Consolidated financial statements
for the year ended 31 March 2013

Contents

TSOGO SUN HOLDINGS LIMITED

Consolidated financial statements
for the year ended 31 March 2013

	Page
Statement of responsibility by the board of directors	02
Directors' approval of the annual financial statements	02
Declaration by the Company Secretary	02
Report of the audit and risk committee	03
Directors' report	04
Independent auditor's report to the shareholders	06
Consolidated income statement	07
Consolidated statement of comprehensive income	07
Consolidated balance sheet	08
Consolidated statement of changes in equity	09
Consolidated cash flow statement	10
Notes to the consolidated financial statements	11
Company annual financial statements	59
Analysis of shareholdings	72
Glossary	73
Corporate information	74

Statement of responsibility by the board of directors

for the year ended 31 March 2013

The company's directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which fairly present the state of affairs of the company and the group at the end of the financial year and of the results of operations and cash flows for the period. In preparing the accompanying annual financial statements, International Financial Reporting Standards ('IFRS') have been followed, suitable accounting policies have been used, applied consistently, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the board of directors and the effects thereof are fully explained in the annual financial statements. The annual financial statements incorporate full and responsible disclosure. The directors have oversight for the information included in the integrated annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2014. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and they have accordingly adopted the going-concern basis in preparing the annual financial statements. The group's independent auditors, PricewaterhouseCoopers Inc., have audited the annual financial statements and their unqualified report appears on page 6. PricewaterhouseCoopers Inc. 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 their audit are valid and appropriate.

The board recognises and acknowledges its responsibility for the group's systems of internal financial control. The group's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins its internal financial control process. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating these systems is delegated to the directors who confirm that they have reviewed the effectiveness thereof.

The directors consider that the systems are appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control systems is monitored through management reviews, detailed representation letters on compliance being signed by the chief executive and financial executive of each major entity, comprehensive reviews and testing by internal auditors, independent auditors' reviews and testing of appropriate aspects of the internal financial control systems during the course of their statutory examinations of the company and the underlying subsidiaries.

Competence of the Company Secretary

The board of directors has also considered and satisfied itself of the appropriateness of the competence, qualification and expertise of the Company Secretary, Mr Wynand van Wyngaardt. The board of directors confirms that Mr van Wyngaardt is not a director of the company, he reports directly to the Chief Executive Officer and therefore he is considered to maintain an arms-length relationship with the board of directors.

Directors' approval of the annual financial statements

for the year ended 31 March 2013

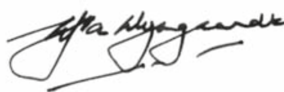
The preparation of the financial statements set out on page 4 to page 72 have been supervised by the Chief Financial Officer, RB Huddy CA(SA). These annual financial statements were approved by the board of directors on 30 August 2013 and are signed on its behalf by:

MN von Aulock
Chief Executive Officer

RB Huddy
Chief Financial Officer

Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, I confirm that for the year ended 31 March 2013, Tsogo Sun Holdings Limited has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act and that all such returns and notices are true, correct and up to date.



WJ van Wyngaardt
Company Secretary

30 August 2013

Report of the audit and risk committee

for the year ended 31 March 2013

Committee mandate and terms of reference

In terms of the Companies Act, the committee reports that it has adopted formal terms of reference as its audit and risk committee charter, and that it has discharged all of its responsibilities for the year in compliance with the charter.

Statutory duties

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, including as set out in section 94 of the Companies 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:

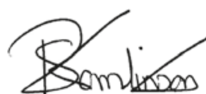
- evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc., and is satisfied that the external auditors are independent of the group having given due consideration to the parameters enumerated under section 92 of the Companies Act. The committee accordingly nominates PricewaterhouseCoopers Inc. as independent auditors to continue in office, and that F Tonelli is the individual registered auditor and member of the aforegoing firm who undertakes the audit;
- considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 31 March 2013 ahead of the annual audit as well as their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit;
- ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS adviser are in compliance with the Companies Act, The Auditing Profession Act, 2005 and the Listings Requirements of the JSE;
- considered and pre-approved all audit and non-audit services provided by the external auditors, ensuring that the independence of the external auditors is not compromised;
- reviewed and assessed the group's risk identification, measurement and control systems and their implementation;
- reviewed and approved the group accounting policies (refer note 1 to the annual financial statements);
- reviewed the written assessment of internal audit on the design, implementation and effectiveness of the internal financial controls in addition to the results of the compliance testing by external audit in support of their audit opinion. Based on the results of this review the committee is of the opinion that the internal financial controls provide reasonable assurance that financial records may be relied upon for the preparation of reliable annual financial statements; and
- dealt with concerns or complaints relating to accounting practices and internal audit of the group, the content or auditing of the company's financial statements, the internal financial controls of the group, or any other related matter.

Competence of the Chief Financial Officer

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer, Mr RB Huddy.

Recommendation of the annual financial statements

The committee has evaluated the annual financial statements and the integrated annual report of Tsogo Sun Holdings Limited and the group for the year ended 31 March 2013 and based on the information provided to the committee, the committee recommends the adoption of the annual financial statements and the integrated annual report by the board.



RG Tomlinson
Chairperson: Audit and risk committee

30 August 2013

Directors' report
for the year ended 31 March 2013

1. Nature of business
The company is a South African incorporated company listed on the JSE engaged principally in the hotels and gaming industry.

2. State of affairs and profit for the year
The financial results of the group and company for the year are set out in the annual financial statements and the integrated annual report and accompanying notes thereto. The integrated annual report is available online or can be requested directly from the Company Secretary of the group.

3. Subsequent events
Refer note 50 of the group annual financial statements for events occurring after the balance sheet date. The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with within the financial statements, that would affect the operations or results of the company or the group significantly.

4. Dividends
A final dividend of 40.0 (forty) cents per share was paid to shareholders on 11 June 2012 in respect of the year ended 31 March 2012.

An interim dividend of 24.0 (twenty-four) cents per share was paid to shareholders on 18 December 2012 in respect of the year ended 31 March 2013.

On 23 May 2013, the board of directors declared a final gross cash dividend of 51.0 (fifty-one) cents per share in respect of the year ended 31 March 2013. The dividend was declared in South African currency and was payable to shareholders recorded in the register of the company at close of business on Friday, 14 June 2013. There were no STC credits. The number of ordinary shares in issue at the date of this declaration was 1 097 975 609 (excluding treasury shares). The dividend was subject to a local dividend tax rate of 15%, which resulted in a net dividend to those shareholders who were not exempt from paying dividend tax of 43.35 cents per share. The company's tax reference number is 9250039717.

In compliance with the requirements of Strate, the electronic and custody system used by the JSE, the following dates were applicable:

	2013
Last date to trade *cum* dividend	Friday, 7 June
Shares trade *ex* dividend	Monday, 10 June
Record date	Friday, 14 June
Payment date	Tuesday, 18 June

5. Share capital
There were no changes to the company's authorised and issued share capital during the year under review.

The company's authorised but unissued share capital was placed under the control of the directors until the forthcoming AGM with authority to allot and issue any shares required to be issued for the purpose of carrying out the terms of the Gold Reef Share Scheme, limited to a maximum of three million shares, at their discretion, subject to section 38 of the Companies Act and the JSE Listings Requirements.

6. Equity-settled long-term incentive plan
Refer note 25.1 of the group annual financial statements for details of the group's equity-settled long-term incentive plan for employees. There are no awards/options held by directors or other key management.

7. Associates, joint ventures and subsidiaries
Refer notes 21 and 22 of the group annual financial statements for details of associates and joint ventures respectively and note 21 to the company financial statements for details of subsidiaries.

8. Directorate
The directorate during the year under review was as follows:

Non-executive

JA Copelyn[1]	(Chairman)
JA Mabuza	(Deputy Chairman)
MJA Golding	
JM Kahn	(Resigned with effect from 31 March 2013)
EAG Mackay[1]	
VE Mphande	
A van der Veen	
MI Wyman	
JS Wilson	(Appointed with effect from 2 April 2013)

[1] *Remuneration committee*

8. Directorate continued

Independent non-executive

RG Tomlinson[1][2][3] (Lead Independent)
JG Ngcobo[1][2][3]
Y Shaik[1][2][3]

Executive

MN von Aulock (Chief Executive Officer)
RB Huddy (Chief Financial Officer)

[1] *Remuneration committee*
[2] *Audit and risk committee*
[3] *Social and ethics committee*

9. Directors' and prescribed officers' emoluments

Refer note 51.4 of the group annual financial statements and note 20.3 of the company annual financial statements for details of the group's key management compensation.

10. Company Secretary

The secretary of the company is Wynand J van Wyngaardt. Mr GD Tyrrell will replace Mr WJ van Wyngaardt on his retirement on 30 September 2013. Mr van Wyngaardt's business and postal addresses, which are also the company's registered addresses, are set out below:

Business address:	Postal address:
Palazzo Towers East	Private bag X200
Montecasino Boulevard, Fourways, 2055	Bryanston, 2021

11. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the South African Companies Act.

12. Majority shareholders

The company's majority shareholders are Tsogo Investment Holding Company (Pty) Limited and SABSA Holdings (Pty) Limited who own 41.3% and 39.6% respectively (excluding treasury shares). No shareholder has a controlling interest in the company. Refer to page 79 of the integrated annual report and page 72 of the company annual financial statements for a detailed analysis of the company's shareholders.

13. Special resolutions

The following special resolutions were passed by the company's shareholders at the AGM held on 18 October 2012:

- approval of the fees payable to non-executive directors for their services as directors or as members of the board subcommittees in respect of the financial year ended 31 March 2013;
- granting the company and any of its subsidiaries a general authority in terms of the Listings Requirements of the JSE for the acquisition by the company, or any subsidiary of the company, of ordinary issued shares issued by the company;
- authorisation for the company to provide at any time and from time to time direct or indirect financial assistance to any related or inter-related company or corporation of the company;
- adoption of a new memorandum of incorporation of the company in substitution for and to the exclusion of the existing memorandum of incorporation; and
- authorisation for the company to issue shares or options and the granting of financial assistance in terms of the company's share-based incentive schemes.

Special resolutions were passed by the following company subsidiaries at AGMs held on 24 July 2012 to approve authorisation for the respective companies to provide at any time and from time to time direct or indirect financial assistance to any related or inter-related company or corporation of the group, and to raise additional external bank borrowing facilities:

- Akani Egoli (Pty) Limited
- Bedrose Investments (Pty) Limited
- Cassava Investments (Pty) Limited
- Listed Investments (Pty) Limited
- Monyaka Gaming Machine Supply (Pty) Limited
- Novaya Investments (Pty) Limited
- Silverstar Casino (Pty) Limited
- Southern Sun Hotel Interests (Pty) Limited
- Southern Sun Hotels (Pty) Limited
- The Millennium Casino (Pty) Limited
- Tsogo Sun (Pty) Limited
- Tsogo Sun Casinos (Pty) Limited
- Tsogo Sun Expansion No 1 (Pty) Limited
- Tsogo Sun Expansion No 2 (Pty) Limited
- Tsogo Sun Gaming (Pty) Limited
- Tsogo Sun Hotels, Gaming and Entertainment (Pty) Limited.

