impairment would be recognised in respect of any of the brands, given a reasonably possible change in any one assumption.

The purchase price allocation of the Betcoza Online (RF) Proprietary Limited business combination was finalised during the current year and, as a result, the intangible assets acquired and relevant prior year figures have been restated to take this into account. Refer to note 50 for more detail.

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
2017			
Carrying value at the beginning of the year	**12 457**	**81 925**	**94 382**
Amortisation	**–**	**(17 468)**	**(17 468)**
Rehabilitation provision released	**–**	**(1 627)**	**(1 627)**
Additions	**703**	**–**	**703**
Carrying value at the end of the year	**13 160**	**62 830**	**75 990**
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

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

Capitalised development expenditure is tested annually for impairment in accordance with IAS 36. The recoverable amount of the cash-generating units, being each separate mine, has been determined with reference to a discounted cash flow valuation of the mines. An inflation rate of 6% (2016: 6%) has been applied on cash flows that have been discounted at 12.25% (2016: 12.25%) for Mbali Coal Proprietary Limited and 13% (2016: 13%) 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 312 months for the Palesa Mine (including Rooipoort Reserve) and 37 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 2017 (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 and Mbali Mines are 75 000 000 and 8 445 215 tons respectively and the actual tons produced during the year were 3 416 395 tons (2016: 3 081 557) which included parting mined at Palesa, whereas the actual tons produced during the year at Mbali were 1 302 472 (2016: 1 071 650) tons.

As a sensitivity test for the Mbali projected cash flows, a 5% decrease in the API4 price and/or a 5% decrease in the exchange rate did not indicate that an impairment was required.

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.

Name of associates	Place of business/Country of incorporation	Principal activity	Group interest 2017 %	Group interest 2016 %	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Business Systems Group Proprietary Limited	South Africa	Information technology	**40**	40	**24 608**	29 622	**3 000**	3 000
Cape Town Film Studios Proprietary Limited	South Africa	Media	**42.5**	42.5	**86 649**	78 488	**–**	–
Da Vinci Media GmbH	Germany	Media	**33**	33	**70 393**	78 085	**–**	–
Global Media Alliance Broadcasting Limited	Ghana	Media	**37**	37	**–**	27 491	**–**	–
Impact Oil & Gas Limited	United Kingdom	Oil and gas exploration	**32.5**	20	**503 102**	454 360	**–**	–
Redefine BDL Hotel Group Limited	United Kingdom	Hotel management	**25**	25	**141 622**	141 917	**–**	–
International Hotel Group Limited	British Virgin Islands	Hotel and leisure	**25.9**	25.9	**303 439**	315 214	**–**	–
Other associates[1]					**137 235**	97 836	**–**	–
					1 267 048	1 223 013	**3 000**	3 000
Market valuation of listed investment in International Hotel Group Limited[2]					**227 000**	321 000		
Directors' valuation of unlisted associates					**963 609**	907 799		

[1] A list of these is available for inspection at the company's registered office

[2] The market value of International Hotel Group Limited was R227 million at 31 March 2017 (2016: R321 million) and although the carrying value exceeds the market value, the group did not perform an impairment test as this was not considered a significant or prolonged decline in the value of International Hotel Group Limited.

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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Summarised statement of financial position						
Total non-current assets	**12 803**	16 515	**300 801**	303 747	**26 961**	39 274
Total current assets	**51 321**	72 563	**6 325**	5 396	**85 615**	85 089
Total non-current liabilities	**(1 689)**	(856)	**(84 834)**	(106 418)	**–**	–
Total current liabilities	**(5 008)**	(18 259)	**(242 571)**	(226 530)	**(21 143)**	(22 245)
Net assets (liabilities)	**57 427**	69 963	**(20 279)**	(23 805)	**91 433**	102 118
Reconciliation to carrying amounts:						
Opening net assets (liabilities) at 1 April	**69 963**	58 380	**(23 805)**	(24 580)	**102 118**	67 928
Acquisition of associate	**–**	–	**–**	–	**–**	–
(Loss) profit for the year	**(7 276)**	15 748	**3 526**	775	**9 195**	30 332
Other comprehensive income (loss)	**–**	–	**–**	–	**–**	–
Other equity movements	**–**	–	**–**	–	**(19 880)**	6 934
Dividends paid	**(5 260)**	(4 165)	**–**	–	**–**	(3 076)
Closing net assets (liabilities) attributable to owners	**57 427**	69 963	**(20 279)**	(23 805)	**91 433**	102 118
Group's share in %	**40%**	40%	**42.5%**	42.5%	**33%**	33%
Group's share in R'000	**22 972**	27 986	**(8 616)**	(10 112)	**30 173**	33 699
Loans to associates	**–**	–	**95 265**	88 600	**–**	–
Reporting entities' adjustment for fair value*	**–**	–	**–**	–	**2 021**	2 021
Impairment	**–**	–	**–**	–	**–**	–
Translation	**–**	–	**–**	–	**5 021**	9 187
Goodwill and intangible asset	**1 636**	1 636	**–**	–	**33 178**	33 178
Carrying value of investments in associates	**24 608**	29 622	**86 649**	78 488	**70 393**	78 085
Summarised statement of comprehensive income						
Revenue	**94 274**	147 972	**40 007**	36 531	**87 511**	89 899
(Loss) profit from operations	**(7 276)**	15 748	**3 526**	775	**9 195**	30 332
(Loss) profit for the period	**(7 276)**	15 748	**3 526**	775	**9 195**	30 332
Other comprehensive income (loss)	**–**	–	**–**	–	**–**	–
Total comprehensive (loss) income	**(7 276)**	15 748	**3 526**	775	**9 195**	30 332
Dividends received from associates	**2 104**	1 666	**–**	–	**–**	1 015
Group's share of associates' (losses) profits for the year	**(2 910)**	6 299	**1 498**	329	**3 034**	10 009

* 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

	2017 R'000	2016 R'000
Group's share of associates:		
– Contingent commitments	**46**	–
– Capital commitments	**–**	–

6. INVESTMENTS IN ASSOCIATES continued

	Global Media Alliance Broadcasting Limited		Impact Oil & Gas Limited	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Summarised statement of financial position				
Total non-current assets	**13 002**	20 679	**510 009**	817 126
Total current assets	**2 918**	18 482	**269 952**	204 791
Total non-current liabilities	**(5 782)**	–	**(39 559)**	–
Total current liabilities	**(9 381)**	(19 474)	**(158 436)**	(138 715)
Net assets	**757**	19 687	**581 966**	883 202
Reconciliation to carrying amounts:				
Opening net assets (liabilities) at 1 April	**19 687**	(48 951)	**883 202**	783 368
Acquisition of associate	**–**	–	**–**	–
Loss for the year	**(14 219)**	(8 636)	**(377 656)**	(89 365)
Other comprehensive income (loss)	**–**	–	**–**	–
Other equity movements	**(4 711)**	77 274	**76 420**	189 199
Dividends paid	**–**	–	**–**	–
Closing net assets attributable to owners	**757**	19 687	**581 966**	883 202
Group's share in %	**37%**	37%	**32.5%**	20%
Group's share in R'000	**280**	7 284	**189 139**	176 640
Loans to associates	**–**	–	**–**	–
Reporting entities' adjustment for fair value*	**–**	926	**–**	–
Impairment	**(22 230)**	–	**–**	–
Translation	**21 950**	19 281	**43 093**	51 370
Goodwill and intangible asset	**–**	–	**270 870**	226 350
Carrying value of investments in associates	**–**	27 491	**503 102**	454 360
Summarised statement of comprehensive income				
Revenue	**13 533**	16 137	**–**	–
Loss from operations	**(14 219)**	(8 636)	**(377 656)**	(89 365)
Loss for the period	**(14 219)**	(8 636)	**(377 656)**	(89 365)
Other comprehensive income (loss)	**–**	–	**–**	–
Total comprehensive loss	**(14 219)**	(8 636)	**(377 656)**	(89 365)
Dividends received from associates	**–**	–	**–**	–
Group's share of associates' losses for the year	**(5 261)**	(3 195)	**(122 738)**	(17 873)

* 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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Summarised statement of financial position				
Total non-current assets	**126 103**	161 135	**1 787 921**	869 974
Total current assets	**95 877**	258 780	**88 736**	361 313
Total non-current liabilities	**–**	(15 901)	**(929 467)**	(117 284)
Total current liabilities	**(149 553)**	(368 120)	**(59 532)**	(101 959)
Net assets	**72 427**	35 894	**887 658**	1 012 044
Reconciliation to carrying amounts:				
Opening net assets at 1 April	**35 894**	135 238	**1 012 044**	–
Acquisition of associate	**–**	–	**–**	1 095 649
Profit for the year	**125 558**	95 526	**14 090**	1 367
Other comprehensive income (loss)	**37 712**	(66 608)	**(78 924)**	(84 972)
Other equity movements	**–**	–	**–**	–
Dividends paid	**(126 737)**	(128 262)	**(59 552)**	–
Closing net assets attributable to owners	**72 427**	35 894	**887 658**	1 012 044
Group's share in %	**25%**	25%	**25.9%**	25.9%
Group's share in R'000	**18 107**	8 974	**229 903**	253 011
Loans to associates	**–**	–	**–**	–
Reporting entities' adjustment for fair value*	**–**	–	**–**	–
Impairment	**–**	–	**–**	–
Translation	**5 101**	14 529	**32 576**	21 243
Goodwill and intangible asset	**118 414**	118 414	**40 960**	40 960
Carrying value of investments in associates	**141 622**	141 917	**303 439**	315 214
Summarised statement of comprehensive income				
Revenue	**1 032 100**	343 043	**304 947**	7 878
Profit from operations	**125 558**	95 526	**14 090**	1 367
Profit for the period	**125 558**	95 526	**14 090**	1 367
Other comprehensive income (loss)	**37 712**	(66 608)	**(78 924)**	(84 972)
Total comprehensive income (loss)	**163 270**	28 918	**(64 834)**	(83 605)
Dividends received from associates	**31 684**	32 066	**15 424**	–
Group's share of associates' profits for the year	**31 390**	23 882	**3 649**	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. INVESTMENTS IN JOINT ARRANGEMENTS

The following are the group's principal joint arrangements:

		Group interest		Group	
Name of joint arrangements	Principal activity	2017 %	2016 %	2017 R'000	2016 R'000
Clare Developments Proprietary Limited	Property	50	50	48 804	33 672
Cohort Holdings Australia Proprietary Limited	Online lead generation	–	50	–	61 013
Regal Holding Proprietary Limited	Property	50	50	12 689	6 221
United Resorts and Hotels Limited	Hotels	50	50	126 241	129 349
				187 734	230 255
Cost				199 963	242 484
Accumulated impairment				(12 229)	(12 229)
Carrying value				187 734	230 255

During the year the group disposed of its Australian-based subsidiary, HCI Investments Australia, which included its interest in Cohort Holdings Australia Proprietary Limited.

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

	United Resorts and Hotels Limited		Other	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Current assets	17 152	47 447	6 762	3 982
Non-current assets	402 629	450 068	247 847	200 754
Current liabilities	(26 627)	(10 953)	(30 799)	(12 160)
Non-current liabilities	–	–	(127 584)	(126 256)
Income	117 199	117 597	27 982	26 748
Expenses	(123 323)	(120 967)	(11 989)	(24 627)
Group's share of joint arrangements' (losses) profits for the year	(3 062)	(1 685)	15 126	1 061

The group has performed an impairment indicator test on United Resorts and Hotels Limited and, although the joint venture is in a loss-making position, the group does not consider its investment in the joint venture material and therefore no further information has been presented in this regard.

	Group	
	2017 R'000	2016 R'000
8. OTHER FINANCIAL ASSETS		
Financial assets carried at fair value through profit or loss		
Foreign currency exchange contracts	**–**	36 852
Equity securities	**14 979**	360 408
	14 979	397 260
Available-for-sale investments held at fair value		
Equity securities	**1 275 623**	255 849
Other	**40**	1 050
	1 275 663	256 899
Amortised cost		
Loans and receivables	**8 799**	10 957
Derivative financial instruments		
Interest rate swaps – cash flow hedges	**14 555**	88 521
	1 313 996	753 637
Current portion	**38 333**	87 056
Non-current portion	**1 275 663**	666 581
	1 313 996	753 637

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.

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 (27.3% of the voting rights). During the year under review the group acquired a controlling stake through the injection of hotel assets such that the issue of shares to the group resulted in the group owning 50.6% of the shares following the reconstitution of HPF's capital into a single class of shares. The remaining administrative conditions precendent to the transaction were fulfilled in August 2016 and the effective date of the transaction was 1 September 2016. This investment was classified as a level 1 financial instrument. Refer to note 47 Business combinations for further details.

During April 2016, aligned with the Tsogo group's desire to increase its exposure in the Western Cape province, the group entered into a transaction with Sun International Limited (SI) and Grand Parade Investments Limited (GPI) for the acquisition of a 20% equity interest in each of SunWest and Worcester casinos for an aggregate R1.35 billion, payable in 18 monthly instalments of R75 million each, funded from available cash balances. The full amount of the liability was settled during the year under review and therefore the acquisition cost of R1 273 million represents the discounted amount (the effective interest of R48 million included in finance costs). The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies, except for that to which it has statutory rights as a shareholder. This investment is classified as a level 3 fair value measurement and has been accounted for as an available-for-sale financial asset.

Fair value of put option at amortised cost
In terms of the Tsogo Sun group's acquisition agreement of the SunWest and Worcester interests, in the event that any party acquires 35% or more of the issued ordinary shares of SI triggering a change in control of the SI group, the group may elect to put its equity interests in SunWest and Worcester to SI. SI can elect to either settle the put option by the issue of new ordinary shares in SI and/or for a cash consideration, based on the aggregate value of the group's interest in SunWest and Worcester. At the end of each reporting period the derivative is remeasured and the increase or decrease recognised in the income statement. The derivative is calculated in accordance with the terms of the put option agreement, effectively a 7.5 times EBITDA multiple valuation of the SunWest and Worcester assets, less net debt, times the 20% shareholding the group holds. No derivative has been recognised as the fair value of the option is Rnil at 31 March 2017.

Fair vaue 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 R6 million (2016: Rnil).

	Company 2017 R'000	Company 2016 R'000
9. SUBSIDIARY COMPANIES		
Shares at cost less impairment	**13 348 389**	13 582 253
Amounts owing by subsidiary companies – non-current portion	**3 649 122**	3 638 600
– current portion	**810 488**	377 590
	17 807 999	17 598 443
Amounts owing to subsidiary companies	**(1 551 644)**	(476 414)
	16 256 355	17 122 029

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

The company recognised impairments of R609 million (2016: R296 million) on investments in subsidiaries with pre-impaired carrying values totalling R1 369 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 the net asset carrying value of the borrowing entities.

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. The country of incorporation or registration is also their principal place of business.

			% of effective interest held by the group		% exercisable voting rights	
Name of entity	Principal activities	Place of business/ Country of incorporation	**2017 %**	2016 %	**2017 %**	2016 %
Tsogo Sun Holdings Limited*	Casino gaming and hotels	South Africa	**43.4**	48.0	**48.0**	48.0
Niveus Investments Limited	Non-casino gaming	South Africa	**52.3**	52.3	**52.3**	52.3
eMedia Investments Proprietary Limited **	Media and broadcasting	South Africa	**42.4**	43.9	**67.7**	67.7
Deneb Investments Limited	Branded products and manufacturing	South Africa	**84.0**	64.1	**84.0**	64.1

* 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

** 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

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 liabilties.