Independent auditor's report to the shareholders of Tsogo Sun Holdings Limited

We have audited the consolidated and separate financial statements of Tsogo Sun Holdings Limited set out on pages 7 to 72, which comprise the balance sheets as at 31 March 2013, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditors' responsibility

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

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

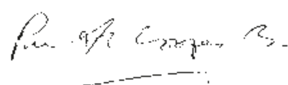
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Tsogo Sun Holdings Limited as at 31 March 2013, and its consolidated and separate financial performance and its 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the directors' report, the audit committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



PricewaterhouseCoopers Inc.
Director: **F Tonelli**
Registered Auditor

Johannesburg
30 August 2013

Consolidated income statement

for the year ended 31 March

	Notes	2013 Rm	2012 Rm
Net gaming win		**6 525**	6 111
Rooms revenue		**1 914**	1 615
Food and beverage revenue		**869**	752
Other revenue	8	**602**	553
Income		**9 910**	9 031
Gaming levies and VAT	9	**(1 341)**	(1 248)
Property and equipment rentals	10	**(258)**	(239)
Amortisation and depreciation	11	**(608)**	(623)
Employee costs	12	**(2 510)**	(2 116)
Other operating expenses	13	**(2 359)**	(1 787)
Operating profit		**2 834**	3 018
Interest income	14	**45**	49
Finance costs	15	**(430)**	(469)
Share of profit of associates and joint ventures	21, 22	**6**	10
Profit before income tax		**2 455**	2 608
Income tax expense	16	**(701)**	(761)
Profit for the year		**1 754**	1 847
Profit attributable to:			
Equity holders of the company		**1 629**	1 717
Non-controlling interests		**125**	130
		1 754	1 847
Basic and diluted earnings per share (cents)	5	**148.5**	156.5

The notes on page 11 to page 58 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March

	2013 Rm	2012 Rm
Profit for the year	**1 754**	1 847
Other comprehensive income for the year, net of tax	**47**	23
Cash flow hedges	**(33)**	(25)
Close out of cash flow hedge	**–**	(2)
Currency translation adjustments	**71**	43
Income tax relating to components of other comprehensive income	**9**	7
Total comprehensive income for the year	**1 801**	1 870
Total comprehensive income attributable to:		
Equity holders of the company	**1 676**	1 739
Non-controlling interests	**125**	131
	1 801	1 870

The notes on page 11 to page 58 form an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 March

	Notes	2013 Rm	2012 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	18	**9 004**	8 568
Goodwill	19	**2 093**	2 109
Other intangible assets	20	**4 237**	4 233
Investments in associates	21	**49**	48
Investments in joint ventures	22	**122**	122
Non-current receivables	23	**49**	54
Deferred income tax assets	24	**179**	114
Amounts due by share scheme participants	25.1	**30**	19
Investment property	26	**7**	–
		15 770	15 267
Current assets			
Inventories	27	**204**	176
Trade and other receivables	28	**633**	407
Current income tax assets		**73**	82
Cash and cash equivalents	29	**750**	1 443
		1 660	2 108
Total assets		**17 430**	17 375
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital and premium	30	**4 768**	4 754
Share-based payment reserve		**3**	3
Surplus arising on change in control in joint venture		**130**	130
Other reserves	31	**(583)**	(230)
Retained earnings		**3 990**	3 063
Total shareholders' equity		**8 308**	7 720
Non-controlling interests		**807**	727
Total equity		**9 115**	8 447
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	32	**3 354**	3 202
Preference share capital and premium	33	**–**	1 000
Obligations under finance leases	34	**32**	43
Derivative financial instruments	35	**45**	9
Deferred income tax liabilities	24	**1 446**	1 517
Post-employment benefit liability	36	**23**	23
Deferred revenue and income	37	**47**	40
Long-term incentive liabilities	25.4	**72**	30
Provisions	38	**113**	97
Other non-current liabilities	39	**258**	259
		5 390	6 220
Current liabilities			
Interest-bearing borrowings	32	**932**	1 373
Obligations under finance leases	34	**12**	9
Derivative financial instruments	35	**37**	38
Trade and other payables	40	**984**	958
Deferred revenue and income	37	**44**	34
Long-term incentive liabilities	25.4	**224**	52
Provisions	38	**253**	183
Other current liabilities	41	**400**	–
Current income tax liabilities		**39**	61
		2 925	2 708
Total liabilities		**8 315**	8 928
Total equity and liabilities		**17 430**	17 375

The notes on page 11 to page 58 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March

	Notes	Attributable to equity holders of the company							
		Ordinary share capital and premium Rm	Share-based payment reserve Rm	Surplus arising on change in control in joint venture Rm	Other reserves Rm	Retained earnings Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Balance at 1 April 2011		4 751	2	130	13	2 115	7 011	862	7 873
Total comprehensive income		–	–	–	22	1 717	1 739	131	1 870
Profit for the year		–	–	–	–	1 717	1 717	130	1 847
Cash flow hedges:									
Fair value losses during the year		–	–	–	(25)	–	(25)	–	(25)
Deferred tax on fair value losses		–	–	–	7	–	7	–	7
Close out of cash flow hedge		–	–	–	(2)	–	(2)	–	(2)
Currency translation adjustments		–	–	–	42	–	42	1	43
Shares issued to share trust	30	35	–	–	–	–	35	–	35
Shares issued by subsidiary taken up by non-controlling interests		–	–	–	–	–	–	20	20
Non-controlling interests arising on business combinations		–	–	–	–	–	–	7	7
Recognition of share-based payments		–	1	–	–	–	1	–	1
Repayment of non-controlling interests' equity loans		–	–	–	–	–	–	(1)	(1)
Treasury shares held by share trust	30	(32)	–	–	–	–	(32)	–	(32)
Acquisition of non-controlling interests		–	–	–	(265)	–	(265)	(245)	(510)
Shares issued by subsidiary as part of capitalisation issue		–	–	–	–	–	–	1	1
Ordinary dividends	17	–	–	–	–	(769)	(769)	(48)	(817)
Balance at 31 March 2012		4 754	3	130	(230)	3 063	7 720	727	8 447
Total comprehensive income		**–**	**–**	**–**	**47**	**1 629**	**1 676**	**125**	**1 801**
Profit for the year		**–**	**–**	**–**	**–**	**1 629**	**1 629**	**125**	**1 754**
Cash flow hedges:									
Fair value losses during the year		**–**	**–**	**–**	**(33)**	**–**	**(33)**	**–**	**(33)**
Deferred tax on fair value losses		**–**	**–**	**–**	**9**	**–**	**9**	**–**	**9**
Currency translation adjustments		**–**	**–**	**–**	**71**	**–**	**71**	**–**	**71**
Shares issued to share scheme participants	30	**15**	**–**	**–**	**–**	**–**	**15**	**–**	**15**
Share options lapsed		**(1)**	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Repayment of non-controlling interests' equity loans		**–**	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Obligation for subsidiary share buy-back scheme from non-controlling interests	41	**–**	**–**	**–**	**(400)**	**–**	**(400)**	**–**	**(400)**
Ordinary dividends	17	**–**	**–**	**–**	**–**	**(702)**	**(702)**	**(42)**	**(744)**
Balance at 31 March 2013		**4 768**	**3**	**130**	**(583)**	**3 990**	**8 308**	**807**	**9 115**

The notes on page 11 to page 58 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 March

	Notes	2013 Rm	2012 Rm
Cash flows from operating activities			
Cash generated from operations	42	**3 749**	3 396
Interest received		**46**	46
Finance costs paid		**(445)**	(501)
Income tax paid	43	**(842)**	(785)
Dividends paid to shareholders	44	**(702)**	(768)
Dividends paid to non-controlling interests		**(42)**	(48)
Dividends received		**3**	5
Net cash generated from operations		**1 767**	1 345
Cash flows from investment activities			
Purchase of property, plant and equipment		**(903)**	(692)
Advance payment for business acquisition		**(65)**	–
Proceeds from disposals of property, plant and equipment		**6**	10
Purchase of intangible assets		**(47)**	(44)
Purchase of investment property		**(7)**	–
Advance payment related to casino licences		**(116)**	–
Acquisition of subsidiaries, net of cash acquired		**–**	(278)
Acquisition of business	49	**(20)**	–
Loans repaid by/(advanced to) associates		**3**	(2)
Loans advanced to joint ventures		**(3)**	(7)
Other loans and investments repaid		**1**	14
Net cash utilised for investment activities		**(1 151)**	(999)
Cash flows from financing activities			
Borrowings raised		**782**	1 152
Borrowings repaid		**(1 071)**	(588)
Redemption of preference shares		**(1 000)**	–
Repayments of finance leases		**(8)**	(6)
Acquisition of non-controlling interests		**–**	(509)
Settlement of contingent consideration for Millennium acquisition		**(58)**	(24)
Loan repayments (to)/by non-controlling interests		**(3)**	98
Decrease/(increase) in amounts due by share scheme participants		**3**	(1)
Net cash (utilised in)/generated from financing activities		**(1 355)**	122
Net (decrease)/increase in cash and cash equivalents		**(739)**	468
Cash and cash equivalents at beginning of the year		**1 443**	956
Foreign currency translation		**46**	19
Cash and cash equivalents at end of the year	29	**750**	1 443

The notes on page 11 to page 58 form an integral part of these consolidated financial statements.

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 financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the South African Companies Act and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below. The term IFRS includes International Financial Reporting Standards ('IFRS'), International Accounting Standards ('IAS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') or the former Standing Interpretations Committee ('SIC'). The standards referred to are set by the International Accounting Standards Board ('IASB').

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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 has been identified as the group's board of directors. The board reviews the group's internal reporting in order to assess performance and allocate resources based on the reports reviewed by the group's board of directors at the board meetings which are used to make strategic decisions.

c) Basis of consolidation and business combinations

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

(i) Subsidiaries

Subsidiaries are entities controlled by the group, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities, regardless of whether this power is actually exercised. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Where the group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Increases in fair value of assets that occur on the group obtaining control, for nil consideration, of an entity previously accounted for as an associate or joint venture is transferred to a reserve called "Surplus arising on change in control".

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.

Control is presumed to exist when the group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

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.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group 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.

1. Accounting policies continued

c) Basis of consolidation and business combinations continued

(ii) Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Associates

Associates are entities over which the group has directly or indirectly significant influence but not control, generally accompanying a shareholding of 20% to 50%, where significant influence is the ability to influence the financial and operating policies of the entity. 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 investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition reserve movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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.

Some of the group's associates have different local statutory accounting reference dates. These are equity accounted using management prepared information on a basis coterminous with the group's accounting reference date. Where management prepared information is a different date from that of the group's, the group equity accounts that information but taking into account any changes in the subsequent period to 31 March that would materially affect the results.

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

(iv) Joint ventures

A joint venture is a company over which the group contractually shares control with one or more partners.

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

The group's share of its joint ventures' interest post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition reserve movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements are adjusted against the group's share of net assets of the joint venture. When the group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

1. Accounting policies continued

c) Basis of consolidation and business combinations continued

(iv) Joint ventures continued

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

(v) Goodwill

Goodwill arising on consolidation represents the excess of the costs of acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of separable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

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.

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.

d) Foreign currency translation

(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 SA Rand which is the group's presentation 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 balance sheet date with the resultant translation differences being credited or charged against income in the income statement. Translation differences on non-monetary assets such as equity investments classified as available-for-sale assets are included in other comprehensive income.

(iii) Foreign subsidiaries, associates and joint ventures – translation

One-off items in the income and cash flow statements of foreign subsidiaries, associates and joint ventures expressed in currencies other than the SA Rand are translated to SA 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 balance sheet 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 other comprehensive income. 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 other comprehensive income are reclassified in 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 closing rate.

e) Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Land and buildings comprise mainly hotels and casinos.

1. Accounting policies continued

e) Property, plant and equipment continued

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Assets held under finance leases

Assets held under finance leases which result in the group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet, classified, as appropriate, as a current or non-current liability. The interest element of the lease obligations is charged to profit or loss over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each financial period.

(iii) 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 as follows:

Freehold properties	20 – 50 years
Leasehold buildings	Shorter of the lease term or 50 years
Casino equipment	4 – 6 years*
Computer equipment and software	2 – 6 years*
Furniture, fittings and other equipment	3 – 15 years*
Vehicles	5 years*
Theme Park rides	6 – 26 years*

**These categories have been grouped together under "Plant and equipment" in note 18 – Property, plant and equipment*

(iv) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount of the asset.

(v) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

f) Intangible assets

Intangible assets are stated at cost less accumulated amortisation on a straight-line basis (if applicable) 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. Amortisation is included together with depreciation in the income statement.

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

Intangible assets with finite lives are amortised 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.

1. Accounting policies continued

f) Intangible assets continued

(i) Computer software

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

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

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

(ii) Casino licences and bid costs

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 (refer note c(v)). Casino licences having an expiry date are amortised over the exclusivity period of the respective licence.

Costs associated with unsuccessful casino licence applications are immediately impaired.

(iii) Trademarks

Trademarks are recognised initially at cost. Trademarks have definite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

g) Financial assets and financial liabilities

Financial assets are recognised when the group becomes a party to the contractual provisions of the respective instrument. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset.

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.

The group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial instruments at fair value through profit or loss are financial assets held for trading and/or designated by the entity upon initial recognition as 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.

1. Accounting policies continued

g) Financial assets and financial liabilities continued

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group does not hold any investments in this category.

(iii) Loans and receivables

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

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified as any of the above. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The group does not hold any material investments in this category.

Purchases and sales of investments are recognised on the date on which the group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and, together with transaction costs, are expensed in the income statement. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Gains or losses arising from changes in the fair value of the "financial assets at fair value though profit or loss" category are presented in the income statement within other operating expenses, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement as part of interest income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If there is no active market for a financial asset or for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arms-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.

h) Impairment of financial assets

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

1. Accounting policies continued

h) Impairment of financial assets continued

If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Impairment testing of trade receivables is described in note (l).

i) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, 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. Refer note (j) for the group's accounting policy on hedge accounting.

j) Hedge accounting

The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps and forward foreign exchange contracts. 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 value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedging relationship.

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

Certain derivatives are designated as either:

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

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

(iii) hedges of net investments in foreign operations (net investment hedge). The group does not hold any hedges in this category.

Certain derivative instruments, while providing effective economic hedges under the group's policies, are not designated as hedges. 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.

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. However, where a forecast transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in other comprehensive income are included in the initial cost of the asset or liability.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or when a hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within other operating expenses.

1. Accounting policies continued

k) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and where companies in the group occupy no or an insignificant portion, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the property. Subsequent costs are included in the property's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an owner-occupied property becomes an investment property, it is reclassified as investment property. Its carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

Investment property's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

No depreciation is provided on freehold land. In respect of buildings, depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each property over its expected useful life of 20 to 50 years.

l) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss as bad debts recovered.

m) Inventories

Inventories are valued at the lower of cost or net realisable value. Operating equipment (which includes gaming chips, uniforms, kitchen utensils, crockery, cutlery and linen) is recognised as an expense based on usage. Provision 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.

Net realisable value is the estimated selling price in the ordinary course of the business, less selling expenses.

n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

o) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (refer note (q)).

Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds and are included in the share premium account.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the company's equity holders. Company shares consolidated into the group as part of the Gold Reef Share Scheme are accounted for as treasury shares.

1. Accounting policies continued

p) Trade payables

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 balance sheet, depending on when the obligation to settle will be realised.

q) Borrowings and finance costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date, in which case they are classified as non-current liabilities.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The non-discretionary dividends on these preference shares are recognised in the income statement as finance costs.

Finance costs include all borrowing costs incurred on borrowing instruments together with related costs of debt facilities management. Such costs include facility commitment fees which are expensed in borrowing costs as incurred and facility raising fees which are amortised through borrowing costs over the life of the related facilities. Borrowing costs, other than borrowing costs capitalised (refer note 1e(v)), are recognised in the income statement in the period in which they are incurred.

r) Impairment

This policy covers all assets except goodwill (refer note c(v)), trade receivables (refer note (l)), inventories (refer note (m)), financial assets (refer note (h)), and deferred income tax assets (refer note (w)).

At each balance sheet date the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

s) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within finance costs.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

Provision is made for the potential jackpot payouts on slot machines 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 careers with the group. The actuarial valuation to determine the liability is performed annually.

t) Revenue recognition

(i) Hotel, gaming and Theme Park revenues

Revenue includes the fair value of income derived from hotel trading, restaurant revenues, Theme Park entrance fees, banqueting, parking revenues, ticket sales and other non net gaming win and hotel entertainment revenues. VAT on these revenue transactions is excluded from revenue. Revenue is recognised on the accrual basis.

1. Accounting policies continued

t) Revenue recognition continued

(ii) Customer reward programmes

Provision is made for the estimated liability arising from the issue of benefits under the group's customer reward programmes, based on the value of rewards earned by the programme members, and the expected utilisation of these rewards. The fair value attributed to these awards is deferred as a liability included in deferred revenue and income in the balance sheet, and released to profit or loss as the awards are redeemed.

(iii) Rental, royalty and management fee income

Rentals received, royalty income, which is included in other revenue, and management fee income are recognised on an accrual basis in accordance with the relevant agreements except rental income recognised on a straight-line basis.

(iv) 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 continues to unwind the discount as interest income.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established, and is included in other revenue.

u) Net gaming win

Net gaming win comprises the net table and slot machine win derived by casino operations from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from casino operations. Due to the short-term nature of the group's casino operations, all income is recognised in profit or loss immediately, at fair value.

In the casino industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. 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 customers. The group thus treats VAT and other taxes levied on casino winnings as direct costs as these are borne by the group and not customers, and have no effect on casino activities from the customers' perspective. These costs are included in net gaming win that is disclosed separately on the face of the income statement.

v) 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. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged or credited to the income statement on a straight-line basis over the period of the lease.

(ii) The group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

1. Accounting policies continued

w) 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 other comprehensive income, in which case it is recognised in other comprehensive income.

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 balance sheet date.

Deferred tax is provided in full using the 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 or loss.

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

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis.

x) Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

y) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension or provident plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For the defined contribution plans, the group pays contributions to both an in-house pension fund managed by company and employee nominated trustees and a public administered provident plan 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

The group operates 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 balance sheet in respect of the plan is the present value of the defined benefit obligation at the balance sheet 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 reference to current market yields on South African government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

- 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and
- 10% of the fair value of any plan assets at that date.

1. Accounting policies continued

y) Employee benefits continued

(ii) Other post-employment obligations continued

Past-service costs are recognised immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(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 the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

(iv) Bonus plans

The group recognises a provision and an expense for bonuses, 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. The group recognises the provision where an estimate can be made of the amount to be paid and it is contractually obliged to do so or there is a past practice that has created a constructive obligation and the directors are of the opinion that it is probable that such bonuses will be paid.

(v) Long-term incentives

The group has long-term incentive plans accounted for in terms of IFRS 2 *Share-based Payment* as cash-settled equity schemes for certain employees. Liabilities equal to the current fair market values of the plans are recognised at each balance sheet date. The moves in the fair values of these liabilities are expensed.

(vi) Share-based payments – Gold Reef Share Scheme

The group operates an equity-settled, share-based compensation plan. Options are granted to permanent employees at the discretion of the directors in terms of which shares in the company may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years. Shares acquired through the share incentive scheme have to be paid for by the employees at the subscription prices as determined in the option contracts.

On a group level the share scheme is consolidated. Upon vesting and exercise of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options and the options have vested.

The fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment directly to equity over the vesting period. This equity account is included in the share-based payment reserve of the company.

Fair value is measured at grant date using a modified binomial pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(vii) Goods or services settled in cash

Goods or services including employee services received in exchange for cash-settled share-based payments, are recognised at 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 balance sheet 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 balance sheet 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.

1. Accounting policies continued

y) Employee benefits continued

(vii) Goods or services settled in cash continued

The fair value of the long-term incentive plan liability is determined at each balance sheet date by reference to the company's share price. This is adjusted for management's best estimates 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 balance sheet date. These are classified as non-current liabilities.

(viii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the balance sheet date. This liability is included in "Trade and other payables" in the balance sheet.

(ix) Long-service awards

The group recognises a liability and an expense for long-service awards where cash is paid to employees at certain milestone dates in 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. This liability is included in "Provisions" in the balance sheet.

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.

a) Principles of critical accounting estimates and assumptions

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.

b) 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 1(c) and 1(f). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates as noted in note 19 and 20.

c) 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.

d) Business combinations

On the acquisition of a company or business, a determination of the fair value and the useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the group to change which could have a significant impact on the results and net position of the group.

3. New standards, interpretations and amendments to existing standards issued that are not yet effective:

a) The following 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 2013 or later periods, which the group has not early adopted:

IFRS 7 (Amendment) Financial Instruments: Disclosures – Revised – Asset and Liability Offsetting

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations. The new disclosures intend to facilitate comparison between entities using IFRS and US GAAP. The group will apply IFRS 7 (revised) from the annual period beginning 1 April 2013.

3. New standards, interpretations and amendments to existing standards issued that are not yet effective: continued

a) The following 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 2013 or later periods, which the group has not early adopted: continued

IFRS 9 Financial Instruments

New standards that form the first part of a three-part project to replace IAS39 *Financial Instruments: Recognition and Measurement* (effective for periods beginning on or after 1 January 2015) IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts. They require all financial assets to be:

- classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset;
- initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and
- subsequently measured at amortised cost or fair value.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The group is yet to assess the full impact of IFRS 9. The group will apply IFRS 9 from the annual period beginning 1 April 2015.

IFRS 10 Consolidated Financial Statements

- This new standard replaces the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess. The group has assessed its investments in its subsidiary companies in terms of the new standard and no change is expected in the manner that the group accounts for its investments in its subsidiaries. The group will apply IFRS 10 from the annual period beginning 1 April 2013.
- Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information. The group will apply this amendment to IFRS 10 from the annual period beginning 1 April 2013.
- IFRS 10's exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of "Investment Entities" must be accounted for at fair value under IFRS 9 *Financial Instruments*, or IAS 39 *Financial Instruments: Recognition and Measurement*. The group will apply this amendment to IFRS 10 from the annual period beginning 1 April 2014. The group has assessed its investments in its subsidiary companies in terms of the new standard and no change is expected in the manner that the group accounts for its investments in its subsidiaries.