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

The group includes the following subsidiaries with non-controlling interests (NCIs) that are material to the group:

	Effective interest held by NCIs		Profit (loss) allocated to NCI for the year		Accumulated NCI	
	2017 %	2016 %	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Tsogo Sun Holdings Limited (including NCI at Tsogo Investment Holding Company Proprietary Limited level)	**56.6**	52.0	**1 942 864**	912 774	**17 680 691**	13 014 210
Niveus Investments Limited	**47.7**	47.7	**(121 663)**	54 947	**1 390 242**	1 548 415
eMedia Investments Proprietary Limited	**57.6**	56.1	**114 118**	(361)	**863 085**	783 573
Deneb Investments Limited	**16.0**	35.9	**20 929**	17 371	**314 668**	663 250
Other non-material non-controlling interests			**80 320**	93 837	**115 586**	379 255
			2 036 568	1 078 568	**20 364 272**	16 388 703

9. SUBSIDIARY COMPANIES continued

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		Niveus Investments Limited	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Summarised statement of financial position				
Non-current assets	**51 684 214**	44 760 064	**1 315 728**	1 429 924
Current assets	**3 313 064**	3 408 199	**1 057 007**	1 548 041
Disposal group assets held for sale	**65 610**	–	**5 419**	–
Non-current liabilities	**(17 658 365)**	(17 042 476)	**(231 344)**	(246 060)
Current liabilities	**(7 061 180)**	(5 289 012)	**(262 596)**	(651 407)
Disposal group liabilities held for sale	**–**	–	**(2 459)**	–
Net assets	**30 343 343**	25 836 775	**1 881 755**	2 080 498
Summarised statement of comprehensive income				
Revenue	**13 222 231**	12 282 578	**1 409 249**	1 237 239
Profit (loss) for the year	**3 065 925**	1 711 419	**(126 448)**	56 607
Other comprehensive (loss) income	**(192 343)**	335 063	**(20 725)**	24 213
Total comprehensive income (loss) for the year	**2 873 582**	2 046 482	**(147 173)**	80 820
Dividends paid to non-controlling interests	**623 764**	460 179	**21 873**	16 397
Summarised cash flows				
Cash flows from operating activities	**1 986 213**	2 090 713	**357 744**	162 849
Cash flows from investing activities	**(2 590 943)**	(1 946 922)	**293 536**	(182 357)
Cash flows from financing activities	**855 716**	(567 177)	**(102 512)**	48 293

* Restated

Full details of subsidiary companies are provided in annexure A.

eMedia Investments Proprietary Limited 2017 R'000	eMedia Investments Proprietary Limited 2016* R'000	Deneb Investments Limited 2017 R'000	Deneb Investments Limited 2016 R'000
1 704 559	1 818 250	**1 750 492**	1 689 141
1 540 798	1 143 407	**1 478 611**	1 450 674
53 618	118 492	**1 985**	2 175
(353 482)	(456 795)	**(811 754)**	(100 976)
(1 475 985)	(1 270 007)	**(640 904)**	(1 090 668)
(1 621)	(16 515)	**–**	–
1 467 887	1 336 832	**1 778 430**	1 950 346
2 582 734	2 416 157	**2 917 677**	2 715 640
194 108	(17 568)	**72 192**	53 451
(67 247)	31 451	**22 320**	44 947
126 861	13 883	**94 512**	98 398
5 252	–	**–**	–
270 517	329 587	**131 076**	62 316
(50 857)	(262 089)	**(66 276)**	(29 531)
(182 171)	(44 660)	**446 981**	(21 805)

	Group 2017 R'000	2016* R'000
10. DEFERRED TAX		
Movements in deferred taxation		
At the beginning of the year	**(7 686 142)**	(7 413 986)
Asset revaluations	**40 765**	(34 499)
Accelerated tax allowances	**(71 150)**	(254 785)
Provisions and accruals	**(76 633)**	19 094
Assessed losses	**96 701**	17 706
Business combinations: Provisions and accruals	**(4 647)**	7 107
Accelerated tax allowances	**(6 784)**	–
Other	**1 085**	–
Transfer to disposal groups held for sale	**–**	(5 592)
Change in rate	**–**	(19 113)
Other	**4 499**	(2 074)
At the end of the year	**(7 702 306)**	(7 686 142)
Analysis of deferred taxation		
Accelerated tax allowances	**(2 852 572)**	(2 776 927)
Fair value remeasurements	**(5 642 574)**	(5 644 335)
Provisions and accruals	**416 092**	497 745
Deferred revenue	**12 801**	5 689
Asset revaluations	**(118 937)**	(159 702)
Assessed losses	**486 280**	391 956
Other	**(3 396)**	(568)
	(7 702 306)	(7 686 142)
Composition of deferred taxation		
Deferred taxation assets	**379 252**	449 789
Deferred taxation liabilities	**(8 081 558)**	(8 135 931)
	(7 702 306)	(7 686 142)

* Restated

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.

	Group 2017 R'000	2016* R'000
11. OPERATING LEASE EQUALISATION		
Straight-lining of operating leases (non-current portion)		
Assets	**80 393**	88 275
Liabilities	**(254 740)**	(280 497)
	(174 347)	(192 222)

	Group	
	2017 R'000	2016 R'000
12. FINANCE LEASE RECEIVABLES		
Gross investment in leases	**154 604**	163 227
– within one year	**60 475**	63 849
– in second to fifth year	**94 129**	99 378
Unearned finance income	**(23 940)**	(40 138)
Present value of minimum lease payments	**130 664**	123 089
– within one year (included in trade and other receivables)	**42 315**	48 813
– in second to fifth year	**88 349**	74 276

Finance lease receivables relates to the group's branded products and manufacturing segment interests. The finance lease arrangement is for copiers, faxes and point-of-sale equipment. All leases are denominated in South African Rands. The average term of finance leases entered into is four to five years.

Interest is charged at rates varying between 14% 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		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
13. NON-CURRENT RECEIVABLES				
Financial instruments				
Loan to HCI Employee Share Trust (2001)	**–**	–	**37 648**	45 725
Prepayments	**42 956**	41 108	**–**	–
Amounts due by share scheme participants	**9 379**	15 130	**–**	–
Promissory notes	**420 819**	–	**–**	–
Loans to Ithuba Holdings (RF) Proprietary Limited	**–**	393 648	**–**	–
Other loans	**58 546**	105 833	**–**	–
Provision for impairment of other loans	**–**	(55 953)	**–**	–
Non-financial instruments				
Prepayments	**6 523**	9 764	**–**	–
	538 223	509 530	**37 648**	45 725
Less: Current portion (included in trade and other receivables)	**–**	(2 697)	**–**	–
	538 223	506 833	**37 648**	45 725

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 8% (2016: 6.75% – 7.75%) as the loans are interest free.

On 14 October 2016, R575 million, approximately 50% of the purchase consideration, for the sale of the KWV operational assets was paid by the buyer. The remainder of the purchase consideration is deferred in the form of promissory notes and will be settled in three instalments on 1 October 2017, 1 October 2018 and 1 October 2019. The instalments are secured by way of Investec Bank payment obligations that carry interest at 8.5%, compounded annually.

All loans to Ithuba Holdings (RF) Proprietary Limited were settled during the year under review.

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

13. NON-CURRENT RECEIVABLES continued

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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
South African Rand	**495 267**	465 725	**37 648**	45 725
United States Dollar	**42 956**	41 108	**–**	–
	538 223	506 833	**37 648**	45 725

	Group	
	2017 R'000	2016 R'000
14. INVENTORIES		
Raw materials	**179 567**	1 137 623
Work in progress	**65 636**	115 339
Finished goods	**567 454**	629 892
Consumables and spares	**104 436**	78 631
Coal	**16 011**	10 452
Operating equipment	**29 383**	44 367
Allowance for obsolete inventory	**(6 754)**	(6 202)
	955 733	2 010 102

Inventories stated at net realisable value – R247 million (2016: R232 million).

Encumbrances

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

	Group 2017 R'000	Group 2016 R'000
15. PROGRAMME RIGHTS		
Television programmes		
– International	**733 651**	398 284
– Local	**132 593**	92 689
	866 244	490 973
Reconciliation of carrying value		
At the beginning of the year	**490 973**	431 169
Additions	**917 395**	519 855
Amortised through other operating expenses	**(542 124)**	(460 051)
At the end of the year	**866 244**	490 973

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1 624 769**	1 789 688	**–**	–
Prepayments	**219 781**	213 935	**–**	–
Other receivables	**808 982**	668 783	**–**	289
Allowance for impairment of trade receivables	**(93 941)**	(81 455)	**–**	–
Allowance for impairment of other receivables	**(17 894)**	(20 730)	**–**	–
	2 541 697	2 570 221	**–**	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 2017 trade receivables of R330.8 million (2016: R338.5 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 ageing analysis of these trade receivables is as follows:

	Group 2017 R'000	Group 2016 R'000
30 to 60 days	**194 830**	193 907
60 to 90 days	**27 242**	24 866
More than 90 days	**108 710**	119 773

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

	Group	
	2017 R'000	2016 R'000
16. TRADE AND OTHER RECEIVABLES continued		
Impairment of trade receivables		
At 31 March 2017 trade receivables of R93.9 million (2016: R81.5 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:		
At the beginning of the year	**81 455**	66 375
Business combinations (disposal of subsidiaries)	**(3 421)**	(258)
Currency translation	**66**	302
Allowance for receivables impairment	**31 173**	49 207
Receivables written off during the year as uncollectible	**(10 251)**	(8 435)
Unused amounts reversed	**(5 081)**	(25 736)
At the end of the year	**93 941**	81 455
Other receivables past due but not impaired		
At 31 March 2017 other receivables of R11.5 million (2016: R30.9 million) were past due but not impaired. These relate mainly to loans, banqueting debtors and vending commission.		
Impairment of other receivables		
At 31 March 2017 other receivables of R17.9 million (2016: R20.7 million) were impaired.		
Movements on the allowance for impairment of other receivables are as follows:		
At the beginning of the year	**20 730**	17 040
Allowance for other receivables impairment	**815**	6 103
Receivables written off during the year as uncollectible	**(1 078)**	(2 335)
Unused amounts reversed	**(2 573)**	(78)
At the end of the year	**17 894**	20 730

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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Australian Dollar	**10**	78 323	**–**	–
British Pound	**106**	8 691	**–**	–
Canadian Dollar	**–**	8 169	**–**	–
Euro	**602**	3 069	**–**	–
Japanese Yen	**–**	3 390	**–**	–
Kenyan Shilling	**678**	3 198	**–**	–
Mozambican Metical	**9 726**	12 412	**–**	–
Nigerian Naira	**13 383**	27 908	**–**	–
South African Rand	**2 395 259**	2 197 693	**–**	289
Seychelles Rupee	**8 078**	12 338	**–**	–
Swiss Franc	**247**	18 542	**–**	–
Tanzanian Shilling	**14 558**	13 106	**–**	–
United Arab Emirates Dirham	**2 263**	5 003	**–**	–
United States Dollar	**90 937**	169 166	**–**	–
Zambian Kwacha	**5 850**	9 213	**–**	–
	2 541 697	2 570 221	**–**	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 (2016: 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 operates.

	Group	
	2017 R'000	2016 R'000
18. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE		
Disposal group assets classified as held for sale	**126 632**	147 298
Liabilities associated with the disposal group assets held for sale	**(4 080)**	(16 603)
	122 552	130 695
18.1 Deneb Investments Limited		
Assets associated with the Deneb group classified as held for sale included in branded products and manufacturing		
Property	**935**	935
Plant and machinery	**1 050**	1 240
	1 985	2 175

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

18.2 eMedia Holdings Limited

Following a decision to sell the assets of the Lalela Music Proprietary Limited (RSA) and Lalela Music LLC (USA) businesses, the results of these operations were reclassified to discontinued operations in the income statement 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 situated at 73 Richefond Circle, Umhlanga Rocks, KwaZulu-Natal 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 assets and liabilities of e.Botswana Proprietary Limited, e.tv Botswana Proprietary Limited, Africa Media Group and Media Film Services Incorporated remain in disposal groups held for sale in the statement of financial position, consistent with the prior year. An agreement was concluded and signed for the disposal of these assets and liabilities subsequent to the reporting date.

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

	Group	
	2017 R'000	2016 R'000
Property, plant and equipment	**26 082**	42 409
Intangible assets	**12 001**	38 260
Deferred taxation asset	**1 815**	1 938
Taxation receivable	**–**	158
Cash and cash equivalents	**8 116**	39 470
Trade and other receivables	**5 604**	22 888
Trade and other payables	**(1 258)**	(16 312)
Taxation payable	**(321)**	(203)
Deferred taxation liability	**(42)**	–
	51 997	128 608

Refer to note 38.1 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 Formex Industries Proprietary Limited classified as held for sale included in vehicle component manufacture

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

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

18.4 Niveus Investments Limited

During March 2017 it was contracted to dispose of subsidiaries Jacaranda Royal Casino Limited, Vslots Lesotho Proprietary Limited and VSlots Swaziland Proprietary Limited.

Assets and liabilities associated with Niveus Investments Limited classified as held for sale included in non-casino gaming

	Group 2017 R'000	Group 2016 R'000
Property, plant and equipment	**1 718**	–
Intangible assets	**1 335**	–
Cash and cash equivalents	**1 105**	–
Trade and other receivables	**1 261**	–
Trade and other payables	**(2 419)**	–
Financial liabilities	**(40)**	–
	2 960	–

Refer to note 38.3 for details of operations related to the above assets and liabilities that have been classified as discontinued.

18.5 Tsogo Sun Holdings Limited

Non-current investment property held for sale consists of the Kopanong Hotel and Conference Centre property which consists of a country estate with 57 chalets and conference facilities. During the year under review one chalet was sold.

Assets associated with Tsogo Sun Holdings Limited classified as held for sale included in casino gaming and hotels

	Group 2017 R'000	Group 2016 R'000
Investment properties	**65 610**	–

19. ORDINARY SHARE CAPITAL

	Number of shares 2017 '000	2016 '000	2017 R'000	2016 R'000
Authorised				
Ordinary shares of 25 cents each	**450 000**	450 000	**112 500**	112 500
Issued				
In issue in company	**92 816**	104 956	**23 204**	26 239
Treasury shares held by company subsidiary and employee share trust	**(4 784)**	(848)	**(1 196)**	(212)
On consolidation	**88 032**	104 108	**22 008**	26 027

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 2015	105 199	26 300	47 110
Shares repurchased	(243)	(61)	(29 952)
Treasury shares held by company subsidiary and employee share trust	(848)	(212)	(17 158)
In issue at 31 March 2016	104 108	26 027	–
In issue at 31 March 2016	**104 956**	**26 239**	**17 158**
Shares repurchased	**(12 140)**	**(3 035)**	**–**
Treasury shares held by company subsidiary and employee share trust	**(4 784)**	**(1 196)**	**(17 158)**
In issue at 31 March 2017	**88 032**	**22 008**	**–**

	2017	2016
The following shares were repurchased by the group:		
– Held as treasury shares by a subsidiary	**4 218 274**	48 000
– Reverted to authorised but unissued shares	**12 140 000**	244 021
	16 358 274	292 021

The weighted average price paid for these shares was R105.32 (2016: R122.48).