IFRS 11 Joint Arrangements

- This new standard deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. This new standard requires a single method for accounting for interests in jointly controlled entities.
- Amendments have been made to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* limiting the requirements to provide adjusted comparative information.
  The group will apply IFRS 11 from the annual period beginning 1 April 2013. The group has assessed its investments in its joint ventures in terms of the new standard and no change is expected in the manner that the group accounts for its joint ventures.

IFRS 12 Disclosure of Interests in Other Entities

- This new and comprehensive standard deals with the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information.
  The group will apply IFRS 12 from the annual period beginning 1 April 2013.

IFRS 13 Fair Value Measurement

This new standard provides guidance on fair value measurement and disclosure requirements and aims to improve consistency and reduce complexity by providing a precise definition of fair value. Currently the group only has derivative instruments at fair value and does not expect the new standard will have a significant impact on the fair value measurement. The group will apply IFRS 13 from the annual period beginning 1 April 2013.

3. New standards, interpretations and amendments to existing standards issued that are not yet effective: continued

a) The following 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 2013 or later periods, which the group has not early adopted: continued

IAS 1 (Amendment) Presentation of Financial Statements

- The amendment has a new requirement to group together items within other changes in comprehensive income that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.
- A second amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* or voluntarily.
  The group will apply IAS 1 amended from the annual period beginning 1 April 2013.

IAS 16 (Amendment) Property, Plant and Equipment

This amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The group is currently in the process of identifying which assets are required to move to plant, property and equipment but does not expect this to have a material impact. The group will apply IAS 16 amended from the annual period beginning 1 April 2013.

IAS 19 (Amendment) Employee Benefits

The amendment is in respect of the accounting for current and future obligations resulting from the provision of defined benefit plans. The adoption of IAS 19 amendment is not expected to have a material effect on the consolidated results of operations or financial position of the group. The group will apply IAS 19 amended from the annual period beginning 1 April 2013.

IAS 27 (Amendment) Consolidated and Separate Financial Statements

- The revised standard clarifies the consequential amendments resulting from the issue of IFRS 10, 11 and 12 as mentioned above. The group is yet to assess the full impact of this amendment of IAS 27. The group will apply IAS 27 amended from the annual period beginning 1 April 2013.
- Requirement to account for interests in "Investment Entities" at fair value under IFRS 9 *Financial Instruments*, or IAS 39 *Financial Instruments: Recognition and Measurement*, in the separate financial statements of a parent. The group is yet to assess the full impact of this amendment of IAS 27. The group will apply IAS 27 amended from the annual period beginning 1 April 2014.

IAS 28 (Amendment) Investments in Associates

The revised standard clarifies the consequential amendments resulting from the issue of IFRS 10, 11 and 12 as mentioned above. The group will apply IAS 28 amended from the annual period beginning 1 April 2013. The group has assessed its investments in its associates in terms of the new standard and no change is expected in the manner that the group accounts for its associates.

IAS 32 (Amendment) Financial Instruments: Presentation

- The amendments require entities to disclose gross amounts subject to rights of set-off, amounts set-off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set-off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations. The group will apply IAS 32 amended from the annual period beginning 1 April 2014.
- *Annual Improvements 2009 – 2011 Cycle:* Amendments to clarify the tax effect of distribution to holders of equity instruments. The group is yet to assess the full impact of the amendment of IAS 32. The group will apply IAS 32 amended from the annual period beginning 1 April 2013.

IAS 34 (Amendment) Interim Financial Reporting

Annual Improvements 2009 – 2011 Cycle: Amendments to improve the disclosures of interim financial reporting and segment information for total assets and liabilities. The group will apply IAS 34 amended from the annual period beginning 1 April 2013.

b) There are no new interpretations applicable to the group.

Overall, the adoption of these standards and amendments is not expected to have a material effect on the consolidated results of operations or financial position of the group.

4. Financial risk management

4.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price 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.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The board provides 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 managed at an entity level for trade receivables.

a) Market risk

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

The group is subject to exposure on the translation of the foreign currency denominated net assets of subsidiaries, associates and joint ventures primarily with respect to the US Dollar and the Euro. The group seeks to mitigate this exposure, where cost effective, by securing 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 those entities is US Dollars and/or Euros, with no recourse to the South African operations. As a result, no forward cover contracts are required in respect of this debt. The group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries, associates and joint ventures.

Foreign exchange risk also arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency.

The group's treasury risk management policy is to hedge 100% of trade-related cross border purchases, primarily through the use of forward exchange contracts. No foreign currency exports exist within the group.

The following significant exchange rates against the SA Rand applied during the year:

	Average rate		**Reporting date closing rate**	
	2013	2012	**2013**	2012
	R	R	**R**	R
1 US Dollar is equivalent to	**8.56**	7.42	**9.24**	7.67
1 Euro is equivalent to	**11.03**	10.23	**11.82**	10.24

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit or loss by the amounts shown below due to foreign exchange gains or losses on foreign denominated trade receivables, cash and cash equivalents and trade payables recorded in the local currency of the foreign operations. This analysis assumes no hedging and that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2012.

	Profit/(Loss)	
	2013	2012
	Rm	Rm
Local currency:		
US Dollar	**17**	12
Euro	**7**	5
Other currencies	**2**	1

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.

4. Financial risk management continued

4.1 Financial risk factors continued

a) Market risk continued

(ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

The group's primary interest rate risk arises from long-term borrowings. It is exposed to a lesser extent to interest rate changes on redeemable preference shares and loans to non-controlling interests. 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.

The group's policy is to borrow in floating rates, having due regard that floating rates are generally lower than fixed rates in the medium term.

Group policy however requires that at least 25% of its net borrowings are to be in fixed rate instruments over a 12 month rolling period.

The group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps them into fixed rates in terms of group policy. 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.

As at 31 March 2013, 46% (2012: 46%) of consolidated gross borrowings were in fixed rates taking into account interest rate swaps. As at 31 March 2013, 56% (2012: 62%) of consolidated net borrowings were in fixed rates.

Fixed interest rate swaps ranged from 6.49% to 7.23% as at 31 March 2013 (2012: 6.49% to 8.77%) referenced against the three-month JIBAR of 5.125% at 31 March 2013 and 5.60% at 31 March 2012, as well as one-month JIBAR of 4.992% at 31 March 2013 and 5.485% at 31 March 2012.

Floating rate borrowings and preference share funding are linked/referenced to the prime lending rate, the money market deposit rate, the Rand Overnight Deposit Index or to either one-month or three-month JIBAR, the carrying amounts of which are as follows:

- linked to prime at 31 March 2013 – Rnil (2012: R1 000 million);
- linked to the money market deposit rate at 31 March 2013 – R32 million (2012: R32 million);
- linked to the Rand Overnight Deposit Index at 31 March 2013 – R400 million (2012: R453 million);
- linked to one-month JIBAR at 31 March 2013 – R1 070 million (2012: R1 589 million); and
- linked to three-month JIBAR at 31 March 2013 – R2 784 million (2012: R2 501 million).

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

	Carrying amount	
	2013 Rm	2012 Rm
Fixed rate instruments		
Financial assets	**–**	–
Financial liabilities	**(44)**	(52)
	(44)	(52)
Variable rate instruments		
Financial assets	**672**	1 368
Financial liabilities	**(4 286)**	(5 575)
	(3 614)	(4 207)

Cash flow sensitivity analysis for variable rate instruments:
A change of 100 basis points in interest rates would have increased/decreased pre-tax profit or loss by R16 million (2012: R17 million), including the effects of the interest rate swaps. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

(iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market

The group does not invest in listed securities and has no material available-for-sale financial assets, and therefore does not have any equity price risk. The group is also not exposed to commodity price risk.

4. Financial risk management continued

4.1 Financial risk factors continued

b) *Credit risk*

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

The group has no significant concentrations of credit risk. Overall credit risk is managed on a group basis with exposure to trade receivables 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 exposures to the group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only group audit and risk committee approved parties are accepted (on behalf of the board). The group has policies that limit the amount of credit exposure to any bank and financial institution. The group limits its exposure to banks and financial institutions by setting credit limits based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB by Standard & Poors and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, limits are set by the audit and risk committee on behalf of the board. The utilisation of credit limits is regularly monitored. To reduce credit exposure, the group has International Swaps and Derivatives Association Master Agreements with most of its counterparties for financial derivatives which permit net settlement of assets and liabilities in certain circumstances.

Trade receivables comprise a large, widespread customer base mostly in respect of the hotel, banqueting and conferencing business, and therefore the group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers having credit facilities. These reviews include evaluating previous relations the customer has had with the group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits are regularly monitored by reviewing the ageing analysis of these debtors on an ongoing basis. At 31 March 2013 no single customer was in debt in excess of 10% of the total trade receivables balance.

Credit limits exceeded during the year under review were closely monitored, and management does not expect any losses from non-performance by these counterparties.

Refer note 28 for further credit risk analysis in respect of trade and other receivables.

c) *Liquidity risk*

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset

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, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year for five years into the future in terms of the group's long-term planning process.

The group's policy is to ensure that it has flexible committed facilities available at all times in excess of 15% of flexible borrowings. At 31 March 2013 the group had 120% (2012: 59%) surplus flexible facilities, inclusive of available cash on deposit, above that of flexible borrowings.

	2013	2012
	Rm	Rm
Debt at 1 April	**(5 627)**	(5 110)
Net decrease/(increase) in debt during the year	**1 297**	(517)
Debt at 31 March	**(4 330)**	(5 627)
Credit facilities[(1)]	**7 951**	6 731
Headroom available	**3 621**	1 104

[(1)] *Includes funding facilities of R32 million (2012: R32 million) from non-controlling interests together with finance lease contracts, but excludes indirect facilities (letters of guarantees, forward exchange contracts and letters of credit). Prior year also included R1 billion preference share funding from Absa/RMB/Nedbank (2013: Rnil).*

The group sources its funding from a syndicate of three large South African banks thereby reducing liquidity concentration risk. The facilities comprise a mix of short, medium and long-term tenure, with utilisations and available facilities set out below:

	2013 facility			2012 facility		
	Total	**Utilisation**	**Available**	Total	Utilisation	Available
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
Demand facilities (overdrafts)	**205**	**–**	**205**	158	–	158
364-day notice facilities	**1 200**	**601**	**599**	1 200	1 053	147
Term facilities maturing 31 March 2014	**–**	**–**	**–**	1 000	1 000	–
Term facilities maturing 8 December 2016	**500**	**200**	**300**	500	–	500
Term facilities maturing 31 March 2018	**5 100**	**2 583**	**2 517**	2 800	2 501	299
Term facilities maturing 1 October 2018	**870**	**870**	**–**	989	989	–
Other term and non-controlling interests funding	**76**	**76**	**–**	84	84	–
	7 951	**4 330**	**3 621**	6 731	5 627	1 104

4. Financial risk management continued

4.1 Financial risk factors continued

c) *Liquidity risk* continued

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 balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Inclusive of capital and interest:	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
At 31 March 2013				
Bank borrowings	**1 185**	**572**	**3 410**	**99**
Non-controlling interests	**2**	**34**	**–**	**–**
Obligations under finance leases	**16**	**17**	**18**	**–**
Derivative financial instruments	**37**	**37**	**8**	**–**
Trade and other payables	**712**	**–**	**–**	**–**
Financial guarantee contracts	**32**	**–**	**–**	**–**
	1 984	**660**	**3 436**	**99**
At 31 March 2012				
Bank borrowings	1 628	562	1 606	1 909
Other non-current liabilities	58	–	–	–
Non-controlling interests	2	2	34	–
Redeemable preference share capital and premium	73	1 073	–	–
Obligations under finance leases	14	16	35	–
Derivative financial instruments	38	12	(3)	–
Trade and other payables	728	–	–	–
Financial guarantee contracts	30	–	–	–
	2 571	1 665	1 672	1 909

The table below analyses the group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Exclusive of interest:	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
At 31 March 2013				
Interest rate swaps – cash flow hedges:				
✤ outflow	**(37)**	**(37)**	**(22)**	**–**
✤ inflow	**–**	**–**	**14**	**–**
	(37)	**(37)**	**(8)**	**–**
At 31 March 2012				
Interest rate swaps – cash flow hedges:				
✤ outflow	(38)	(12)	–	–
✤ inflow	–	–	3	–
	(38)	(12)	3	–

Other than as described above, the group does not expect any cash outflows on financial liabilities to occur significantly earlier, or for significantly different amounts.