Details of options over shares are set out in note 41.

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
2017						
At the beginning of the year	**797 847**	**18 064**	**30 126**	**2 216**	**(6 821)**	**841 432**
Exchange differences on translation of foreign subsidiaries	**(166 499)**	**–**	**–**	**–**	**–**	**(166 499)**
Reclassification of foreign currency differences on disposal of subsidiaries	**(216 266)**	**–**	**–**	**–**	**–**	**(216 266)**
Equity-settled share-based payments	**–**	**13 084**	**–**	**–**	**–**	**13 084**
Deferred tax on available-for-sale financial assets	**–**	**–**	**–**	**(4 920)**	**–**	**(4 920)**
Fair value losses	**–**	**–**	**(44 093)**	**–**	**–**	**(44 093)**
Release of share-based payment reserve to accumulated profits	**–**	**(10 698)**	**–**	**–**	**–**	**(10 698)**
At the end of the year	**415 082**	**20 450**	**(13 967)**	**(2 704)**	**(6 821)**	**412 040**
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

21. FINANCIAL LIABILITIES

	Group 2017 R'000	Group 2016 R'000
Financial liabilities carried at fair value through profit or loss		
Foreign exchange contracts	**23 463**	47 424
Financial liabilities carried at amortised cost		
Short-term loans	**6 852**	–
Derivative financial instruments		
Put option	**–**	492 553
Interest rate swaps – cash flow hedges	**65 252**	16 811
Pound Sterling forward contracts – cash flow hedges	**6 290**	–
	71 542	509 364
	101 857	556 788
Current portion	**60 409**	64 235
Non-current portion	**41 448**	492 553
	101 857	556 788

21. FINANCIAL LIABILITIES continued

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

An agreement was concluded in December 2016 with Liberty for the acquisition by the group of the remaining 40% of the issued share capital of The Cullinan Hotel Proprietary Limited, a group subsidiary, held by Liberty, and all of Liberty's claims on loan accounts against Cullinan howsoever arising, with effect from 1 December 2016 for a consideration of R1.03 billion. A fair value gain of R35 million was recognised on the settlement of the derivative and has been included in finance costs.

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.

For effective hedges, gains and 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 R6 million (2016: Rnil).

The group's casino gaming and hotel operations manage 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 2017, 55% (2016: 54%) of consolidated gross borrowings and 58% (2016: 57%) 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 2017 referenced against the three-month JIBAR of 7.358%, as well as one-month JIBAR of 7.108% (2016: fixed interest rate swaps ranged from 6.46% to 8.09% referenced against the three-month JIBAR of 7.233%, as well as one-month JIBAR of 7.033% at 31 March 2016).

	Group	
	2017 R'000	2016 R'000
The notional amounts of the outstanding effective interest rate swap contracts at 31 March were:		
Tsogo Sun Proprietary Limited linked to the three-month JIBAR rate		
With a fixed rate of 7.68% maturing 31 March 2018	**200 000**	400 000
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
With a fixed rate of 7.80% maturing 30 June 2021	**500 000**	–
With a fixed rate of 7.82% maturing 30 June 2021	**500 000**	–
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	**255 000**	405 000
	5 955 000	5 305 000
The notional amounts of the outstanding ineffective interest rate swap contracts at 31 March were:		
Hospitality Property Fund		
With a fixed rate of 7.05% maturing 4 September 2017	**200 000**	–
With a fixed rate of 7.595% maturing 2 October 2017	**300 000**	–
With a fixed rate of 6.78% maturing 5 February 2018	**346 000**	–
With a fixed rate of 7.88% maturing 14 February 2019	**250 000**	–
	1 096 000	–
Total notional amounts of interest rate swaps	**7 051 000**	5 305 000

Forward contracts

The group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from firm commitment purchase of equipment in Pound Sterling. All Pound Sterling forward exchange contracts have been designated as hedging instruments in cash flow hedges in accordance with IAS 39.

The forward contracts relate to cash flows that have been forecast for May 2017 – March 2018. All forecast transactions for which hedge accounting has been used are expected to occur.

During 2017 a loss of R6 million (2016: Rnil) was recognised in other comprehensive income.

	Group	
	2017 R'000	2016 R'000
22. BORROWINGS		
Bank borrowings	**13 046 083**	10 009 783
Bank mortgage	**1 919 159**	1 788 655
Instalment sale liabilities	**442 260**	429 419
Loan from non-controlling interests	**766 040**	1 224 879
Corporate bonds	**981 955**	–
Other borrowings	**408 549**	208 142
Redeemable preference shares	**1 629 680**	1 685 488
	19 193 726	15 346 366
Current portion of borrowings	**(5 194 588)**	(3 247 985)
	13 999 138	12 098 381
Secured	**17 939 137**	13 622 500
Unsecured	**1 254 589**	1 723 866
	19 193 726	15 346 366

Loans from non-controlling interests amounting to R553 million at 31 March 2016 were settled during the current year. The remaining loans from non-controlling interests are unsecured, bear no interest and have no fixed terms of repayment.

Redeemable preference shares amounting to R56 million at 31 March 2016 were refinanced through a bank facility during the current year. The redemption dates for the remaining preference shares vary between 31 October 2017 and 21 July 2020, as they will be redeemed in tranches. The dividend rates also vary between 69% of prime rate and 71.48% of prime rate.

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

	2017 R'000	2016 R'000
Property, plant and equipment	**7 508 504**	6 925 158
Investment properties	**8 160 898**	2 604 490
Available-for-sale financial assets	**1 272 595**	–
Inventory	**66 418**	132 092
Intangible assets	**47 686**	473 591
Pledge of cash in bank accounts	**2 100 935**	1 837 559
Other assets	**–**	4 014
Trade and other receivables	**456 775**	513 212
Cession of Tsogo Sun shares (treasury shares)	**630 995**	539 679
Non-current assets held for sale	**65 610**	–
	20 310 416	13 029 795

The above securities are inclusive of securities pledged for bank overdrafts. Refer to note 28.

The group's shareholding in:

- Golden Arrow Bus Services Proprietary Limited;
- eMedia Holdings Limited;
- Niveus Investments Limited; and
- La Concorde 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 46.

	Group 2017 R'000	Group 2016 R'000
22. BORROWINGS continued		
Fixed rates	**8 644 947**	1 462 297
Floating rates	**10 548 779**	13 884 069
	19 193 726	15 346 366
Maturity of these borrowings is as follows:		
Due within one year	**5 194 588**	3 247 985
Due within two to five years	**13 438 160**	10 772 935
Due after five years	**560 978**	1 325 446
	19 193 726	15 346 366
Analysis by currency		
Australian Dollar	**–**	153 455
South African Rand	**18 211 577**	14 096 911
United States Dollar	**982 149**	1 096 000
	19 193 726	15 346 366

	%	%
Weighted average effective interest rates	**8.95**	8.57

At 31 March 2017 the carrying value of borrowings approximates their fair value as market-related rates have been applied to discount the instruments.

23. RETIREMENT BENEFIT INFORMATION

23.1 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	
	2017 R'000	2016 R'000
23.2 Medical aid		
Non-current post-retirement benefit liabilities	**165 115**	159 972
Current portion of post-retirement benefit liabilities*	**10 667**	6 790
	175 782	166 762

23.2.1 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 2017.

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

	2017 R'000	2016 R'000
Balance at the beginning of the year	**62 716**	82 173
Net expense recognised in the income statement	**6 396**	9 804
Actuarial losses (gains)	**3 304**	(29 261)
	72 416	62 716
Less: Current portion*	**(3 536)**	–
Balance at the end of the year	**68 880**	62 716
The amounts recognised in the income statement are as follows:		
Current service cost	**2 923**	5 469
Interest cost	**6 600**	7 240
Pensioner subsidy	**(3 127)**	(2 905)
Total included in employee costs	**6 396**	9 804

* Included in trade and other payables

	Group	
	2017 %	2016 %
23. RETIREMENT BENEFIT INFORMATION continued		
23.2 Medical aid continued		
23.2.1 The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.80**	10.30
Medical aid subsidy increase rate	**8.40**	8.40
Normal retirement age (years)	**65**	65
Continuation of membership at retirement	**55.00**	55.00

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
As at 31 March					
Present value of obligations	**72 416**	62 716	82 173	63 762	65 894

Contributions of R59.1 million (2016: R71.6 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2017.

	Group	
	2017 R'000	2016 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%	**64 226**	52 420
Subsidy increase rate increased by 1%	**81 771**	70 560
Downward movement		
Discount rate reduced by 1%	**81 450**	66 148
Subsidy increase rate decreased by 1%	**64 601**	56 134
23.2.2 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	**97 592**	109 107
Net expense recognised in the income statement	**9 816**	9 545
Contributions	**(7 109)**	(6 673)
Actuarial gains	**(1 307)**	(14 387)
	98 992	97 592
Less: Current portion*	**(7 131)**	(6 790)
Balance at the end of the year	**91 861**	90 802

* Included in trade and other payables

	Group 2017 R'000	Group 2016 R'000
23. RETIREMENT BENEFIT INFORMATION continued		
23.2 Medical aid continued		
23.2.2 The amounts recognised in the income statement are as follows:		
Current service cost	**369**	489
Interest on obligation	**9 447**	9 056
	9 816	9 545

	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.60**	9.68
Medical aid subsidy increase rate	**8.23**	8.49
Normal retirement age (years)	**65**	65

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
As at 31 March					
Present value of obligations	**98 992**	97 592	109 107	97 460	89 433
Experience adjustments on plan liabilities	**(1 307)**	(14 387)	9 549	(5 965)	(7 962)

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

Contributions of R7.5 million (2016: R7.1 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2017.

	Group 2017 R'000	Group 2016 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	**10 863**	10 628
Post-retirement medical aid liability	**109 184**	108 030
Downward movement		
Current service cost and interest cost	**8 920**	8 623
Post-retirement medical aid liability	**90 236**	88 671

23. RETIREMENT BENEFIT INFORMATION continued

23.2 Medical aid continued

23.2.3 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:			
2017			
At 1 April 2016	**36 461**	**(30 007)**	**6 454**
Other post-retirement benefits – medical aid	**1 002**	**(266)**	**736**
Current service cost	**119**	**–**	**119**
Expected return on plan assets	**–**	**(2 816)**	**(2 816)**
Expected benefit payments from plan assets	**(2 550)**	**2 550**	**–**
Interest expense	**3 433**	**–**	**3 433**
Remeasurements:	**(2 245)**	**(571)**	**(2 816)**
Gain from change in financial assumptions	**(332)**	**–**	**(332)**
Return on plan assets	**–**	**(571)**	**(571)**
Experience gains	**(1 913)**	**–**	**(1 913)**
At 31 March 2017	**35 218**	**(30 844)**	**4 374**
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

	Group 2017 %	2016 %
23. RETIREMENT BENEFIT INFORMATION continued		
23.2 Medical aid continued		
23.2.3 The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.50**	9.80
Healthcare cost inflation	**9.00**	9.40
Expected return on plan assets	**9.50**	9.80
Remuneration inflation	**8.50**	8.90

	R'000	R'000
At 31 March the effects of a 1% movement in the assumed medical cost trend rate would be as follows:		
Upward movement		
Effect on the current service cost and interest cost	**341**	361
Effect on the post-retirement medical aid liability	**3 575**	3 681
Downward movement		
Effect on the current service cost and interest cost	**289**	309
Effect on the post-retirement medical aid liability	**3 062**	3 162

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 2017 and 2016 with values of R31 million and R30 million respectively.

The expected long-term rate of return on medical aid assets of 9.50% (2016: 9.80%) is determined by using a standard 0% margin on the assumed rate of discount as per the revised IAS 19: Employee Benefits. The discount rate of 9.50% per annum is based on current bond yields of appropriate term gross of tax as required by IAS 19. South Africa does not have a deep market in high-quality corporate bonds. The discount rate is therefore determined by reference to current market yields on government bonds.

No contributions are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2017 (2016: Rnil).

	Group 2017 R'000	2016 R'000
24. 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	**–**	2 793
The Tsogo Sun Share Appreciation Bonus Plan (refer to note 24.1)	**147 569**	234 472
Total long-term incentive liabilities	**147 569**	237 265
Less: Current portion	**(128 650)**	(203 389)
Non-current portion	**18 919**	33 876

24. LONG-TERM INCENTIVE PLAN continued

24.1 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.

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.

The following table summarises details of the bonus units awarded to participants per financial year, the units vested at the end of the year and expiry dates of each allocation:

	Appreciation units granted and still outstanding		Strike price	Appreciation units vested and still outstanding			Liability	
Grant date	2017	2016	R	2017	2016	Expiry date	2017 R'000	2016 R'000
1 April 2011	–	2 838 644	15.06	–	2 838 644	31 March 2017	–	49 620
1 October 2011	–	1 677 345	18.78	–	1 677 345	30 September 2017	–	22 242
1 April 2012	2 198 145	5 445 352	17.66	2 198 145	5 445 352	31 March 2018	32 071	76 864
1 October 2012	126 839	169 964	19.71	126 839	169 964	30 September 2018	1 540	2 395
1 April 2013	5 533 403	7 324 946	24.56	5 533 403	7 324 946	31 March 2019	39 010	49 138
1 October 2013	150 920	205 800	25.51	150 920	–	30 September 2019	844	888
1 April 2014	7 814 913	8 203 713	25.72	7 814 913	–	31 March 2020	40 175	25 838
1 October 2014	116 054	135 396	25.85	–	–	30 September 2020	422	267
1 April 2015	6 650 450	7 112 025	26.54	–	–	31 March 2021	15 155	7 116
1 October 2015	125 262	125 262	23.95	–	–	30 September 2021	336	104
1 April 2016	8 643 804	–	22.82	–	–	31 March 2022	18 016	–
1 October 2016	128 328	–	31.17	–	–	30 September 2022	–	–
Liability at 31 March							147 569	234 472
Average share price utilised to value the liability at 31 March							R28.00	R28.60

The group recognised an expense of R49 million (2016: R43 million) related to this bonus appreciation plan during the year and at 31 March 2017 the group had recorded liabilities of R148 million (2016: R234 million) in respect of this plan. The current portion of this liability is R129 million (2016: R200 million).