4. Financial risk management continued

4.2 Financial instruments by category

The table below reconciles the group's accounting categorisation of financial assets and liabilities (based on initial recognition) to the classes of assets and liabilities as shown on the face of the balance sheet:

	Loans and receivables Rm	Derivatives used for hedging Rm	Other financial liabilities at amortised cost Rm	Not categorised as a financial instrument Rm	Total Rm	Non-current Rm	Current Rm
At 31 March 2013							
Assets							
Investments in associates	**8**	**–**	**–**	**41**	**49**	**49**	**–**
Investments in joint ventures	**–**	**–**	**–**	**122**	**122**	**122**	**–**
Non-current receivables	**25**	**–**	**–**	**24**	**49**	**49**	**–**
Trade and other receivables	**541**	**–**	**–**	**92**	**633**	**–**	**633**
Cash and cash equivalents	**750**	**–**	**–**	**–**	**750**	**–**	**750**
Liabilities							
Interest-bearing borrowings	**–**	**–**	**4 286**	**–**	**4 286**	**3 354**	**932**
Obligations under finance leases	**–**	**–**	**44**	**–**	**44**	**32**	**12**
Derivative financial instruments	**–**	**82**	**–**	**–**	**82**	**45**	**37**
Trade and other payables	**–**	**–**	**726**	**258**	**984**	**–**	**984**
Deferred income	**–**	**–**	**21**	**–**	**21**	**–**	**21**
Other current liabilities	**–**	**–**	**400**	**–**	**400**	**–**	**400**
At 31 March 2012							
Assets							
Investments in associates	9	–	–	39	48	48	–
Investments in joint ventures	–	–	–	122	122	122	–
Non-current receivables	22	–	–	32	54	54	–
Trade and other receivables	309	–	–	98	407	–	407
Cash and cash equivalents	1 443	–	–	–	1 443	–	1 443
Liabilities							
Interest-bearing borrowings	–	–	4 575	–	4 575	3 202	1 373
Redeemable preference share capital and premium	–	–	1 000	–	1 000	1 000	–
Obligations under finance leases	–	–	52	–	52	43	9
Derivative financial instruments	–	47	–	–	47	9	38
Deferred income	–	–	14	–	14	–	14
Trade and other payables	–	–	739	219	958	–	958

4.3 Capital risk management

The group's objectives when managing capital are to safeguard the group's 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, share premium, revenue reserves and other reserves as disclosed in the balance sheet. Debt funding comprises loans from shareholders and banking institutions.

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 the cash flow profile of the group and are measured through applicable ratios such as net debt to Ebitdar and interest cover which ratios were complied with throughout the year. These ratios provide a framework within which the group's capital base is managed. The group's current utilisation of debt facilities is shown in note 4.1(c) above.

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.

During 2013 the group's strategy was to ensure that net debt[1] was no more than 2.2 times (2012: 2.2 times) Ebitdar and that Ebitdar covers net interest by at least 3.0 times (2012: 3.0 times). Ebitdar, being the driver of profitability and equity contributor, is the critical measurement criteria used to manage debt and capital levels. No debt covenants over external borrowings were breached during the year under review.

4. Financial risk management continued

4.3 Capital risk management continued

	2013 Rm	2012 Rm
Total borrowings[1]	**4 330**	5 627
Less: Cash and cash equivalents	**(750)**	(1 443)
Net debt	**3 580**	4 184
Ebitdar	**3 888**	3 501
Net debt[1]/Ebitdar (times)	**0.9**	1.2
Interest cover[2] (times)	**8.7**	8.3

[1] *Net debt – prior year included bank preference share funding of R1 billion (2013: Rnil)*

[2] *Interest cover = Ebitdar divided by net finance costs per the income statement*

Apart from the external debt borrowings covenants, neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

4.4 Fair value estimation

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 a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

	2013 Rm	2012 Rm
Fair value measurement using level 2 observable inputs:		
Derivative financial instrument – liability (net)	**82**	47

The group has no other financial assets or liabilities measured at fair value.

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The group had no outstanding forward foreign exchange contracts at 31 March 2013 and 2012. The carrying value less impairment provision of trade receivables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

All interest rates are market-related in terms of the group's current credit rating with financial institutions.

5. Reconciliation of earnings attributable to equity holders of the company to headline earnings and adjusted earnings

	2013 Rm Gross	2013 Rm Net[1]	2012 Rm Gross	2012 Rm Net[1]
Earnings attributable to equity holders of the company		**1 629**		1 717
Gain on disposal of property, plant and equipment	**(1)**	**(1)**	(3)	(2)
Impairment of property, plant and equipment	**9**	**9**	–	–
Impairment of goodwill	**16**	**16**	–	–
Impairment of investment in joint venture	**–**	**–**	2	2
Fair value gain on revaluation of previously held interest in associate	**–**	**–**	(179)	(179)
Headline earnings		**1 653**		1 538
Impairment of financial instruments, net of recoveries	**4**	**4**	43	43
Pre-opening expenses	**6**	**4**	–	–
Transaction costs	**6**	**6**	–	–
Restructuring costs	**12**	**9**	–	–
Settlement fee received on termination of management contract	**(33)**	**(27)**	–	–
Write-back of contingent purchase consideration	**–**	**–**	(248)	(248)
Adjusted headline earnings[2]		**1 649**		1 333
Number of shares in issue (million)		**1 098**		1 097
Weighted number of shares in issue (million)		**1 097**		1 097
Basic and diluted earnings per share (cents)		**148.5**		156.5
Basic and diluted headline earnings per share (cents)		**150.7**		140.2
Basic and diluted adjusted headline earnings per share (cents)		**150.3**		121.5

[1] *Net of tax and non-controlling interests*

[2] *Adjusted headline earnings are defined as earnings attributable to equity holders of the company adjusted for after tax exceptional items (including headline adjustments) that are regarded as sufficiently material and unusual that they would distort the numbers if they were not adjusted*

6. Reconciliation of operating profit to Ebitdar

	2013 Rm	2012 Rm
Group Ebitdar pre-exceptional items is made up as follows:		
Operating profit	**2 834**	3 018
Add:		
Property rentals	**193**	190
Amortisation and depreciation	**608**	623
Long-term incentive expense	**234**	55
	3 869	3 886
Add/(less): Exceptional losses/(profits)	**19**	(385)
Gain on disposal of property, plant and equipment	**(1)**	(3)
Settlement fee received on termination of management contract	**(33)**	–
Impairment of financial instruments	**4**	43
Pre-opening expenses	**6**	–
Transaction costs	**6**	–
Impairment of property, plant and equipment	**9**	–
Restructuring costs	**12**	–
Impairment of goodwill	**16**	–
Impairment of investment in joint venture	**–**	2
Fair value gain on revaluation of previously held interest in associate	**–**	(179)
Write-back of contingent purchase consideration	**–**	(248)
Ebitdar	**3 888**	3 501

7. Segmental analysis

In terms of IFRS 8 *Operating Segments* the chief operating decision-maker has been identified as the group's board of directors. The board reviews the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the group's board of directors at the board meetings which are used to make strategic decisions.

The board considers the business from both a business type and geographical basis, being hotels and gaming. All gaming segments and the South African hotels division conduct business in South Africa, with the offshore hotels division operating in other African countries, the Middle East and the Seychelles. Other gaming operations consist mainly of the Sandton Convention Centre, the StayEasy Century hotel and head office costs. The corporate segment includes the treasury and management function of the group, together with the group's captive insurance operations.

Although the offshore hotels segment does not meet the quantitative thresholds of IFRS 8, management has concluded that the segment should be reported as it has a different risk and reward profile. It is closely monitored as it is expected to materially contribute to group revenue in the future.

The reportable segments derive their revenue and income from hotel and gaming operations.

The group's board of directors assesses the performance of the operating segments based on Ebitdar. The measure excludes the effects of long-term incentives and the effects of non-recurring expenditure. The measure also excludes all headline adjustments, impairments and fair value adjustments on non-current assets and liabilities. Interest income and finance costs are not included in the result for each operating segment as this is driven by the group treasury function which manages the cash and debt position of the group.

All revenue and income from gaming and hotel operations shown below is derived from external customers. No one customer contributes more than 10% to the group's total revenue.