	Group 2017 R'000	2016 R'000
25. PROVISIONS		
Rehabilitation provision		
Balance at the beginning of the year	**67 256**	59 475
Raised during the year	**1 791**	9 266
Utilised during the year	**(109)**	(1 485)
Balance at the end of the year	**68 938**	67 256
Leave pay		
Balance at the beginning of the year	**34 214**	35 714
Raised during the year	**16 416**	14 264
Reclassification	**18 519**	–
Business combinations/disposal of subsidiaries	**(2 778)**	–
Unused amounts reversed	**–**	(2 586)
Utilised during the year	**(15 689)**	(13 178)
Balance at the end of the year	**50 682**	34 214
Staff bonuses		
Balance at the beginning of the year	**46 992**	26 791
Raised during the year	**33 549**	41 415
Reclassification	**5 649**	–
Utilised during the year	**(42 302)**	(21 214)
Balance at the end of the year	**43 888**	46 992
Repurchase of service		
Balance at the beginning of the year	**56 162**	41 576
Raised during the year	**–**	18 519
Reclassification	**(18 519)**	–
Utilised during the year	**–**	(3 933)
Balance at the end of the year	**37 643**	56 162
Restructuring		
Balance at the beginning of the year	**5 705**	–
Raised during the year	**224**	5 705
Utilised during the year	**(5 705)**	–
Balance at the end of the year	**224**	5 705
Third-party claims		
Balance at the beginning of the year	**14 232**	15 551
Raised during the year	**12 126**	7 334
Utilised during the year	**(7 656)**	(8 653)
Balance at the end of the year	**18 702**	14 232
Jackpot provisions		
Balance at the beginning of the year	**10 806**	12 400
Raised during the year	**139 313**	94 483
Utilised during the year	**(139 792)**	(96 077)
Balance at the end of the year	**10 327**	10 806
Incentives		
Balance at the beginning of the year	**214 519**	140 237
Raised during the year	**182 999**	212 464
Utilised during the year	**(217 297)**	(138 182)
Balance at the end of the year	**180 221**	214 519

	Group 2017 R'000	Group 2016 R'000
25. PROVISIONS continued		
Long-service awards		
Balance at the beginning of the year	**181 826**	166 996
Raised during the year	**25 355**	23 943
Utilised during the year	**(9 348)**	(9 113)
Balance at the end of the year	**197 833**	181 826
Royalty		
Balance at the beginning of the year	**–**	–
Raised during the year	**1 141**	–
Reclassification	**2 718**	–
Utilised during the year	**(1 583)**	–
Balance at the end of the year	**2 276**	–
Other		
Balance at the beginning of the year	**26 452**	21 853
Raised during the year	**2 215**	15 651
Reclassification	**(8 367)**	–
Business combinations/disposal of subsidiaries	**(8 089)**	–
Unused amounts reversed	**–**	(1 334)
Utilised during the year	**(8 544)**	(9 718)
Balance at the end of the year	**3 667**	26 452
Total provisions	**614 401**	658 164
Non-current	**278 496**	246 749
Current	**335 905**	411 415
	614 401	658 164

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 6.5% per annum (2016: 4.5% per annum) and an inflation rate of 5.0% per annum (2016: 4.5% 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 – 37 months
Palesa Coal Proprietary Limited – 26 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

The provision is 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. For all eligible employees, the group provides for 50% of one week's pay for each completed year of service. The remaining 50% is provided for by the Bus Industry Restructuring Fund.

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.

25. 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.

Royalty

This provision was raised based on a judgment by the Supreme Court of Appeal regarding royalties payable by radio broadcasters to the South African Music Performance Rights Association (SAMPRA). The judgment indicated that royalties of 3% of revenue should be paid in relation to performance royalties. The timing of the provision utilisation is uncertain; however, it is not expected to be longer than 12 months.

26. DEFERRED REVENUE

26.1 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	
	2017 R'000	2016 R'000
Deferred revenue		
At 1 April	**73 706**	64 180
Created during the year	**117 998**	105 886
Forfeitures during the year	**(26 629)**	(24 752)
Utilised during the year	**(78 270)**	(71 608)
At 31 March	**86 805**	73 706
The expected timing of the recognition of the deferred revenue is within three years as follows:		
Non-current	**28 646**	24 323
Current	**58 159**	49 383
	86 805	73 706
Deferred income		
At 1 April	**22 848**	23 661
Created during the year	**138 987**	159 717
Forfeitures during the year	**(9 308)**	(5 198)
Utilised during the year	**(134 042)**	(155 332)
At 31 March	**18 485**	22 848
Non-current portion	**–**	–
Current portion	**18 485**	22 848
The expected timing of the recognition of the deferred income is within one year and is considered current.		
26.2 Other subsidiaries in the group accounted for deferred revenue as follows:		
Deferred revenue		
Government grant received from the Department of Trade and Industry	**–**	12 775
Revenue deposits received	**15 833**	–
Transportation fees received in advance	**1 157**	–
At 31 March	**16 990**	12 775
Non-current portion	**–**	(10 900)
Current portion	**16 990**	1 875
Total deferred revenue and income		
Non-current	**28 646**	35 223
Current	**93 634**	74 106
	122 280	109 329

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
27. TRADE AND OTHER PAYABLES				
Trade payables	**1 531 544**	1 297 998	**–**	–
Accruals	**698 271**	572 425	**–**	–
Advance deposits	**89 107**	89 202	**–**	–
Operating lease liabilities	**39 181**	30 651	**–**	–
Other payables	**852 308**	975 935	**1 861**	1 840
	3 210 411	2 966 211	**1 861**	1 840

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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
28. BANK OVERDRAFTS				
Balance outstanding at 31 March	**2 396 036**	3 058 696	**399 631**	285 247

Overdrafts of R1 796.1 million (2016: R2 572.6 million) are secured by assets as part of the group's 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	
		2017 R'000	2016 R'000
29.	**GOVERNMENT GRANTS**		
	Receivable balance for government grants brought forward	**38 950**	38 486
	Total income from government grants, included in other operating expenses and income, recognised during the year	**37 950**	33 933
	Total cash received during the year from government grants	**(19 027)**	(33 469)
	Amount outstanding as at year-end	**57 873**	38 950

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.

30. COMMITMENTS

Operating lease arrangements where the group is a lessee:

	2017 R'000	2016 R'000
Future leasing charges:		
– Payable within one year	**288 447**	279 800
– Payable within two to five years	**819 049**	964 276
– Payable after five years	**799 224**	811 234
	1 906 720	2 055 310

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:

	2017 R'000	2016 R'000
Future leasing charges for premises:		
Receivable within one year	**607 387**	364 044
Receivable within two to five years	**1 470 931**	815 274
Receivable after five years	**2 056 902**	352 595
	4 135 220	1 531 913

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.

The group has a contracted commitment for its signal distribution as at 31 March 2017 amounting to R93 million within one year, R207 million after one year to five years and R228 million after five years with the contract date ending on 31 July 2028. The contracted commitments will be funded from the group's available bank facilities and retained profits.

Capital expenditure

	2017 R'000	2016 R'000
Authorised by directors but not yet contracted for:		
– Investment property	**170 549**	–
– Property, plant and equipment	**5 347 159**	4 579 315
– Intangible assets	**10 720**	24 523
– Programming rights	**486 492**	485 800
– Business combinations	**77 897**	–
	6 092 817	5 089 638
Authorised by directors and contracted to be expended:		
– Investment property	**–**	106 838
– Property, plant and equipment	**976 799**	856 878
– Intangible assets	**304**	3 836
	977 103	967 552

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

	Group 2017 R'000	Group 2016* R'000	Company 2017 R'000	Company 2016* R'000
31. REVENUE				
Sale of goods	**4 148 680**	3 646 662	**–**	–
Provision of services	**9 789 307**	8 888 225	**–**	–
Property rental income	**891 670**	483 324	**–**	–
Dividends received				
– Associates	**–**	–	**2 104**	1 666
– Subsidiaries	**–**	–	**1 126 055**	1 310 353
	14 829 657	13 018 211	**1 128 159**	1 312 019
The company's comparative figures have been restated for the reclassification of dividends received from investment income (refer to note 32).				
32. INVESTMENT INCOME				
Dividends				
Listed investments	**14 168**	16 488	**–**	–
Unlisted investments	**70 000**	–	**–**	–
	84 168	16 488	**–**	–
Interest				
Bank	**93 998**	70 044	**97**	192
Other	**90 209**	108 677	**–**	–
	184 207	178 721	**97**	192
	268 375	195 209	**97**	192
The company's comparative figures have been restated for the reclassification of dividends received to revenue (refer to note 31).				
33. INVESTMENT SURPLUS (DEFICIT)				
Gain on disposal of investment property	**36 339**	–	**–**	–
Gain on deemed disposal of financial asset classified as available for sale	**46 250**	–	**–**	–
Gain (loss) on disposal of subsidiary	**6 074**	(6 781)	**79 409**	–
	88 663	(6 781)	**79 409**	–
34. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill	**3 958**	18 176	**–**	–
Impairment of investments in subsidiaries**	**–**	–	**608 822**	295 970
Impairment of investments in associates	**29 201**	–	**–**	–
	33 159	18 176	**608 822**	295 970
35. FINANCE COSTS				
Interest	**1 501 959**	1 221 377	**23 527**	22 291
Preference dividends	**121 480**	132 806	**–**	–
	1 623 439	1 354 183	**23 527**	22 291

* Restated
** 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		Company	
	2017 R'000	2016* R'000	**2017 R'000**	2016 R'000
36. PROFIT BEFORE TAXATION				
The following items have been included in arriving at profit before taxation:				
Auditors' remuneration				
– Audit fees – current year	**56 714**	54 084	**3 320**	2 507
– Other services	**5 867**	5 214	**–**	184
Consultancy fees	**106 326**	75 759	**578**	922
Foreign exchange loss	**33 318**	60 966	**–**	–
Gaming levies	**919 694**	882 189	**–**	–
Government grant income	**(37 950)**	(33 933)	**–**	–
Cost of sales				
– Manufacturing	**2 427 196**	2 303 141	**–**	–
– Mining	**731 746**	603 253	**–**	–
Operating lease charges				
– Premises	**343 140**	330 889	**–**	–
– Plant and equipment	**67 782**	72 547	**–**	–
Pension fund contributions	**74 048**	77 637	**–**	–
Loss (gain) on disposal of property, plant and equipment	**5 570**	(716)	**–**	–
Research and development	**5 770**	3 588	**–**	–
Secretarial fees	**40**	42	**–**	–
Share-based payments	**33 246**	11 689	**–**	–
Staff costs	**4 877 927**	4 573 554	**–**	–
VAT on net gaming win	**980 038**	944 467	**–**	–
37. TAXATION				
South African taxes				
Current normal tax	**965 344**	977 530	**27**	53
Prior year normal tax	**(13 216)**	(26 567)	**10**	1 193
Deferred normal tax	**121 362**	133 252	**–**	–
Deferred tax – (over) under provision prior year	**(4 928)**	35 207	**–**	–
Securities transfer tax	**97**	154	**97**	–
Withholding tax	**5 747**	5 348	**–**	–
	1 074 406	1 124 924	**134**	1 246
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	**854 082**	950 685		
– Capital gains tax	**305 180**	442 209		
Tax relief at current rates:				
– Normal tax	**239 143**	266 192		
– Capital gains tax	**68 360**	99 055		

* Restated

	Group 2017 %	Group 2016* %	Company 2017 %	Company 2016 %
37. TAXATION continued				
Reconciliation of tax rate				
Normal tax rate	**28**	28	**28**	28
Deferred tax not raised on losses	**3**	2	**–**	–
Capital losses and non-deductible expenses	**1**	4	**38**	10
Non-taxable income including share of associates' income	**(8)**	–	**(66)**	(38)
Differential tax rates – CGT and foreign	**(2)**	–	**–**	–
Effective rate	**22**	34	**–**	–

	Group 2017 R'000	Group 2016* R'000
The income tax relating to each component of other comprehensive income is set out below:		
Cash flow hedges	**35 779**	(45 281)
Available-for-sale investments	**(10 879)**	–
Actuarial gains on post-employment benefit liability	**(229)**	(13 313)
38. DISCONTINUED OPERATIONS		
Losses for the year from discontinued operations	**(447 383)**	(6 984)

38.1 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 subsequently disposed of, with the remaining businesses being actively marketed to seek potential buyers.

	Group 2017 R'000	Group 2016* R'000
Profit (loss) from discontinued operations relating to eMedia Holdings Limited		
Revenue	**21 907**	56 749
Operating costs	**(23 132)**	(63 434)
Investment income	**–**	156
Impairment of property, plant and equipment	**–**	(7 449)
Impairment of intangible assets	**–**	(121 938)
Profit in associate companies	**–**	14 209
Loss on disposal of subsidiaries	**(58 623)**	(13 317)
Foreign currency translation reserves reclassified to profit and loss on disposal	**104 403**	11 600
Profit (loss) before taxation	**44 555**	(123 424)
Taxation	**(1 435)**	4 035
Profit (loss) after taxation	**43 120**	(119 389)
Cash flows from discontinued operations		
Cash flows from operating activities	**(4 507)**	16 497
Cash flows from investing activities	**34 615**	43 679
	30 108	60 176

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.

* Restated

	Group 2017 R'000	2016* R'000
38. DISCONTINUED OPERATIONS continued		
38.2 During May 2016 a decision was made to dispose of the operating assets of KWV Holdings. These were disposed of in October 2016.		
(Loss) profit from discontinued operations relating to Niveus Investments Limited		
Revenue	**566 898**	1 224 214
Other income and operating costs	**(485 174)**	(1 149 103)
Share of losses of associates and joint ventures	**–**	(653)
Investment income	**411**	1 886
Depreciation and amortisation	**(3 911)**	(29 982)
Impairment of investment in joint venture	**(85)**	(400)
Loss on disposal of business assets	**(503 629)**	–
Finance costs	**(688)**	(1 620)
(Loss) profit before taxation	**(426 178)**	44 342
Taxation	**103 026**	(11 460)
(Loss) profit after taxation	**(323 152)**	32 882
Cash flows from discontinued operations		
Cash flows from operating activities	**34 407**	11 914
Cash flows from investing activities	**(16 766)**	(41 880)
Cash flows from financing activities	**–**	16 395
	17 641	(13 571)
38.3 During March 2017 the group's non-casino gaming operations contracted to dispose of subsidiaries Jacaranda Royal Casino Limited, Vslots Lesotho Proprietary Limited and VSlots Swaziland Proprietary Limited.		
Loss from discontinued operations relating to Niveus Investments Limited		
Revenue	**47**	447
Net gaming win	**4 000**	4 469
Other income and operating costs	**(5 846)**	(11 507)
Investment income	**–**	19
Depreciation and amortisation	**(1 301)**	(1 726)
Impairment of assets	**–**	(1 457)
Finance costs	**(3)**	(12)
Loss from discontinued operations	**(3 103)**	(9 767)
Remeasurement of disposal group	**–**	–
Net result from discontinued operations	**(3 103)**	(9 767)
Cash flows from discontinued operations		
Cash flows from operating activities	**(2 216)**	(4 602)
Cash flows from investing activities	**1 571**	(1 301)
	(645)	(5 903)