7. Segmental analysis continued

	Income		Ebitdar(1)(2)		Ebitdar margin		Amortisation and depreciation	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	Rm	Rm	**Rm**	Rm	**%**	%	**Rm**	Rm
Montecasino	**2 266**	2 107	**1 026**	901	**45.3**	42.8	**83**	86
Suncoast	**1 440**	1 313	**692**	634	**48.1**	48.3	**102**	98
Gold Reef City	**1 218**	1 162	**479**	462	**39.3**	39.8	**74**	85
Silverstar	**602**	557	**237**	207	**39.4**	37.2	**49**	53
The Ridge	**387**	357	**187**	171	**48.3**	47.9	**26**	26
Emnotweni	**319**	292	**147**	130	**46.1**	44.5	**14**	17
Golden Horse	**303**	287	**150**	144	**49.5**	50.2	**30**	32
Hemingways	**303**	285	**125**	122	**41.3**	42.8	**22**	19
Garden Route	**173**	155	**76**	70	**43.9**	45.2	**13**	13
Goldfields	**136**	131	**60**	59	**44.1**	45.0	**9**	11
Blackrock	**135**	123	**53**	48	**39.3**	39.0	**7**	12
Mykonos	**134**	120	**59**	52	**44.0**	43.3	**7**	8
The Caledon	**128**	123	**32**	36	**25.0**	29.3	**6**	8
Other gaming operations	**104**	101	**(185)**	(150)			**11**	11
Total gaming operations	**7 648**	7 113	**3 138**	2 886	**41.0**	40.6	**453**	479
South African hotels division(3)	**1 937**	1 625	**615**	512	**31.8**	31.5	**139**	129
Offshore hotels division	**361**	324	**130**	101	**36.0**	31.2	**14**	12
Pre-foreign exchange gains			***93***	*88*	***25.8***	*27.2*		
Foreign exchange gains			***37***	*13*				
Corporate	**(36)**	(31)	**5**	2			**2**	3
Group	**9 910**	9 031	**3 888**	3 501	**39.2**	38.8	**608**	623

(1) *Refer note 6*
(2) *All casino units are reported pre-internal gaming management fees*
(3) *Includes R39 million (2012: R31 million) intergroup management fees*

The segments' investments in associates and joint ventures and capital expenditure for the year ended 31 March are as follows:

	Associates and joint ventures		Capital expenditure	
	2013	2012	**2013**	2012
	Rm	Rm	**Rm**	Rm
Gaming operations	**49**	48	**771**	396
South African hotels division	**–**	–	**207**	317
Offshore hotels division	**122**	122	**10**	23
Corporate	**–**	–	**3**	1
Group	**171**	170	**991**	737

8. Other revenue

	2013	2012
	Rm	Rm
Management fees earned	**81**	83
Theme Park revenue	**96**	82
Sandton Convention Centre revenue	**68**	65
Rentals received	**165**	149
Other revenue	**192**	174
	602	553

9. Gaming levies and VAT

	2013	2012
	Rm	Rm
Gaming levies	**605**	558
VAT	**736**	690
	1 341	1 248

10. Property and equipment rentals

	2013	2012
	Rm	Rm
Properties	**193**	190
Plant, vehicles and equipment	**65**	49
	258	239

11. Amortisation and depreciation

	2013 Rm	2012 Rm
Amortisation of intangible assets		
Casino licences and bid costs	**13**	15
Trademark	**1**	1
Computer software	**30**	37
	44	53
Depreciation		
Owned assets		
Properties	**89**	87
Plant, vehicles and equipment	**466**	471
	555	558
Leased assets		
Properties	**9**	12
Total depreciation	**564**	570
Total amortisation and depreciation	**608**	623

12. Employee costs

	2013 Rm	2012 Rm
Employee costs (including directors' remuneration):		
Salaries and wages	**2 135**	1 934
Pension – defined contribution plans	**141**	126
Other post-retirement benefits – medical aid	**–**	1
Long-term incentive expense – cash-settled	**234**	54
Long-term incentive expense – equity-settled	**–**	1
	2 510	2 116

13. Other operating expenses

	2013 Rm	2012 Rm
Other operating expenses comprise the following:		
Auditors' remuneration	**25**	23
Audit fees – current year	**23**	22
Tax services	**1**	–
Other services and expenses	**1**	1
Administration fees	**–**	1
Advertising, marketing and promotional costs	**375**	359
External consultants	**38**	30
Food and beverage costs and operating equipment usage	**352**	285
Impairment charge for bad and doubtful debts	**5**	9
Information technology related costs	**109**	26
Net foreign exchange gains	**(35)**	(13)
Property costs – rates, water and electricity	**413**	361
Repairs and maintenance expenditure on property, plant and equipment	**266**	288
Rooms departmental expenses	**176**	130
Security and surveillance costs	**122**	98
Other operating expenses	**494**	575
Gain on disposal of property, plant and equipment	**(1)**	(3)
Impairment of property, plant and equipment	**9**	–
Impairment of investment in joint venture	**–**	2
Impairment of goodwill	**16**	–
Impairment of financial instruments	**5**	43
Reversal of impairment of financial instruments	**(1)**	–
Settlement fee received on termination of management contract	**(33)**	–
Fair value gain on revaluation of previously held interest in associate	**–**	(179)
Write-back of contingent purchase consideration	**–**	(248)
Restructuring costs	**12**	–
Transaction costs	**6**	–
Pre-opening expenses	**6**	–
	2 359	1 787

14. Interest income

	2013 Rm	2012 Rm
Interest income on loans to associates	**4**	–
Interest received from banks and collective investment institutions	**38**	42
Interest received from non-controlling interests	**–**	6
Interest income – other	**3**	1
	45	49

15. Finance costs

	2013 Rm	2012 Rm
Finance costs in respect of interest-bearing debt	**400**	364
Preference dividends	**27**	70
Interest on finance leases	**6**	7
Finance costs – other	**–**	28
Less: Interest capitalised at an average capitalisation rate of 5.88%[1] (2012: nil)	**(3)**	–
	430	469

[1] *Rate in respect of non-controlling interests' loans*

16. Income tax expense

	2013 Rm	2012 Rm
Current tax – current year charge	**780**	651
Current tax – underprovision prior year	**43**	7
Deferred tax – current year (credit)/charge	**(92)**	8
Deferred tax – (over)/underprovision prior year	**(35)**	7
Withholding taxes	**5**	6
STC	**–**	82
	701	761

	2013		2012	
	Rm	%	Rm	%
Income tax rate reconciliation				
Profit before income tax and share of profit of associates and joint ventures	**2 449**		2 598	
Income tax thereon at 28% (2012: 28%)	**686**	**28.0**	727	28.0
Disallowed expenditure	**25**	**1.0**	64	2.5
Exempt income	**–**	**–**	(123)	(4.7)
Prior year charges (net)	**8**	**0.3**	14	0.5
Withholding taxes	**5**	**0.2**	6	0.2
STC	**–**	**–**	82	3.2
Tax on imputed income	**–**	**–**	1	–
Foreign tax rate differential	**(23)**	**(0.9)**	(10)	(0.4)
	701	**28.6**	761	29.3

17. Dividends declared

	2013 Rm	2012 Rm
Final dividend	**439**	548
Interim dividend	**263**	221
	702	769
Final dividend declared on	**17 May 2012**	19 May 2011
Final dividend paid on	**11 June 2012**	13 June 2011
Final dividend cents per share	**40.0 cents**	50.0 cents
Interim dividend declared on	**19 November 2012**	17 November 2011
Interim dividend paid on	**18 December 2012**	12 December 2011
Interim dividend cents per share	**24.0 cents**	20.0 cents

18. Property, plant and equipment

	Land and buildings Rm	Leased land and buildings Rm	Properties under construction Rm	Plant and equipment Rm	Total Rm
2013					
Net book amount at 1 April 2012	**6 193**	**456**	**101**	**1 818**	**8 568**
Additions	**101**	**1**	**358**	**480**	**940**
Acquisition of business	**20**	**–**	**–**	**–**	**20**
Capitalisation of borrowing costs	**3**	**–**	**–**	**–**	**3**
Disposals	**–**	**–**	**–**	**(16)**	**(16)**
Depreciation charge	**(89)**	**(9)**	**–**	**(466)**	**(564)**
Impairments	**(7)**	**–**	**–**	**(2)**	**(9)**
Transfers	**15**	**160**	**(355)**	**180**	**–**
Currency translation	**48**	**–**	**–**	**14**	**62**
Net book amount at 31 March 2013	**6 284**	**608**	**104**	**2 008**	**9 004**
Cost	**7 102**	**793**	**104**	**3 906**	**11 905**
Accumulated depreciation	**(818)**	**(185)**	**–**	**(1 898)**	**(2 901)**
Net book amount at 31 March 2013	**6 284**	**608**	**104**	**2 008**	**9 004**
2012					
Net book amount at 1 April 2011	5 685	483	36	1 895	8 099
Additions	258	1	163	271	693
Subsidiary previously accounted for as an associate	283	–	–	40	323
Disposals	–	–	–	(10)	(10)
Depreciation charge	(87)	(12)	–	(471)	(570)
Transfers	28	(16)	(98)	85	(1)
Currency translation	26	–	–	8	34
Net book amount at 31 March 2012	6 193	456	101	1 818	8 568
Cost	6 922	631	101	3 457	11 111
Accumulated depreciation	(729)	(175)	–	(1 639)	(2 543)
Net book amount at 31 March 2012	6 193	456	101	1 818	8 568

The group reassessed the useful lives of property, plant and equipment during the year. The impact on depreciation for the year was a credit of R29 million (2012: credit of R18 million). The group also reassessed the residual values of buildings during the year. The impact on depreciation for the year was a credit of R16 million (2012: Rnil).

The Emnotweni Arena, with a book value of R9 million, was demolished in October 2012 to make way for new facilities. This resulted in an impairment of the carrying amount during the year.

Bank borrowings (refer note 32) are secured over the following assets:	**2013 Net book amount Rm**	2012 Net book amount Rm
Land and buildings	**3 514**	3 501
Plant and equipment	**1 169**	1 116
	4 683	4 617

Refer note 34 for details of assets held under finance leases.

19. Goodwill

	2013 Rm	2012 Rm
At 1 April	**2 109**	1 856
Arising on acquisition of subsidiaries	**–**	253
Impairment	**(16)**	–
At 31 March	**2 093**	2 109

Goodwill is allocated and monitored based on the group's CGUs identified according to business segments as referred to in the segment analysis in note 7. An operating segment-level summary of the goodwill allocation is presented below:

	2013 Rm	2012 Rm
Montecasino	**260**	260
Suncoast	**890**	890
Gold Reef City	**136**	136
Silverstar	**85**	85
Golden Horse	**43**	43
Garden Route	**19**	19
Goldfields	**20**	20
Blackrock	**94**	94
Mykonos	**17**	17
The Caledon	**175**	175
South African hotels	**347**	347
Offshore hotels	**7**	23
	2 093	2 109

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and five year forecasts approved by the board of directors.

The key assumptions used for value in use calculations are as follows:

Ebitdar margin – Management determined budgeted gross Ebitdar margin based on past performance and its expectations of market development.

Long-term growth rate – Cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount.

Discount rate – The discount rate is calculated by using both a weighted average cost of capital ('WACC') and the cost of debt ('COD') of the respective segments. WACC is calculated using a bond risk free rate and an equity premium adjusted for specific risks relating to the relevant operating segments. COD is calculated by using the actual cost of borrowings. These two rates are then apportioned on a debt to equity ratio for each respective segment.

The following assumptions have been used for the analysis of the CGUs within the operating segments:

	2013			2012		
	Ebitdar margin %	**Long-term growth rate %**	**Discount rate pre-tax %**	Ebitdar margin %	Long-term growth rate %	Discount rate pre-tax %
Montecasino	**36.6**	**6.0**	**11.1**	34.4	6.0	11.6
Suncoast	**40.2**	**6.0**	**11.1**	40.5	6.0	11.6
Gold Reef City	**33.2**	**6.0**	**11.1**	30.4	6.0	11.6
Silverstar	**39.6**	**6.0**	**11.1**	37.4	6.0	11.6
Other gaming operations[1]	**37.0**	**6.0**	**11.1**	34.0	6.0	11.6
South African hotels	**31.8**	**6.0**	**11.6**	31.5	6.0	10.0
Offshore hotels	**25.8**	**6.0**	**11.6**	27.2	6.0	10.0

Based on the above calculations, the group has impaired goodwill of R16 million. This is due to the early termination of hotel management contracts over two offshore managed properties. A settlement fee of R33 million was received by the group on the early termination.

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause an impairment loss in any of the group's CGUs. Other than as mentioned above, the group has not identified any impairments for any of the balance of the CGUs.