Refer to note 18.4 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

* Restated

	Group 2017 R'000	2016* R'000
38. DISCONTINUED OPERATIONS continued		
38.4 During August 2016 the group disposed of its Australian-based subsidiary, HCI Investments Australia (including Oceania Capital Partners).		
(Loss) profit from discontinued operations relating to HCI Investments Australia		
Revenue	**211 561**	443 589
Other operating expenses and income	**(184 112)**	(400 843)
Investment income	**3 498**	5 400
Depreciation and amortisation	**(1 799)**	(4 227)
Investment surplus	**618**	12 600
Share of profits of associates and joint arrangements	**4 701**	25 524
Fair value adjustments of financial instruments	**585**	(5 774)
Finance costs	**(3 310)**	(7 949)
Loss on disposal of subsidiary	**(344 723)**	–
Foreign currency translation reserves reclassified to profit and loss on disposal	**149 396**	–
(Loss) profit before taxation	**(163 585)**	68 320
Taxation	**(3 972)**	(12 155)
(Loss) profit after taxation	**(167 557)**	56 165
Cash flows from discontinued operations		
Cash flows from operating activities	**8 878**	45 361
Cash flows from investing activities	**(180 187)**	64 933
Cash flows from financing activities	**(18 383)**	(39 146)
	(189 692)	71 148
38.5 During September 2016 the group disposed of its information technology operations, Mars Holdings (including Syntell).		
Profit from discontinued operations relating to Mars Holdings		
Revenue	**149 004**	341 317
Other operating expenses and income	**(124 730)**	(276 494)
Investment income	**2 524**	4 949
Depreciation and amortisation	**(9 696)**	(21 542)
Finance costs	**(1 514)**	(2 364)
Loss on disposal of subsidiary	**(7 914)**	–
Profit before taxation	**7 674**	45 866
Taxation	**(4 365)**	(12 741)
Profit after taxation	**3 309**	33 125
Cash flows from discontinued operations		
Cash flows from operating activities	**8 720**	33 083
Cash flows from investing activities	**(70 886)**	(26 647)
Cash flows from financing activities	**(2 425)**	7 219
	(64 591)	13 655

* Restated

	Group 2017 R'000	Group 2016 R'000
39. EARNINGS PER SHARE		
39.1 Earnings per share as presented on the income statement is based on the weighted average number of 94 281 987 ordinary shares in issue (2016: 104 166 662).		
39.2 Diluted earnings per share is based on the weighted average number of 95 336 292 ordinary shares in issue (2016: 105 350 346).		
Reconciliation of weighted average number of shares:		
Used in calculation of earnings per share	**94 281 987**	104 166 662
Options outstanding in employee share scheme	**1 054 305**	1 183 684
Used in calculation of diluted earnings per share	**95 336 292**	105 350 346
39.3 Headline earnings per share (cents)*	**1 385.22**	1 002.69
– Continuing operations	**1 346.66**	951.60
– Discontinued operations	**38.56**	51.09
Diluted headline earnings per share (cents)*	**1 369.90**	991.44
– Continuing operations	**1 331.77**	940.92
– Discontinued operations	**38.13**	50.52

* Restated

	2017		2016	
	Gross R'000	**Net R'000**	Gross R'000	Net R'000
Reconciliation of headline earnings:				
Earnings attributable to equity holders of the parent		**1 237 909**		1 043 404
IFRS 3 gain on bargain purchase	**(81 764)**	**(35 463)**	(4 630)	(4 630)
IFRS 3 impairment of goodwill	**3 958**	**1 552**	18 176	9 106
IFRS 5 loss on disposal of business assets	**503 629**	**113 178**	–	–
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	**5 660**	**1 575**	3 478	1 966
IAS 16 impairment of plant and equipment	**7 655**	**1 788**	25 386	8 937
IAS 21 foreign currency translation reserve recycled	**(253 799)**	**(216 292)**	(11 600)	(5 094)
IAS 27 losses from disposal/part disposal of subsidiary	**405 186**	**391 839**	6 781	3 532
IAS 28 gain on disposal of associates and joint ventures	**–**	**–**	(6 661)	(3 550)
IAS 28 impairment of associates and joint ventures	**29 286**	**11 989**	400	92
IAS 28 recycle reserves upon disposal of joint ventures	**–**	**–**	(6 856)	(6 856)
IAS 36 impairment of assets	**–**	**–**	2 154	769
IAS 38 losses on disposal of intangible assets	**–**	**–**	254	101
IAS 38 impairment of intangible assets	**8 281**	**2 639**	132 365	56 218
IAS 39 recycle of fair value reserves relating to available-for-sale financial instruments	**(46 250)**	**(20 060)**	–	–
IAS 40 profits on disposal of investment property	**(36 339)**	**(7 973)**	–	–
IAS 40 fair value adjustment to investment property	**(941 655)**	**(258 748)**	(149 773)	(71 880)
Remeasurements included in equity-accounted earnings of associates and joint ventures	**82 992**	**82 077**	2 295	2 295
Headline profit		**1 306 010**		1 044 477

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016* R'000
40. NOTES TO THE CASH FLOW STATEMENT				
40.1 Cash generated by operations				
Profit for the year	**3 274 477**	2 121 972	**555 689**	975 905
Taxation	**981 152**	1 157 245	**134**	1 246
Depreciation and amortisation	**1 428 204**	1 410 673	**–**	–
Share-based payments	**13 084**	11 689	**–**	–
Loss (gain) on disposal of property, plant and equipment	**5 660**	(63)	**–**	–
Loss on disposal of intangible assets	**–**	254	**–**	–
Profit on sale of assets held for sale	**–**	(13 716)	**–**	–
Impairment of goodwill and investments	**33 244**	18 576	**608 822**	295 970
Other impairments	**25 134**	278 625	**–**	–
Equity-accounted losses (profits) retained in subsidiaries	**70 051**	(56 330)	**–**	–
Forex translation	**17 393**	49 967	**–**	–
Fair value adjustments of investment properties	**(941 655)**	(149 773)	**–**	–
Fair value adjustments of financial instruments	**(585)**	1 214	**–**	–
Investment income	**(274 808)**	(207 469)	**(97)**	(192)
Preference dividends and interest	**1 628 954**	1 366 128	**23 527**	22 291
Non-cash dividends received	**–**	–	**(325 067)**	(1 148 850)
Gain on bargain purchase	**(81 764)**	(4 630)	**–**	–
Investment surplus	**(89 281)**	(5 819)	**(79 409)**	–
Movement in provisions	**359 221**	354 238	**–**	–
Operating equipment usage	**59 573**	55 617	**–**	–
Post-retirement medical aid benefits	**9 104**	4 482	**–**	–
Long-term incentive charges	**48 829**	46 485	**–**	–
Loss on disposal of discontinued operations	**661 090**	–	**–**	–
Operating lease equalisation asset	**(40 148)**	(6 969)	**–**	–
Other non-cash items	**88 555**	43 465	**–**	–
	7 275 484	6 475 861	**783 599**	146 370
40.2 Changes in working capital				
Inventory	**(81 506)**	(47 769)	**–**	–
Programming rights	**(375 270)**	(58 717)	**–**	–
Trade and other receivables	**141 307**	91 495	**289**	(289)
Trade and other payables	**(216 455)**	(454 354)	**21**	(2 229)
	(531 924)	(469 345)	**310**	(2 518)
40.3 Taxation (paid) refunded				
Unpaid at the beginning of the year	**(3 775)**	(29 723)	**(1 518)**	(20)
Charged to the income statement	**(979 633)**	(934 797)	**(134)**	(1 246)
Business combinations/disposal of subsidiaries	**(8 014)**	(940)	**–**	–
Foreign exchange difference	**4 009**	2 517	**–**	–
Withholding tax	**(5 747)**	(5 348)	**–**	–
Tax asset sold on disposal	**–**	1 268	**–**	–
Unpaid at the end of the year	**23 005**	3 775	**10**	1 518
	(970 155)	(963 248)	**(1 642)**	252

* Restated

	Group 2017 R'000	Group 2016* R'000
40. NOTES TO THE CASH FLOW STATEMENT continued		
40.4 Business combinations		
Net cash (outflow) inflow from acquisitions	**(177 881)**	28 592
Net cash inflow (outflow) from disposals	**408 516**	(1 269)
	230 635	27 323
40.4.1 Acquisitions		
Property, plant and equipment	**(1 162 209)**	(9 116)
Investment property	**(4 185 475)**	–
Intangible assets*	**(27 852)**	(20 448)
Deferred tax asset	**–**	(1 347)
Investment in associates	**(317)**	–
Other non-current assets	**(6 163)**	–
Trade and other receivables	**(69 508)**	(24 107)
Inventory	**(22 221)**	(2 081)
Cash and cash equivalents	**(213 469)**	(68 067)
Deferred tax liability*	**10 965**	5 563
Interest-bearing borrowings	**1 740 859**	–
Other non-current liabilities	**2 316**	3 056
Interest-bearing borrowings – current portion	**103 690**	–
Trade and other payables	**72 347**	74 437
Current income tax liabilities	**10 737**	1 971
Long-term incentive liabilities	**3 452**	–
Provisions – current portion	**30**	–
Bank overdrafts	**1 321**	–
Loans with group companies	**–**	13 680
Other current liabilities	**67 860**	1 418
	(3 673 637)	(25 041)
Non-controlling interest*	**1 591 929**	2 294
Interest already owned	**297 708**	4 758
Gain on bargain purchase	**81 764**	4 630
Goodwill*	**(24 822)**	(61 994)
Cash and cash equivalents at date of acquisition	**212 148**	68 067
Purchase consideration in the form of hotel assets	**1 320 606**	–
Deposit for share previously paid	**2 672**	–
Asset – deferred payments (fair value)	**3 751**	3 825
Contingent consideration	**10 000**	32 053
Net cash (outflow) inflow	**(177 881)**	28 592

* Restated

40. NOTES TO THE CASH FLOW STATEMENT continued

40.4 Business combinations continued

40.4.2 Disposals

	Group 2017 R'000	Group 2016 R'000
Property, plant and equipment	**579 410**	3 984
Goodwill	**213 368**	13 058
Intangible assets	**314 467**	–
Investments in associates	**5 463**	–
Investments in joint arrangements	**73 320**	–
Other financial assets	**185 295**	–
Deferred tax asset	**3 289**	348
Other non-current assets	**–**	52
Inventories	**1 129 066**	–
Other financial assets – current	**175 942**	–
Trade and other receivables	**400 402**	1 466
Current income tax assets	**4 618**	–
Cash and cash equivalents	**279 928**	1 269
Other financial liabilities	**(1 140)**	–
Interest-bearing borrowings	**(127 746)**	–
Deferred tax liability	**(3 908)**	–
Loans payable to group companies	**–**	(8 584)
Trade and other payables	**(322 192)**	(2 943)
Other financial liabilities – current	**(5 992)**	–
Interest-bearing borrowings – current portion	**(32 076)**	–
Current income tax liabilities	**(7 340)**	–
Provisions	**(11 056)**	–
Other current liabilities	**(6 125)**	(4 639)
	2 846 993	4 011
Non-controlling interest	**(319 422)**	2 770
Disposal proceeds set off against repurchase consideration	**(325 067)**	–
Deferred disposal proceeds	**(605 245)**	–
Loss on disposal	**(908 815)**	(6 781)
Cash and cash equivalents at date of disposal	**(279 928)**	(1 269)
Net cash inflow (outflow)	**408 516**	(1 269)

40.5 Cash and cash equivalents

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Bank balances and deposits	**4 060 178**	3 539 658	**67 736**	2 370
Bank overdraft and loans	**(2 396 036)**	(3 058 696)	**(399 631)**	(285 247)
Cash in disposal group assets held for sale	**9 221**	39 470	**–**	–
	1 673 363	520 432	**(331 895)**	(282 877)

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.

41. 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 six 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 had 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. Options not exercised within the specified time periods lapsed. Options vested over periods of three to seven years. These vesting periods could 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. 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. No options have been issued in terms of this scheme since the implementation of The HCI Employee Share Scheme.

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

	2017		2016	
	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	**1 770 367**	**99.66**	2 058 304	87.97
Options granted	**409 518**	**117.03**	306 833	123.49
Options that became unconditional	**(518 690)**	**87.45**	(589 648)	70.98
Options forfeited	**(11 743)**	**122.62**	(5 122)	132.61
Balance at the end of the year	**1 649 452**	**107.65**	1 770 367	99.66

The fair value of options granted is measured using the Black-Scholes Model. Share options granted in the current year were fairly valued using a volatility indicator of 29% (2016: 19%) and an annual interest rate of 7% (2016: 6%). 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 R130.10 (2016: R129.84).

41. HCI EMPLOYEE SHARE OPTION SCHEME continued

All options issued in terms of The HCI Employee Share Trust (2001) and outstanding at 31 March 2017 have vested and will become unconditional upon payment of the strike price. Options that remain in issue at 31 March 2017 and which are not yet unconditional:

	Number of share options	Exercise price R
Options vested but not yet paid for	7 500	37.80
Options vested but not yet paid for	484 898	70.00
	492 398	

The options issued in terms of the Scheme and outstanding at 31 March 2017 become unconditional between the following dates:

	Number of share options	Exercise price R
19 March and 19 September 2017	39 696	125.02
27 August 2017 and 27 February 2018	77 077	150.07
29 August 2017 and 28 February 2018	45 874	77.24
18 March 2018 and 18 September 2018	167 523	135.99
19 March 2018 and 19 September 2018	39 695	125.02
27 August 2018 and 27 February 2019	304 501	123.49
27 August 2018 and 27 February 2019	16 738	150.07
19 March 2019 and 19 September 2019	39 695	125.02
27 August 2019 and 27 February 2020	16 737	150.07
26 September 2019 and 26 March 2020	395 670	117.03
26 September 2020 and 26 March 2021	6 924	117.03
26 September 2021 and 26 March 2022	6 924	117.03
	1 157 054	
Total number of options in issue	1 649 452	

A maximum number of 711 491 (2016: 668 997) shares may be issued in respect of 1 157 054 (2016: 1 075 999) 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 9 233 368 (2016: 9 356 249) shares may be utilised by the Scheme. 409 518 (2016: 306 833) options were issued in terms of the Scheme during the year and 80 387 shares delivered to participants (2016: 287 118).

41. HCI EMPLOYEE SHARE OPTION SCHEME continued

Options granted to executive directors

	2017 Number of share options	2017 Weighted average exercise price R	2016 Number of share options	2016 Weighted average exercise price R
JA Copelyn*				
Balance at the beginning of the year	**600 115**	**97.13**	771 159	85.70
Options granted	**123 956**	**117.03**	102 442	123.49
Options vested and shares delivered	**(103 607)**	**118.06**	(273 486)	74.78
Balance at the end of the year	**620 464**	**97.61**	600 115	97.13
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**308 571**	**70.00**	308 571	70.00
28 August and 28 November 2016	**–**	**–**	103 607	118.06
27 August 2017 and 27 February 2018	**12 631**	**150.07**	12 631	150.07
18 March and 18 September 2018	**72 864**	**135.99**	72 864	135.99
27 August 2018 and 27 February 2019	**102 442**	**123.49**	102 442	123.49
26 September 2019 and 26 March 2020	**123 956**	**117.03**	–	–
TG Govender**				
Balance at the beginning of the year	**202 681**	**105.17**	250 075	96.74
Options granted	**78 692**	**117.03**	11 384	123.49
Options vested and shares delivered	**(69 646)**	**118.06**	(58 778)	72.85
Balance at the end of the year	**211 727**	**105.33**	202 681	105.17
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**77 143**	**70.00**	77 143	70.00
28 August and 28 November 2016	**–**	**–**	69 646	118.06
27 August 2017 and 27 February 2018	**16 629**	**150.07**	16 629	150.07
18 March and 18 September 2018	**27 879**	**135.99**	27 879	135.99
27 August 2018 and 27 February 2019	**11 384**	**123.49**	11 384	123.49
26 September 2019 and 26 March 2020	**78 692**	**117.03**	–	–
Y Shaik				
Balance at the beginning of the year	**126 440**	**124.93**	119 086	125.02
Options granted	**8 369**	**117.03**	7 354	123.49
Balance at the end of the year	**134 809**	**124.44**	126 440	124.93
Unconditional between the following dates:				
19 March and 19 September 2017	**39 696**	**125.02**	39 696	125.02
19 March and 19 September 2018	**39 695**	**125.02**	39 695	125.02
19 March and 19 September 2019	**39 695**	**125.02**	39 695	125.02
27 August 2018 and 27 February 2019	**7 354**	**123.49**	7 354	123.49
26 September 2019 and 26 March 2020	**8 369**	**117.03**	–	–

* Mr JA Copelyn took delivery of 308 571 shares on 9 June 2017 in terms of the provisions of The HCI Employee Share Trust (2001)
** Mr TG Govender took delivery of 77 143 shares on 9 June 2017 in terms of the provisions of The HCI Employee Share Trust (2001)

41. 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 five years of the options' vesting date.