[1] *Includes the balance of the group's casinos which have an allocation of goodwill*

20. Other intangible assets

	Casino licences and bid costs Rm	Computer software Rm	Trademarks Rm	Total Rm
2013				
Net book amount at 1 April 2012	**4 158**	**66**	**9**	**4 233**
Additions	**37**	**11**	**–**	**48**
Amortisation charge	**(13)**	**(30)**	**(1)**	**(44)**
Net book amount at 31 March 2013	**4 182**	**47**	**8**	**4 237**
Cost	**4 332**	**246**	**12**	**4 590**
Accumulated amortisation	**(150)**	**(199)**	**(4)**	**(353)**
Net book amount at 31 March 2013	**4 182**	**47**	**8**	**4 237**
Remaining lives of intangible assets	**13 years to indefinite**	**1 – 10 years**	**18 years**	
2012				
Net book amount at 1 April 2011	4 124	87	10	4 221
Additions	29	15	–	44
Fair value of shares issued by subsidiary to non-controlling interests	20	–	–	20
Transfers	–	1	–	1
Amortisation charge	(15)	(37)	(1)	(53)
Net book amount at 31 March 2012	4 158	66	9	4 233
Cost	4 295	241	12	4 548
Accumulated amortisation	(137)	(175)	(3)	(315)
Net book amount at 31 March 2012	4 158	66	9	4 233
Remaining lives of intangible assets	15 years to indefinite	1 – 10 years	19 years	

Casino licences that do not have an expiry date are considered to have an indefinite life, are not amortised and are tested annually for impairment on the same basis as goodwill (refer note 1c(v)). Refer note 19 for assumptions used in impairment testing. Casino licences having an expiry date are amortised over the exclusivity period of the respective licence.

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

Casino licences and related bid costs are made up as follows:	2013 Rm	2012 Rm
Indefinite lives:		
Gold Reef City[(1)]	**1 725**	1 725
Silverstar[(1)]	**1 072**	1 072
Golden Horse[(1)]	**554**	554
Garden Route[(1)]	**252**	252
Goldfields[(1)]	**258**	258
Mykonos[(1)]	**214**	214
Montecasino[(2)]	**34**	–
Definite lives:		
Hemingways	**52**	57
Suncoast	**18**	26
Work in progress	**3**	–
	4 182	4 158

[(1)] *Relate to the casinos on the reverse acquisition of Gold Reef during the year ended 31 March 2011*
[(2)] *During the year under review 340 additional gaming positions were recognised for the benefit of Montecasino*

Bank borrowings (refer note 32) are secured over the following intangible assets:	2013 Net book amount Rm	2012 Net book amount Rm
Trademarks	**8**	9
Computer software	**18**	30
	26	39

21. Investments in associates

	2013 Rm	2012 Rm
Unlisted		
At 1 April	**48**	116
Fair value gain on revaluation of previously held interest in associate	**–**	179
Associate now accounted for as subsidiary	**–**	(239)
Impairment of associate	**–**	(18)
Loans granted	**3**	2
Loan repayments	**(3)**	–
Impairment of loan to associate	**(2)**	–
Share of profit after tax and non-controlling interests of associates	**6**	13
Dividends received	**(3)**	(5)
At 31 March	**49**	48
Capital		
Monte Cinemas (Pty) Limited	**25**	25
TMCTS Management Company (Pty) Limited	**13**	11
Three Groups Cinemas (Pty) Limited	**3**	3
Lukhanji Leisure (Pty) Limited	**–**	–
Richtrau 292 (Pty) Limited	**–**	–
	41	39
Loans		
TMCTS Management Company (Pty) Limited	**–**	1
Lukhanji Leisure (Pty) Limited	**–**	–
Richtrau 292 (Pty) Limited	**8**	8
	8	9
Total investment	**49**	48
The group's interest in its principal associates was as follows:		
Total assets	**187**	192
Total liabilities	**(215)**	(219)
Net liabilities	**(28)**	(27)

The group has the following interests in its principal associates, all of which are incorporated in South Africa:

- 49% in Monte Cinemas (Pty) Limited;
- 50% in TMCTS Management Company (Pty) Limited. The prior year loan to TMCTS Management Company (Pty) Limited was unsecured, interest free and had no fixed terms of repayment. This loan was repaid during the year under review.
- 25% in Three Groups Cinemas (Pty) Limited;
- 25.1% in Lukhanji Leisure (Pty) Limited. The loan to Lukhanji Leisure (Pty) Limited bears interest at prime plus 1%. The group has subordinated this loan for the benefit of other creditors, limited to an amount of R33 million (2012: R31 million). The group has provided security for all Lukhanji Leisure (Pty) Limited borrowing's obligations in favour of Investec Limited to a capital amount of R18 million, plus interest and costs. The loan has been fully impaired due to the associate's continuing trading losses and it is not considered to be immediately recoverable.
- 25% in Richtrau 292 (Pty) Limited. The loan to Richtrau 292 (Pty) Limited is secured by a notarial bond registered over the assets of Richtrau 292 (Pty) Limited in favour of the group, is interest free and has no fixed terms of repayment. The loan is not considered to be impaired.

Associates are equity accounted using management prepared information on a basis coterminous with the group's accounting reference date.

Summarised financial information for associates for total assets, total liabilities, revenue and profit or loss on a 100% basis is shown below:

	2013 Rm	2012 Rm
Assets	**188**	192
Liabilities	**(217)**	(219)
Income	**193**	250
Profit	**4**	22
The group's share of associates' unrecognised losses – year under review	**(1)**	(3)
The group's share of associates' unrecognised losses – cumulative	**(4)**	(3)

22. Investments in joint ventures

	2013 Rm	2012 Rm
Unlisted		
At 1 April	**122**	133
Loans granted	**4**	7
Loans repaid	**(1)**	–
Impairment of joint venture	**(3)**	(15)
Share of loss after tax and non-controlling interests of joint ventures	**–**	(3)
At 31 March	**122**	122
Capital		
United Resorts and Hotels Limited	**122**	122
Indol (Pty) Limited	**–**	–
	122	122
Loan		
Indol (Pty) Limited	**–**	–
	–	–
Total investment	**122**	122

The group has the following significant interests in joint ventures:

- 50% in United Resorts and Hotels Limited, a hotel company established in Seychelles, and
- 50% in Indol (Pty) Limited, a gaming and leisure company established in Botswana.

The investment of R2 million (2012: R2 million) in Indol (Pty) Limited and loan to this joint venture of R16 million (2012: R13 million), which is interest free, have been fully impaired. It is not considered to be immediately recoverable as the awarding of the casino licence is unlikely. An agreement for the sale of the group's 50% interest in Indol (Pty) Limited was signed on 24 April 2013 for Botswana Pula 1. As the investment and loan have been fully impaired no further losses are to be incurred. The investment in United Resorts and Hotels Limited is not impaired. The group does not hold any collateral as security.

The following total assets and liabilities of joint ventures are not included in the group's financial statements as the group accounts for its investments in joint ventures on an equity basis:

	2013 Rm	2012 Rm
Non-current assets	**208**	148
Current assets	**67**	40
Non-current liabilities	**(71)**	(43)
Current liabilities	**(54)**	(37)
The group's share of its joint ventures' losses for the year:		
Income	**46**	36
Less: Expenses	**(52)**	(39)
Net loss	**(6)**	(3)

23. Non-current receivables

	2013 Rm	2012 Rm
At amortised cost		
Financial instruments		
Loan to the Central Bank of Seychelles	**2**	3
Loan to development fund	**–**	1
Loan to small, medium and micro enterprise ('SMME')	**1**	–
Loan to JIA Piazzapark (Pty) Limited	**2**	2
Prepayments	**22**	19
Less: Provision for impairment in respect of the loan to the Central Bank of Seychelles	**(2)**	(3)
	25	22
Non-financial instruments		
Prepayments	**24**	32
	49	54

The loan to the Central Bank of Seychelles was renegotiated in 2011 whereby interest on the loan was waived and new repayment terms agreed. An impairment of R3 million was raised in respect of this loan. A repayment of R1 million was received during the current year in terms of the revised contract terms.

The loan to the SMME bears interest at prime less 1%, is unsecured and is repayable in 48 monthly instalments commencing six months after the advance date.

23. Non-current receivables continued

The loan to JIA Piazzapark (Pty) Limited comprises a working capital loan to an unlisted company bearing interest at the RSA 153 rate plus 2% payable quarterly. The loan is to be repaid on expiry of a management agreement by mutual agreement of the parties concerned.

Prepayments comprise mainly prepaid rental on a subsidiary of the group's property lease which is amortised over the period of the lease (this is considered refundable), and borrowing costs which include all finance costs incurred on borrowing instruments together with related costs of debt raisings and facilities management that are amortised through borrowing costs over the life of the related facilities.

The maximum exposure to credit risk at the reporting date is the fair value of the loans classified as non-current receivables. The group does not hold any collateral as security other than as shown above.

Other than as shown above, there were no disposals or impairment provisions in respect of non-current receivable assets in 2013 or 2012.

Non-current receivable assets are denominated in the following currencies:	**2013 Rm**	2012 Rm
SA Rand	**21**	35
US Dollar	**28**	19
	49	54

24. Deferred income tax

	2013 Rm	2012 Rm
The gross movements on the deferred income tax account are as follows:		
Net deferred tax liability at 1 April	**1 403**	1 347
Acquisition of subsidiaries	**–**	48
Income statement (credit)/charge	**(127)**	15
Deferred tax on cash flow hedge through other comprehensive income	**(9)**	(7)
Net deferred tax liability at 31 March	**1 267**	1 403

The movement in deferred tax assets and liabilities during the year, without offsetting balances of entities within the group, is as follows:

	Accelerated tax allowances Rm	Other assets Rm	Provisions and accruals Rm	Deferred revenue Rm	Tax losses Rm	Fair value gains Rm	Total Rm
Deferred tax liabilities							
Deferred tax liability at 1 April 2011	1 441	19	6	(6)	10	–	1 470
Acquisition of subsidiaries	48	–	–	–	–	–	48
Income statement charge	7	89	(96)	1	2	–	3
Deferred tax asset on cash flow hedges through other comprehensive income	–	–	–	–	–	(4)	(4)
Deferred tax liability at 31 March 2012	1 496	108	(90)	(5)	12	(4)	1 517
Income statement credit	**67**	**(80)**	**(53)**	**1**	**(1)**	**–**	**(66)**
Deferred tax asset on cash flow hedges through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Deferred tax liability at 31 March 2013	**1 563**	**28**	**(143)**	**(4)**	**11**	**(9)**	**1 446**
Deferred tax assets							
Deferred tax asset at 1 April 2011	(42)	6	118	5	31	5	123
Income statement charge	(3)	(1)	5	–	(13)	–	(12)
Deferred tax asset on cash flow hedges through other comprehensive income	–	–	–	–	–	3	3
Deferred tax asset at 31 March 2012	(45)	5	123	5	18	8	114
Income statement credit	**(18)**	**4**	**79**	**–**	**(4)**	**–**	**61**
Deferred tax asset on cash flow hedges through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**4**	**4**
Deferred tax asset at 31 March 2013	**(63)**	**9**	**202**	**5**	**14**	**12**	**179**
Total net deferred tax liability/(asset)	**1 626**	**19**	**(345)**	**(9)**	**(3)**	**(21)**	**1 267**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax is provided on the full estimated tax loss of the group of R10 million (2012: R25 million) mainly incurred by Southern Sun Hotels (Tanzania) Limited.