	2017 R'000	2016 R'000
JA Copelyn		
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

42. DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial		Associates	
	Number	Percentage holding %	Number	Percentage holding %	Number	Percentage holding %
2017						
Executive directors						
JA Copelyn*	**145 565**	**0.2**	**5 612 521**	**6.0**	**–**	**–**
TG Govender**	**232 465**	**0.3**	**17 250**	**–**	**604 244**	**0.6**
	378 030	**0.5**	**5 629 771**	**6.0**	**604 244**	**0.6**
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

* Mr JA Copelyn sold 138 856 and 169 715 shares to an associate entity and to an unassociated entity, respectively, on 12 June 2017. An associate entity of Mr Copelyn purchased 716 800 shares in the company on 18 August 2017

** Mr TG Govender sold 94 584 shares to an associate entity on 12 June 2017

Other than as noted there were no changes in directors' shareholdings between 31 March 2017 and the date of issue of this report.

43. 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
2017						
Executive directors						
JA Copelyn	–	6 493	833	3 803	4 870	15 999
TG Govender	–	3 380	585	1 640	1 690	7 295
Y Shaik	–	3 355	–	1 311	2 181	6 847
Non-executive directors						
JG Ngcobo	917[1]	–	–	–	–	917
MF Magugu	330[2]	–	–	–	–	330
ML Molefi	539[3]	–	–	–	–	539
MSI Gani*	495[4]	–	–	–	–	495
NM Mhlangu**	8	–	–	–	–	8
R Watson	657[5]	–	–	–	–	657
VE Mphande	804[6]	–	–	–	–	804
	3 750	13 228	1 418	6 754	8 741	33 891

* Appointed 30 August 2016
** Appointed 23 March 2017
1 Includes R107 667 audit committee fees, R18 094 remuneration committee fees, R4 967 social and ethics committee fees and R525 000 board fees paid by subsidiary companies
2 Includes R68 667 remuneration committee fees
3 Includes R107 667 audit committee fees, R13 125 remuneration committee fees, R9 938 social and ethics committee fees and R147 000 board fees paid by subsidiary companies
4 Includes R63 917 audit committee fees and R267 000 board fees paid by subsidiary companies
5 Includes R396 000 board fees paid by subsidiary companies
6 Includes R543 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
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

44. SEGMENT INFORMATION

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

	Revenue		Net gaming win	
	2017 R'000	2016* R'000	**2017 R'000**	2016* R'000
Continuing operations				
Media and broadcasting	**2 582 733**	2 416 156	**–**	–
Non-casino gaming	**93 128**	77 974	**1 322 610**	1 162 298
Casino gaming and hotels	**5 655 041**	4 921 450	**7 483 135**	7 361 128
Transport	**1 682 964**	1 509 919	**–**	–
Vehicle component manufacture	**336 031**	296 575	**–**	–
Properties	**469 615**	262 255	**–**	–
Mining	**1 093 957**	817 497	**–**	–
Branded products and manufacturing	**2 914 157**	2 714 260	**–**	–
Other	**2 031**	2 125	**–**	–
	14 829 657	13 018 211	**8 805 745**	8 523 426
Discontinued operations				
Media and broadcasting	**71 363**	157 015	**–**	–
Non-casino gaming	**47**	447	**4 000**	4 469
Information technology	**149 004**	341 317	**–**	–
Beverages	**566 898**	1 224 214	**–**	–
Other	**162 105**	343 323	**–**	–
	949 417	2 066 316	**4 000**	4 469

	Segment result (profit before tax)	
	2017 R'000	2016* R'000
Continuing operations		
Media and broadcasting	**272 449**	220 684
Non-casino gaming	**279 393**	173 065
Casino gaming and hotels	**3 739 279**	2 499 137
Transport	**331 566**	268 286
Vehicle component manufacture	**3 645**	6 646
Properties	**265 257**	190 051
Mining	**142 212**	37 919
Branded products and manufacturing	**121 015**	95 032
Other	**(358 550)**	(236 940)
	4 796 266	3 253 880

	Segment result (profit after tax)	
	2017 R'000	2016* R'000
Discontinued operations		
Media and broadcasting	**54 629**	(97 758)
Non-casino gaming	**(3 103)**	(9 767)
Information technology	**3 309**	33 125
Beverages	**(323 152)**	32 882
Other	**(179 066)**	34 534
	(447 383)	(6 984)

* Restated

44. SEGMENT INFORMATION continued

	Assets		Liabilities	
	2017 R'000	2016* R'000	**2017 R'000**	2016* R'000
Media and broadcasting	**3 542 545**	3 305 771	**1 488 696**	1 465 508
Non-casino gaming	**937 870**	823 536	**444 197**	511 258
Casino gaming and hotels	**54 695 985**	48 390 375	**24 720 545**	22 327 491
Information technology	**–**	309 473	**–**	111 789
Transport	**1 573 661**	1 382 535	**843 695**	760 516
Vehicle component manufacture	**215 082**	133 176	**175 847**	112 587
Mining	**710 139**	705 555	**221 294**	195 917
Properties	**3 454 399**	3 137 502	**1 867 809**	1 464 304
Branded products and manufacturing	**3 070 861**	2 936 854	**1 328 496**	1 126 280
Beverages	**–**	2 068 626	**–**	370 373
Other	**2 335 221**	1 416 715	**3 325 309**	3 235 645
	70 535 763	64 610 118	**34 415 888**	31 681 668

	Property, plant and equipment additions		Depreciation and amortisation	
	2017 R'000	2016 R'000	**2017 R'000**	2016* R'000
Media and broadcasting	**78 104**	299 169	**130 631**	120 465
Casino gaming and hotels	**1 216 383**	1 342 223	**894 455**	884 932
Non-casino gaming	**108 628**	156 616	**122 865**	129 931
Information technology	**11 875**	20 079	**–**	–
Transport	**224 273**	149 219	**99 705**	88 764
Vehicle component manufacture	**39 893**	9 311	**8 055**	8 470
Beverages	**10 356**	44 628	**–**	–
Properties	**11 499**	2 016	**6 877**	1 496
Mining	**41 218**	65 746	**103 935**	76 670
Branded products and manufacturing	**38 252**	67 705	**39 088**	37 742
Other	**14 740**	14 178	**5 886**	4 200
	1 795 221	2 170 890	**1 411 497**	1 352 670

Amounts applicable to associates and joint arrangements included above:

	Equity-accounted earnings		Investment in associates and joint arrangements	
	2017 R'000	2016* R'000	**2017 R'000**	2016 R'000
Media and broadcasting	**(2 240)**	7 829	**166 510**	193 458
Casino gaming and hotels	**37 516**	29 241	**609 076**	621 147
Non-casino gaming	**(7 081)**	(2 258)	**60 237**	17 223
Transport	**6 837**	7 086	**16 757**	19 450
Beverages	**–**	–	**–**	18 177
Properties	**15 128**	1 062	**61 493**	39 893
Other	**(124 912)**	(11 501)	**540 709**	543 920
	(74 752)	31 459	**1 454 782**	1 453 268

* Restated

44. SEGMENT INFORMATION continued

	Impairments**	
	2017 R'000	2016* R'000
Media and broadcasting	**32 202**	189 007
Casino gaming and hotels	**11 298**	21 813
Non-casino gaming	**12 903**	17 574
Vehicle component manufacture	**115**	176
Beverages	**85**	400
Branded products and manufacturing	**–**	2 248
Other	**1 775**	65 983
	58 378	297 201

	Group	
	2017 R'000	2016* R'000
Group income is attributable to the following geographical areas:		
South Africa	**22 860 923**	20 849 245
Other African countries and Middle East	**695 863**	690 176
Europe and United Kingdom	**78 616**	2 216
	23 635 402	21 541 637
Non-current assets*** of the group are held in the following geographical areas:		
South Africa	**56 932 289**	50 433 471
Other African countries and Middle East	**2 204 695**	2 490 945
Europe and United Kingdom	**515 393**	535 216
United States of America	**–**	11 603
Australia	**–**	518 301
	59 652 377	53 989 536

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

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
45. RELATED PARTY TRANSACTIONS				
45.1 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	**–**	–	**1 126 055**	1 310 353
– Associates	**–**	–	**2 104**	1 666
Details of loans to and from these entities are set out in note 6 and annexure A.				
45.2 Key management compensation was paid as follows:				
Salaries and other short-term employee benefits	**270 761**	214 048	**–**	–

Details of directors' remuneration are disclosed in note 43 to the financial statements.

	Number of shares '000	Repurchase amount R'000
45. RELATED PARTY TRANSACTIONS		
45.3 During the current year the group completed the specific repurchase of its shares from the following entities:		
Majorshelf 183 Proprietary Limited*	400	42 000
Rivetprops 47 Proprietary Limited**	4 005	420 570
Chearsley Investments Proprietary Limited**	997	104 732
Circumference Investments Proprietary Limited**	237	24 898
Geomer Investments Proprietary Limited***	6 500	682 500
Southern African Clothing and Textile Workers Union****	4 000	420 000

* Related to a director, Mr TG Govender.
** Related to family members of a director, Mr JA Copelyn.
*** Related to a director of a major subsidiary, Mr MJA Golding.
**** Significant shareholder.

46. 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 – R35 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 R159 million (2016: 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 R19 million (2016: 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 (2016: 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; and
- for the remaining 75 years of the lease period: 8% of income after deduction of operating expenses.

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

46. 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 (2016: 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 guarantees are limited to R12 million (2016: R12 million) and R12 million (2016: 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 (2016: R264.7 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 R92.3 million (2016: 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 (2016: 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 (2016: 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 (2016: R100 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 (2016: 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 (2016: R31 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-Rand Daily Mail Proprietary Limited. The amount of the guarantee is limited to R17.5 million (2016: R25 million) 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, Olympus Village Proprietary Limited. The amount of the guarantee is limited to R66.2 million (2016: R66.2 million) 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 R35.8 million (2016: R12.9 million) 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 (2016: R16 million) and relates to facilities for the redevelopment of investment property.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, HCI The Palms Proprietary Limited. The amount of the guarantee is limited to R36 million (2016: Rnil) and relates to facilities to purchase the property.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a subsidiary, HCI Whale Coast Village Proprietary Limited. The amount of the guarantee is limited to R232.6 million (2016: Rnil) 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, HCI Shell House Proprietary Limited. The amount of the guarantee is limited to R147.5 million (2016: Rnil) and relates to facilities for the redevelopment of investment property.
- A guarantee in favour of Nedbank Limited in respect of the obligations of a subsidiary, HCI Invest 9 Holdco Proprietary Limited. The amount of the guarantee is limited to R25.4 million (2016: Rnil) and relates to facilities for the purchase 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 2017 an amount of R700 million (2016: R700 million) and R100 million (2016: R100 million) remained owing to First Rand Bank Limited in respect of preference share debt and short-term facilities, respectively and R650 million (2016: R650 million) to ABSA Bank Limited in respect of preference share debt. At 31 March 2017 R200 million (2016: R200 million) in respect of preference share debt remained owing to Investec Bank Limited.
- The company has issued guarantees and suretyships to Investec Bank Limited for a term loan granted to HCI Treasury Proprietary Limited. At 31 March 2017 the total amount owing in respect of this term loan amounted to R200 million (2016: R136 million).
- Guarantees and suretyships were previously 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. This loan was repaid in the current year.
- Guarantees and suretyships have been issued by the company to Investec Bank Limited for a term loan granted to Formex Industries Proprietary Limited in the amount of R95 million (2016: Rnil).

47. BUSINESS COMBINATIONS

47.1 Subsidiaries and businesses acquired

	Principal activity	Date of acquisition	Proportion of shares acquired %
Media and broadcasting			
Waterfront Film Studios 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	1 July 2016	100
Casino gaming and hotels			
Hospitality Property Fund (HPF) The acquisition was facilitated through the initial purchase of 55% of the HPF B-linked units (27% of the voting interest) in August 2015. The group subsequently acquired a controlling stake through the injection of hotel assets for shares such that the issue of shares to the group resulted in the group owning 50.6% of the shares following the reconstruction of HPF's capital into a single class of shares. The group acquired HPF in keeping with its strategy of creating an entertainment and hospitality-focused REIT.	Property investment	1 September 2016	50.6
Garden Court Umhlanga and StayEasy Pietermaritzburg hotel businesses The acquisition was facilitated through the purchase of the net assets of these hotel businesses previously managed by the group. The acquisition is in line with management's strategy to own its operations.	Hotel business	1 October 2016	100
Non-casino gaming			
Slots and Keno 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 non-casino gaming sector within which this entity operates.	Gaming	1 October 2016	75
Branded products and manufacturing			
Premier Rainwater Goods 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 manufacturing sector within which this entity operates.	Manufacturing	1 June 2016	100
Transport			
Eljosa Travel and Tours 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 transport sector within which this entity operates.	Transport services	1 October 2016	76

47. BUSINESS COMBINATIONS continued

47.2 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	Branded products and manufacturing R'000	Transport R'000
Non-current assets					
Property, plant and equipment	9 614	1 120 938	455	5 993	25 209
Investment property	–	4 185 475	–	–	–
Intangible assets	–	–	–	27 852	–
Investment in associate	–	317	–	–	–
Other non-current assets	–	6 163	–	–	–
Current assets					
Trade and other receivables	–	52 438	1 010	16 060	–
Inventory	–	–	–	22 181	40
Cash and cash equivalents	–	189 094	–	24 307	68
Non-current liabilities					
Deferred tax liability	–	–	–	(8 483)	(2 482)
Interest-bearing borrowings	–	(1 725 063)	–	(734)	(15 062)
Other non-current liabilities	(1 496)	–	–	(820)	–
Current liabilities					
Interest-bearing borrowings – current portion	–	(98 900)	(4 790)	–	–
Trade and other payables	–	(61 834)	(3 057)	(6 463)	(993)
Current income tax liabilities	–	–	–	(10 737)	–
Long-term incentive liabilities	–	(3 452)	–	–	–
Provisions	–	–	–	–	(30)
Bank overdrafts	–	–	–	–	(1 321)
Other current liabilities	(4 430)	(62 701)	–	–	(729)
	3 688	3 602 475	(6 382)	69 156	4 700
Fair value of existing interest	–	(297 708)	–	–	–
Non-controlling interests	–	(1 592 397)	1 596	–	(1 128)
Gain on bargain purchase	–	(81 764)	–	–	–
Goodwill on acquisition	3 812	–	7 458	8 741	4 811
Cost of acquisitions	7 500	1 630 606	2 672	77 897	8 383
Purchase consideration in the form of hotel assets	–	(1 320 606)	–	–	–
Deposit for share previously paid	–	–	(2 672)	–	–
Contingent consideration*	–	–	–	(10 000)	–
Asset – deferred payments (fair value)	(3 751)	–	–	–	–
Cash balances acquired	–	(189 094)	–	(24 307)	1 253
Net cash outflow on acquisition	3 749	120 906	–	43 590	9 636

* The contingent consideration arrangement requires 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 R11 006 662

The fair value of the contingent consideration arrangement of R10 000 000 was estimated by applying a discount rate of 9.63%.

47. BUSINESS COMBINATIONS continued

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

	Information technology R'000	Beverages R'000	Media and broadcasting R'000	Non-casino gaming R'000	Media and broadcasting and Other R'000
Non-current assets					
Property, plant and equipment	(63 555)	(488 060)	(8 820)	–	(18 975)
Goodwill	(24 331)	–	–	–	(189 037)
Intangible assets	(30 416)	(56 481)	(38 021)	–	(189 549)
Investment in associates	–	(5 463)	–	–	–
Investment in joint arrangements	–	–	–	–	(73 320)
Other financial assets	(8)	–	–	–	(185 287)
Deferred tax asset	–	–	–	–	(3 289)
Current assets					
Trade and other receivables	(99 996)	(212 504)	(15 812)	–	(72 090)
Inventory	(16 896)	(1 052 928)	–	–	(59 242)
Other financial assets	(450)	(25 594)	–	–	(149 898)
Current income tax assets	–	(7)	–	–	(4 611)
Cash and cash equivalents	(58 187)	(54 517)	(12 306)	–	(154 918)
Non-current liabilities					
Other financial liabilities	1 140	–	–	–	–
Interest-bearing borrowings	16 055	–	–	–	111 691
Deferred tax liability	3 908	–	–	–	–
Current liabilities					
Trade and other payables	52 151	205 637	11 961	–	52 443
Other financial liabilities	–	5 992	–	–	–
Interest-bearing borrowings	12 701	–	–	–	19 375
Current income tax liabilities	4 082	–	–	–	3 258
Provisions	10 897	–	159	–	–
Other current liabilities	–	51	–	6 074	–
	(192 905)	(1 683 874)	(62 839)	6 074	(913 449)
Loss (gain) on disposal of subsidiary	7 914	503 629	58 623	(6 074)	344 723
Non-controlling interests	85 781	–	(10 018)	–	243 659
Disposal proceeds set off against repurchase consideration	–	–	–	–	325 067
Deferred disposal proceeds	–	605 245	–	–	–
Cash and cash equivalents disposed of	58 187	54 517	12 306	–	154 918
Net cash (inflow) outflow on disposal	(41 023)	(520 483)	(1 928)	–	154 918

47.4 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.

47.5 Impact of the acquisitions on the results of the group

The businesses acquired during the year contributed revenues of R472.9 million and net profit after tax of R1 101.2 million to the group for the periods from dates of effective control to 31 March 2017. Had the acquisitions been effective on 1 April 2016 the contribution to revenue would have been R695.1 million and net profits of R1 401.1 million would have been the contribution to profit after tax.

48. FINANCIAL RISK MANAGEMENT

48.1 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.

48.1.1 Market risk

Currency risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. The group was exposed to foreign exchange risk arising from exposure to the Australian Dollar during the first five months of the financial year when it was still operating in Australia through its Australian-based subsidiary, HCI Investments Australia. 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 Dollars and/or Euros in the offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars and/or Euros). As a result no forward cover contracts are 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	
	2017 R	2016 R	**2017 R**	2016 R
Australian Dollar	**10.58**	10.11	**10.31**	11.40
British Pound	**18.44**	20.73	**16.82**	21.42
Euro	**15.48**	15.21	**14.33**	16.91
United States Dollar	**14.06**	13.78	**13.46**	14.88

48. FINANCIAL RISK MANAGEMENT continued

48.1 Financial risk factors continued

48.1.1 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 for 2016.

	2017 R'000	2016 R'000
Effect on profit and loss		
Local currency:		
Australian Dollar	**(1)**	2 457
British Pound	**30**	364
Euro	**4 475**	47 339
United States Dollar	**36 846**	(32 285)
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	**42 956**	41 108
Trade and other receivables		
Australian Dollar	**10**	78 323
British Pound	**106**	8 691
Canadian Dollar	**–**	8 169
Euro	**602**	3 069
Japanese Yen	**–**	3 390
Kenyan Shilling	**678**	3 198
Mozambican Metical	**9 726**	12 412
Nigerian Naira	**13 383**	27 908
Seychelles Rupee	**8 078**	12 338
Swiss Franc	**247**	18 542
Tanzanian Shilling	**14 558**	13 106
United Arab Emirates Dirham	**2 263**	5 003
United States Dollar	**90 937**	169 166
Zambian Kwacha	**5 850**	9 213
Trade and other payables		
Australian Dollar	**–**	53 751
British Pound	**403**	1 350
Canadian Dollar	**–**	611
Danish Krone	**–**	50
Euro	**39 394**	27 215
Hong Kong Dollar	**–**	99
Japanese Yen	**–**	1 976
Kenyan Shilling	**22 053**	20 468
Mozambican Metical	**14 454**	14 481
Nigerian Naira	**36 859**	45 202
Seychelles Rupee	**15 379**	16 682
Swiss Franc	**167**	7
Tanzanian Shilling	**17 404**	8 654
United Arab Emirates Dirham	**1 966**	2 187
United States Dollar	**457 854**	427 099
Zambian Kwacha	**10 294**	11 307

48. FINANCIAL RISK MANAGEMENT continued

48.1 Financial risk factors continued

48.1.1 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	
	2017 R'000	2016 R'000
At 31 March the interest rate profile of the group's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial assets	**639 766**	665 117
Financial liabilities	**(8 644 947)**	(1 462 297)
	(8 005 181)	(797 180)
Variable rate instruments		
Financial assets	**73 101**	88 520
Financial liabilities	**(10 548 779)**	(13 884 069)
	(10 475 678)	(13 795 549)

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates would have increased or decreased equity by R62.2 million (2016: R10.5 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 R76 million (2016: R100 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 2016.

Other price risk

The group was not exposed to commodity price risk other than the API4 price of export quality coal. The group does not hedge its exposure to fluctuations in the price of export quality coal. A change of 1% in the API4 price would have increased/decreased post-tax profits by R4.0 million (2016: R2.2 million). The analysis assumes that all other variables remain constant.

48.1.2 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 note 16 for further credit risk analysis in respect of trade and other receivables. Credit limits exceeded during the year under review were closely monitored, and management does not expect any losses from non-performance by these counterparties that have not been provided for.

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

	Carrying amount	
	2017 R'000	2016 R'000
Derivatives used for hedging	**14 555**	108 147
Receivables	**2 931 294**	2 564 813
Cash and cash equivalents	**4 060 178**	3 539 658
	7 006 027	6 212 618

48. FINANCIAL RISK MANAGEMENT continued

48.1 Financial risk factors continued

48.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses the treasury functions of the major subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the 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
2017			
Bank and other borrowings	**9 321 414**	**16 195 210**	**825 025**
Financial guarantees	**1 549 855**	**–**	**–**
Foreign exchange contracts	**18 966**	**4 497**	**–**
Short-term loans	**6 852**	**–**	**–**
Put option	**–**	**–**	**–**
Interest rate swaps – cash flow hedges	**28 301**	**36 951**	**–**
Pound Sterling forward contracts – cash flow hedges	**6 290**	**–**	**–**
Trade and other payables	**2 727 606**	**–**	**–**
	13 659 284	**16 236 658**	**825 025**
2016			
Bank and other borrowings	7 430 841	13 574 868	893 805
Financial guarantees	1 085 854	–	–
Foreign exchange contracts	47 424	–	–
Short-term loans	–	–	–
Put option	–	492 553	–
Interest rate swaps – cash flow hedges	16 811	–	–
Pound Sterling forward contracts – cash flow hedges	–	–	–
Trade and other payables	2 523 205	–	–
	11 104 135	14 067 421	893 805

Defaults and breaches on loans

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

48. FINANCIAL RISK MANAGEMENT continued

48.2 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.

48.3 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
2017				
ASSETS				
Financial assets at fair value through profit or loss				
Foreign exchange contract	–	–	–	–
Equity securities	14 979	–	–	14 979
Available-for-sale financial assets				
Equity securities	–	3 029	1 272 594	1 275 623
Other	–	–	40	40
Derivative financial instruments				
Interest rate swaps – cash flow hedges	–	14 555	–	14 555
Non-financial assets at fair value through profit or loss				
Investment property	–	–	8 510 174	8 510 174
Total assets	14 979	17 584	9 782 808	9 815 371
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	–	23 463	–	23 463
Derivative financial instruments				
Put option	–	–	–	–
Interest rate swaps – cash flow hedges	–	65 252	–	65 252
Pound Sterling forward contracts – cash flow hedge	6 290	–	–	6 290
Contingent consideration	–	–	42 053	42 053
Total liabilities	6 290	88 715	42 053	137 058

48. FINANCIAL RISK MANAGEMENT continued

48.3 Fair value estimation continued

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

48. FINANCIAL RISK MANAGEMENT continued

48.3 Fair value estimation continued

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

Group	Equity securities R'000	Other R'000	Investment property R'000	Total R'000
2017				
ASSETS				
Carrying value at the beginning of the year	–	1 050	3 021 423	3 022 473
Business combinations	–	–	4 185 475	4 185 475
Additions	1 272 594	–	99 113	1 371 707
Improvements	–	–	504 988	504 988
Disposals	–	–	(120 294)	(120 294)
Transfer to property, plant and equipment	–	(1 010)	(54 836)	(55 846)
Transfer to non-current assets held for sale	–	–	(67 350)	(67 350)
Profits recognised in profit and loss	–	–	941 655	941 655
Carrying value at the end of the year	1 272 594	40	8 510 174	9 782 808

	Contingent consideration R'000
LIABILITIES	
Carrying value at the beginning of the year	32 053
Assumed in a business combination	10 000
Carrying value at the end of the year	42 053

48. FINANCIAL RISK MANAGEMENT continued

48.3 Fair value estimation continued

Group	Equity securities R'000	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
Business combinations	–	–	–	–
Additions	–	172	20 972	21 144
Improvements	–	–	461 875	461 875
Disposals	–	–	(10 564)	(10 564)
Transfer to property, plant and equipment	–	–	(130 789)	(130 789)
Transfer to non-current assets held for sale	–	–	–	–
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 consideration R'000
LIABILITIES	
Carrying value at the beginning of the year	1 400
Reversed to income statement	(1 400)
Assumed in business combination	32 053
Carrying value at the end of the year	32 053

49. EVENTS SUBSEQUENT TO REPORTING DATE

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

Repurchase of 2.7 million shares of the company
The company entered into an agreement during March 2017 in respect of the specific repurchase of its shares from the HCI Foundation. The conditions precedent to this transaction were fulfilled during August 2017. A total number of 2 688 000 shares were repurchased for a consideration of R376 million. Refer to the circular posted to shareholders on 2 May 2017 for further information.

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 July 2017. The company provided a financial guarantee as security for this facility. The facility is available until December 2018 and will accrue interest at a commercial bank rate.

Sandton Eye and Real Right of Extension
Shareholders are referred to the announcement released on the Stock Exchange News Service (SENS) of the JSE by Hospitality Property Fund (HPF) on Tuesday, 11 April 2017, wherein shareholders were advised that HPF Properties Proprietary Limited, an indirectly wholly-owned subsidiary of the Tsogo Sun group has, subject to certain conditions precedent, concluded:

- an agreement with Savana Property Proprietary Limited to acquire various sections and exclusive use areas of the Sandton Eye sectional title scheme; and
- an agreement with Sandton Isle Investments Proprietary Limited to acquire an existing Real Right of Extension in the scheme for an aggregate purchase consideration of R302 million.

Acquisition of 29 hotel properties by HPF from Tsogo Sun
Shareholders are referred to the announcement released on SENS by HPF on Monday, 10 July 2017 of the transaction agreements entered into between HPF and Southern Sun Hotels Proprietary Limited, both subsidiaries of the Tsogo Sun group, whereby HPF acquired two Tsogo Sun subsidiaries which in aggregate hold a portfolio of 29 hotel properties for an aggregate purchase consideration of R3.6 billion, settled by R1.0 billion in cash and R2.6 billion in shares.

This transaction has received shareholder approval at the HPF general meeting held on 10 July 2017. The impact of this transaction is a transaction with the non-controlling interests of HPF whereby non-controlling interests in HPF have been acquired and, as a result, the Tsogo Sun group's effective holding increased from 50.6% to 68.0% with effect from 10 July 2017.

HPF rights issue
Hospitality shareholders were offered a total of 71 428 571 Hospitality shares (rights offer shares) at an issue price of R14.00 per rights offer share (rights offer issue price) in the ratio of 21.76820 rights offer shares for every 100 Hospitality shares held on the record date of the rights offer. As a result of 99.2% of the rights offer shares being subscribed for by third parties, the Tsogo Sun group's effective holding decreased from 68.0% to 59.6% with effect from 4 August 2017.

Acquisition of Gameco by Tsogo Sun
The acquisition of all shareholders' interests in Niveus Invest 19 Limited (Gameco) by Tsogo Sun for a combination of Tsogo Sun Holdings shares and cash. Updated details of the transaction were released by Tsogo Sun on SENS on 16 August 2017 and the transaction remains subject to a number of conditions precedent, inter alia:

- that Gameco shareholders (including Hosken Consolidated Investments Limited and Niveus Investments Limited) holding not less than 345 000 100 Gameco shares in the aggregate (representing not less than 75% of the shares in Gameco), irrevocably undertake to dispose of their shares to Tsogo Sun in accordance with the terms of the proposed transaction; and
- that the parties obtain any and all necessary statutory and regulatory approvals for the implementation of the proposed transaction (including shareholder approval in terms of the Listings Requirements of the JSE) on such conditions as are acceptable to Niveus and Tsogo Sun, which is expected to be concluded on 30 September 2017 (or such later date as may be agreed upon by the parties in writing).

Acquisition of New Just Fun by Deneb
Deneb entered into a sale of share and claims agreement with Main Street Holdings Proprietary Limited to acquire 100% of the shares in New Just Fun Proprietary Limited for a purchase consideration of R40.5 million. The acquisition is subject to certain conditions precedent on or before 30 November 2017. Further information has been published by Deneb on SENS on 13 July 2017.

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 2017 or the financial position at that date.

50. PRIOR PERIOD RESTATEMENT

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

Non-casino gaming

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

The group has 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.

Media and broadcasting, beverages, information technology and other

The group has 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 non-casino gaming on the annual financial statements for the year ended 31 March 2016 is as follows:

	Previously reported 2016 R'000	Non-casino gaming restatement R'000	Restated 2016 R'000
STATEMENT OF FINANCIAL POSITION			
Non-current assets			
Goodwill	9 157	(942)	8 215
Intangible assets	650	2 850	3 500
Equity			
Non-controlling interest	(812)	(1 270)	(2 082)
Non-current liabilities			
Deferred taxation	–	(638)	(638)

51. 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	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016* R'000
ASSETS						
Non-current assets	**531 700**	497 069	**–**	–	**60 038 152**	54 449 089
Property, plant and equipment	**–**	–	**–**	–	**25 127 835**	24 371 720
Investment properties	**–**	–	**–**	–	**8 510 174**	3 021 423
Goodwill	**–**	–	**–**	–	**4 785 158**	4 999 002
Intangible assets	**–**	–	**–**	–	**19 529 696**	19 887 190
Intangible assets mining	**–**	–	**–**	–	**75 990**	94 382
Investments in associates	**–**	–	**–**	–	**1 267 048**	1 223 013
Investments in joint arrangements	**–**	–	**–**	–	**187 734**	230 255
Other financial assets	**–**	–	**–**	–	**–**	–
Deferred taxation	**–**	–	**–**	–	**379 252**	449 789
Operating lease equalisation asset	**–**	–	**–**	–	**80 393**	88 275
Finance lease receivables	**–**	–	**–**	–	**88 349**	74 276
Non-current receivables	**531 700**	497 069	**–**	–	**6 523**	9 764
Current assets	**6 390 893**	5 906 901	**–**	–	**2 143 189**	2 867 081
Inventories	**–**	–	**–**	–	**955 733**	2 010 102
Programme rights	**–**	–	**–**	–	**866 244**	490 973
Other financial assets	**8 799**	10 957	**–**	–	**–**	–
Trade and other receivables	**2 321 916**	2 356 286	**–**	–	**219 781**	213 935
Taxation	**–**	–	**–**	–	**101 431**	152 071
Cash and cash equivalents	**4 060 178**	3 539 658	**–**	–	**–**	–
Disposal group assets held for sale	**16 086**	62 358	**–**	–	**110 546**	84 940
Total assets	**6 938 679**	6 466 328	**–**	–	**62 291 887**	57 401 110
LIABILITIES						
Non-current liabilities	**–**	–	**13 999 138**	12 098 381	**8 827 474**	8 892 248
Operating lease equalisation liability	**–**	–	**–**	–	**254 740**	280 497
Financial liabilities	**–**	–	**–**	–	**–**	–
Borrowings	**–**	–	**13 999 138**	12 098 381	**–**	–
Post-retirement medical benefit liabilities	**–**	–	**–**	–	**165 115**	159 972
Long-term incentive plan	**–**	–	**–**	–	**18 919**	33 876
Long-term provisions	**–**	–	**–**	–	**278 496**	246 749
Deferred revenue	**–**	–	**–**	–	**28 646**	35 223
Deferred taxation	**–**	–	**–**	–	**8 081 558**	8 135 931
Current liabilities	**–**	–	**10 340 830**	8 846 965	**1 146 624**	1 264 914
Trade and other payables	**–**	–	**2 724 869**	2 517 436	**482 805**	443 006
Deferred revenue	**–**	–	**18 485**	22 848	**75 149**	51 258
Financial liabilities	**–**	–	**6 852**	–	**–**	–
Current portion of borrowings	**–**	–	**5 194 588**	3 247 985	**–**	–
Taxation	**–**	–	**–**	–	**124 115**	155 846
Provisions	**–**	–	**–**	–	**335 905**	411 415
Long-term incentive plan	**–**	–	**–**	–	**128 650**	203 389
Bank overdrafts	**–**	–	**2 396 036**	3 058 696	**–**	–
Disposal group liabilities held for sale	**–**	–	**3 717**	16 400	**363**	203
Total liabilities	**–**	–	**24 343 685**	20 961 746	**9 974 461**	10 157 365

* Restated

Available for sale		Fair value through profit or loss		Derivative financial instruments		Total	
2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016* R'000
1 275 663	255 889	**–**	337 525	**–**	73 167	**61 845 515**	55 612 739
–	–	**–**	–	**–**	–	**25 127 835**	24 371 720
–	–	**–**	–	**–**	–	**8 510 174**	3 021 423
–	–	**–**	–	**–**	–	**4 785 158**	4 999 002
–	–	**–**	–	**–**	–	**19 529 696**	19 887 190
–	–	**–**	–	**–**	–	**75 990**	94 382
–	–	**–**	–	**–**	–	**1 267 048**	1 223 013
–	–	**–**	–	**–**	–	**187 734**	230 255
1 275 663	255 889	**–**	337 525	**–**	73 167	**1 275 663**	666 581
–	–	**–**	–	**–**	–	**379 252**	449 789
–	–	**–**	–	**–**	–	**80 393**	88 275
–	–	**–**	–	**–**	–	**88 349**	74 276
–	–	**–**	–	**–**	–	**538 223**	506 833
–	1 010	**14 979**	59 735	**14 555**	15 354	**8 563 616**	8 850 081
–	–	**–**	–	**–**	–	**955 733**	2 010 102
–	–	**–**	–	**–**	–	**866 244**	490 973
–	1 010	**14 979**	59 735	**14 555**	15 354	**38 333**	87 056
–	–	**–**	–	**–**	–	**2 541 697**	2 570 221
–	–	**–**	–	**–**	–	**101 431**	152 071
–	–	**–**	–	**–**	–	**4 060 178**	3 539 658
–	–	**–**	–	**–**	–	**126 632**	147 298
1 275 663	256 899	**14 979**	397 260	**14 555**	88 521	**70 535 763**	64 610 118
–	–	**4 497**	–	**36 951**	492 553	**22 868 060**	21 483 182
–	–	**–**	–	**–**	–	**254 740**	280 497
–	–	**4 497**	–	**36 951**	492 553	**41 448**	492 553
–	–	**–**	–	**–**	–	**13 999 138**	12 098 381
–	–	**–**	–	**–**	–	**165 115**	159 972
–	–	**–**	–	**–**	–	**18 919**	33 876
–	–	**–**	–	**–**	–	**278 496**	246 749
–	–	**–**	–	**–**	–	**28 646**	35 223
–	–	**–**	–	**–**	–	**8 081 558**	8 135 931
–	–	**21 703**	53 193	**34 591**	16 811	**11 543 748**	10 181 883
–	–	**2 737**	5 769	**–**	–	**3 210 411**	2 966 211
–	–	**–**	–	**–**	–	**93 634**	74 106
–	–	**18 966**	47 424	**34 591**	16 811	**60 409**	64 235
–	–	**–**	–	**–**	–	**5 194 588**	3 247 985
–	–	**–**	–	**–**	–	**124 115**	155 846
–	–	**–**	–	**–**	–	**335 905**	411 415
–	–	**–**	–	**–**	–	**128 650**	203 389
–	–	**–**	–	**–**	–	**2 396 036**	3 058 696
–	–	**–**	–	**–**	–	**4 080**	16 603
–	–	**26 200**	53 193	**71 542**	509 364	**34 415 888**	31 681 668

51. FINANCIAL INSTRUMENTS continued

Company	Loans and receivables 2017 R'000	Loans and receivables 2016 R'000	Financial liabilities at amortised cost 2017 R'000	Financial liabilities at amortised cost 2016 R'000	Non-financial instruments 2017 R'000	Non-financial instruments 2016 R'000
ASSETS						
Non-current assets	**3 686 770**	3 684 325	**–**	–	**13 351 389**	13 585 253
Investments in associates	**–**	–	**–**	–	**3 000**	3 000
Investments in and loans to subsidiary companies	**3 649 122**	3 638 600	**–**	–	**13 348 389**	13 582 253
Non-current receivables	**37 648**	45 725	**–**	–	**–**	–
Current assets	**878 224**	380 249	**–**	–	**–**	–
Trade and other receivables	**–**	289	**–**	–	**–**	–
Amounts owing from subsidiary companies	**810 488**	377 590	**–**	–	**–**	–
Cash and cash equivalents	**67 736**	2 370	**–**	–	**–**	–
Total assets	**4 564 994**	4 064 574	**–**	–	**13 351 389**	13 585 253
LIABILITIES						
Current liabilities	**–**	–	**1 953 136**	763 501	**10**	1 518
Trade and other payables	**–**	–	**1 861**	1 840	**–**	–
Amounts owing to subsidiary companies	**–**	–	**1 551 644**	476 414	**–**	–
Taxation	**–**	–	**–**	–	**10**	1 518
Bank overdrafts	**–**	–	**399 631**	285 247	**–**	–
Total liabilities	**–**	–	**1 953 136**	763 501	**10**	1 518

Available for sale 2017 R'000	Available for sale 2016 R'000	Fair value through profit or loss 2017 R'000	Fair value through profit or loss 2016 R'000	Derivative financial instruments 2017 R'000	Derivative financial instruments 2016 R'000	Total 2017 R'000	Total 2016 R'000
–	–	–	–	–	–	**17 038 159**	17 269 578
–	–	–	–	–	–	**3 000**	3 000
–	–	–	–	–	–	**16 997 511**	17 220 853
–	–	–	–	–	–	**37 648**	45 725
–	–	–	–	–	–	**878 224**	380 249
–	–	–	–	–	–	**–**	289
–	–	–	–	–	–	**810 488**	377 590
–	–	–	–	–	–	**67 736**	2 370
–	–	–	–	–	–	**17 916 383**	17 649 827
–	–	–	–	–	–	**1 953 146**	765 019
–	–	–	–	–	–	**1 861**	1 840
–	–	–	–	–	–	**1 551 644**	476 414
–	–	–	–	–	–	**10**	1 518
–	–	–	–	–	–	**399 631**	285 247
–	–	–	–	–	–	**1 953 146**	765 019

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 31 MARCH 2017

	Issued share capital R'000	Effective interest %	**2017** Shares R'000	**2017** Loans R'000	2016 Shares R'000	2016 Loans R'000
SHARES AND LOANS STATED AT COST LESS IMPAIRMENT						
Investment holding companies						
Catwalk Investments 167 Proprietary Limited	*	100	**	–	**	–
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	*	–	*	–
HCI Invest 6 Holdco Proprietary Limited	800 000	70	**320 756**	**2 811 704**	320 756	2 866 945
HCI Invest 14 Holdco Proprietary Limited	*	100	*	**530 599**	*	734 595
HCI Invest 15 Holdco Proprietary Limited	*	100	*	–	*	–
HCI Investments Australia Proprietary Limited[1]	–	–	–	–	**	–
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	*	–	*	–
Niveus Investments Limited	925 399	52	**98 507**	–	98 507	–
Squirewood Investments 64 Proprietary Limited	*	100	*	**181 064**	*	–
Tangney Investments Proprietary Limited	1	100	**	–	**	–
TIH Prefco Proprietary Limited	11 779 570	100	**11 779 570**	–	11 779 570	–
TIHC Investments Proprietary Limited	12 039 448	100	**	–	**	–
Gaming, hotels and leisure						
Tsogo Sun Holdings Limited	20 983	43	**	–	**	–
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	25	43	**	–	**	–
Southern Sun Hotels Proprietary Limited	*	43	**	–	**	–
Hospitality Property Fund Limited	330 510	22	**	–	–	–
Tsogo Investment Holding Company Proprietary Limited	960 134	90	**	–	**	–
Non-casino gaming						
Galaxy Gaming and Entertainment Proprietary Limited	*	52	**	–	**	–
Vukani Gaming Corporation Proprietary Limited	3	52	**	–	**	–
Niveus Invest 19 Limited	4 600 000	52	**	–	–	–
Niveus AG	1 000	52	**	–	**	–
Niveus Invest 1 Proprietary Limited	*	52	**	–	**	–

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

	Issued share capital R'000	Effective interest %	2017 Shares R'000	2017 Loans R'000	2016 Shares R'000	2016 Loans R'000
Financial and management services						
HCI Managerial Services Proprietary Limited	*	100	*	(1 462 949)	*	(476 414)
HCI Treasury Proprietary Limited	500 000	100	229 302	810 488	443 365	377 590
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	–
Hosken Passengers Logistics and Rail Proprietary Limited	*	100	*	–	–	–
Hollyberry Props 12 Proprietary Limited	*	100	**	–	**	–
Media and broadcasting						
eMedia Holdings Limited	6 762 797	63	**	–	**	–
Crystal Brook Distribution Proprietary Limited	*	42	**	–	**	–
e.Sat.tv Proprietary Limited	*	42	**	–	**	–
e.tv Proprietary Limited	108	42	**	–	**	–
Longkloof Limited[2]	*	42	**	–	**	–
eMedia Investments Proprietary Limited	55	42	**	–	**	–
Sabido Properties Proprietary Limited	*	42	**	–	**	–
Yired Proprietary Limited	*	42	**	–	**	–
HCI Invest 3 Holdco Proprietary Limited	5 291 604	63	**	–	**	–
Silverline 360 Proprietary Limited	*	42	**	–	**	–
Mining						
HCI Coal Proprietary Limited	*	100	6 794	–	6 794	–
Branded products and manufacturing						
Deneb Investments Limited	1 449 653	84	573 122	–	573 122	–
Sargas Proprietary Limited	2 500	84	**	–	**	–
Seartec Trading Proprietary Limited	1	84	**	–	**	–
Information technology						
Mars Holdings Proprietary Limited	–	–	–	–	19 801	–
Properties						
Lynnridge Shopping Centre Proprietary Limited	*	80	**	–	**	–
Gallagher Estate Holdings Limited	19 295	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	60	**	–	**	–
HCI Invest 5 Holdco Proprietary Limited	*	100	*	–	*	–
HCI Invest 8 Holdco Proprietary Limited	*	80	*	–	*	–
HCI Invest 9 Holdco Proprietary Limited	*	100	*	–	*	–
HCI – Rand Daily Mail Proprietary Limited (formerly HCI-Propco 2 Proprietary Limited)	*	100	*	–	*	–
HCI – Shell House Proprietary Limited (formerly HCI-Propco 4 Proprietary Limited)	*	100	*	–	*	–
K2013204008 Proprietary Limited	*	60	*	–	*	–
HCI – Whale Coast Village Proprietary Limited (formerly HCI Propco 7 Proprietary Limited)	*	100	*	–	–	–
HCI – The Palms Proprietary Limited (formerly HCI Propco 8 Proprietary Limited)	*	100	*	–	–	–

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

	Issued share capital R'000	Effective interest %	**2017** Shares R'000	**2017** Loans R'000	2016 Shares R'000	2016 Loans R'000
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	*****	**–**	*	–
La Concorde Holdings Limited	*	30	******	**–**	**	–
Tuffsan 88 Proprietary Limited	654	100	**656**	**–**	656	–
Tylon Holdings Proprietary Limited	*	100	**16 429**	**–**	16 429	–
			13 348 389	**2 907 966**	13 582 253	3 539 776

* Under R1 000
** Indirectly held

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

Details of excluded subsidiaries are available from the company secretary.

	2017 R'000	2016 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**5 414 388**	7 886 379
Aggregate losses after tax	**(489 538)**	(676 038)

Subsidiaries are incorporated in South Africa unless otherwise shown.

Encumbrances

Shares and loans having a total carrying value of R12 621 million (2016: R12 586 million) have been pledged as security for certain loans owing to loan funders of the group. Refer to note 22.

www.hci.co.za

Hosken Consolidated Investments Limited

ANNUAL FINANCIAL STATEMENTS

2017

PRINTED ON 100% RECYCLED PAPER
MADE IN SOUTH AFRICA