25. Long-term incentive plans

The group operates various long-term incentive plans as follows:

25.1 Equity-settled – Gold Reef Share Scheme

	2013 Rm	2012 Rm
Amounts due by share scheme participants	**30**	19

The group operates an equity-settled, share-based compensation plan established in September 1999 which arose on acquisition of subsidiaries. Options over the company's shares were granted to permanent employees at the discretion of the directors in terms of which shares in the company may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years. Shares acquired through the share scheme have to be paid for by the employees at the subscription prices as determined in the option contracts. Upon vesting and exercise of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options and the options have vested. Any dividends paid on those shares are utilised to reduce the balance owing by the employees. Loans to participants incur interest at 6.0% (2012: 6.5%).

A complete accounting policy for the scheme is included in note 1y(vi) to these financial statements.

Movements in the number of unexercised share options outstanding are as follows:

	2013		2012	
	Number of shares	**Average price R**	Number of shares	Average price R
Awards/options at 1 April	**1 881 756**	**16.00**	2 245 423	16.00
Lapsed	**(125 824)**	**16.00**	(116 572)	16.00
Exercised and delivered	**(723 523)**	**16.00**	(247 095)	16.00
Exercised, delivered and sold	**(78 733)**	**16.00**	–	–
Awards/options at 31 March	**953 676**	**16.00**	1 881 756	16.00

Share options that have been exercised by employees are not regarded as outstanding.

There are no awards/options held by directors or other key management.

Total IFRS 2 *Share-based Payment* costs relating to equity-settled, share-based payments in terms of the Gold Reef Share Scheme amounted to R0.2 million (2012: R1 million).

25.2 Cash-settled, share-based long-term incentive plan

During March 2009, the previous Gold Reef board approved, on the recommendation of the remuneration and nominations committee, the implementation of the long-term incentive plan to attract, retain, motivate and reward executive directors and management who are able to influence the performance of the company on a basis which aligns their interests with those of the company's shareholders. In terms of the long-term incentive plan management will receive cash payments based on the share price of the company on exercise date. This long-term incentive plan consists of three distinct components as detailed below:

Share appreciation units vest in three equal tranches; one-third after three years, one-third after four years and one-third after five years after grant date and are exercisable at the option of the recipient up until the end of six years after grant date. The amount settled is the difference between the company's share price on exercise date and the strike price. The strike price of the share appreciation units is the company's share price on grant date;

Bonus units have a mandatory vesting and exercise date of three years after grant date and are settled at the share price of the company on vesting date; and

Performance units have a mandatory vesting and exercise date of three years after grant date and are settled at the share price of the company on vesting date, multiplied by a factor of 0 – 3 dependent on the increase in HEPS of the company for the three-year period as tabulated below:

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

25. Long-term incentive plans continued

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

	Share appreciation units	Average strike price R	Bonus units	Performance units
Cash-settled in units at:				
1 April 2012	**2 247 174**	**17.44**	**387 899**	**471 438**
Forfeited	**(272 431)**	**17.71**	**(29 205)**	**(39 631)**
Transfers from associates	**14 071**	**17.07**	**3 346**	**1 248**
Exercised	**(17 345)**	**16.00**	**(135 662)**	**(135 374)**
31 March 2013	**1 971 469**	**17.04**	**226 378**	**297 681**
Units exercisable at 31 March 2013	**568 720**			
Number of employees granted units	**132**			
Number of employees remaining at year end	**106**			
Cash-settled in units at:				
1 April 2011	1 532 418	17.00	315 854	381 001
Granted	971 685	17.75	171 142	194 824
Forfeited	(170 407)	18.58	(89 680)	(90 543)
Exercised	(60 972)	17.50	(8 418)	(9 756)
Expired	(25 550)	17.57	(999)	(4 088)
31 March 2012	2 247 174	17.44	387 899	471 438
Units exercisable at 31 March 2012	209 648			
Number of employees granted units	132			
Number of employees remaining at year end	125			

	Share appreciation units	Bonus units	Performance units
Grant date	21 February 2011	21 February 2011	21 February 2011
Valuation date	31 March 2013	31 March 2013	31 March 2013
Share price at valuation date	R24.75	R24.75	R24.75
Vesting period	3 – 5 years	3 years	3 years
Settlement	Cash	Cash	Cash
Grant date	26 March 2010	26 March 2010	26 March 2010
Valuation date	31 March 2013	26 March 2013	26 March 2013
Share price at valuation date	R24.75	R24.24	R24.24
Vesting period	3 – 5 years	3 years	3 years
Settlement	Cash	Cash	Cash
Grant date	20 March 2009	20 March 2009	20 March 2009
Valuation date	31 March 2013	–	–
Share price at valuation date	R24.75	–	–
Vesting period	3 – 5 years	–	–
Settlement	Cash	–	–

The group recognised an expense of R17 million (2012: R3 million) related to the bonus appreciation plan during the year and at 31 March 2013 the group has recorded liabilities of R24 million (2012: R8 million) in respect of this plan.

The current portion of this liability is R21 million (2012: R2 million). There are no units allocated to, nor are any units currently held by, directors of the company.

25.3 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. For certain allocations, 25% of the bonus appreciation plan vests from three years after date of allocation, an additional 25% vests after four years, and the balance after five years. Allocations from 1 April 2008 and after vest in full three years after date of allocation.

Liabilities equal to the current fair values are recognised at each balance sheet date. The moves in the fair value of these liabilities are expensed.

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

25. Long-term incentive plans continued

25.3 Cash-settled – Tsogo Sun Share Appreciation Bonus Plan continued

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

Grant date	Appreciation units granted and still outstanding 2013	2012	Strike price[(1)] R	Appreciation units vested and still outstanding 2013	2012	Expiry date	Liability 2013 Rm	Liability 2012 Rm
1 April 2005	**–**	275 165	8.08	**–**	275 165	31 March 2013	**–**	10
1 April 2006	**1 180 631**	1 232 789	13.49	**1 180 631**	1 232 789	31 March 2014	**53**	23
1 April 2007	**362 709**	400 964	19.87	**362 709**	400 964	31 March 2015	**8**	–
1 April 2008	**963 982**	1 018 678	21.10	**963 982**	1 018 678	31 March 2014	**17**	–
1 April 2009	**1 239 512**	1 286 110	15.10	**1 239 512**	1 286 110	31 March 2015	**48**	17
1 April 2010	**1 946 257**	2 030 228	15.08	**1 946 257**	–	31 March 2016	**76**	17
1 April 2011	**5 627 490**	5 893 094	15.06	**–**	–	31 March 2017	**41**	7
1 October 2011	**1 890 337**	1 890 337	18.78	**–**	–	30 September 2017	**7**	–
1 April 2012	**8 400 352**	–	17.66	**–**	–	31 March 2018	**22**	–
1 October 2012	**263 825**	–	19.71	**–**	–	30 September 2018	*****	–
Liability at 31 March							**272**	74
Share price at 31 March (R)							**24.75**	18.00

[(1)] *Grants prior to merger (24 February 2011) converted based on swap ratio of 3.553 Gold Reef shares for each TSH share*

* *Amount less than R1 million*

The group recognised an expense of R217 million (2012: R50 million) related to this bonus appreciation plan during the year and at 31 March 2013 the group had recorded liabilities of R272 million (2012: R74 million) in respect of this plan. The current portion of this liability is R203 million (2012: R50 million).

25.4 Total long-term incentive liabilities

	2013 Rm	2012 Rm
Cash-settled share-based long-term incentive plan (refer note 25.2)	**24**	8
The Tsogo Sun Share Appreciation Bonus Plan (refer note 25.3)	**272**	74
	296	82
Less: Current portion	**(224)**	(52)
Non-current portion	**72**	30

26. Investment property

	2013 Rm	2012 Rm
At cost		
At 1 April	**–**	–
Additions	**7**	–
At 31 March	**7**	–
Cost	**7**	–
Accumulated depreciation	**–**	–
Net book amount at 31 March 2013	**7**	–

The fair value of the investment property was valued at R15 million. Due to the residual value of the property exceeding the carrying amount, the property has no depreciable value.

The investment property was independently valued as at 3 April 2012 by Norman Griffiths who is a registered professional valuer with the South African Council for the Property Valuers Profession as well as a member of the Institute of Valuers of South Africa.

The basis of value is "market value" which is defined as an opinion of the best price at which the sale of an interest in property, taking into account existing tenant lease terms, would have been completed unconditionally for a cash consideration on the date of valuation assuming:

- a willing seller;
- that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as at the date of valuation;
- that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

The property has been valued on a discounted cash flow basis. Discounted cash flows have been used and summed together with the capitalised and discounted value of the projected income to give a present value as at 31 March 2013. In order to determine the reversionary rental income on lease expiry, renewal or review, a market gross rental income (basic rental plus operating cost rental) has been applied to give a market-related rental value for the property as at 31 March 2013. Market rental growth has been determined based on the property, property market trends and economic forecasts. Vacancies have been considered based on historic and current vacancy factors as well as the nature, location, size and popularity of the building.

26. Investment property continued

An appropriate discount rate has been applied to cash flows for the property to reflect the relative investment risk associated with the building, tenant and the projected income flow. The current long-term bond yield (R153 risk-free rate) is considered the most appropriate market-related discount rate to apply, taking into account the current and the relative attractiveness that an investor may place on property as an asset class.

A capitalisation rate of 11% was used.

The property rental income earned by the group from its investment property, all of which is leased out under operating leases, amounted to R3 million (2012: Rnil). Direct operating expenses arising on the investment property amounted to R43 000 (2012: Rnil).

At 31 March 2013 there was no significant unlet space in the investment property held by the group.

Investment property is unsecured.

27. Inventories

	2013 Rm	2012 Rm
Food and beverage	**31**	27
Operating equipment	**146**	123
Consumable stores	**27**	26
	204	176

The cost of inventories recognised as an expense and included in other operating expenses amounted to R352 million (2012: R285 million). Certain of the group's inventories have been pledged as security for the group's borrowings (refer note 32).

28. Trade and other receivables

	2013 Rm	2012 Rm
Financial instruments		
Trade receivables	**265**	229
Management fees receivable	**6**	9
Marketing fees receivable	**21**	20
Advance payment related to casino licences	**116**	–
Advance payment for business acquisition	**65**	–
Other receivables	**83**	64
Less: Provision for impairment of receivables	**(15)**	(13)
Trade receivables	**(14)**	(13)
Other receivables	**(1)**	–
Trade and other receivables – net	**541**	309
Umgeni River Bird Park (Pty) Limited	**10**	10
Less: Provision for impairment	**(10)**	(10)
Umgeni River Bird Park (Pty) Limited – net	**–**	–
Non-financial instruments		
Prepayments	**82**	84
Straight-lining of operating leases	**10**	14
	92	98
Total trade and other receivables	**633**	407

The net carrying values of trade and other receivables are considered a close approximation of their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above. The group does not hold any collateral as security.

	2013 Rm	2012 Rm
Past due but not impaired – trade receivables		
At 31 March 2013, trade receivables of R106 million (2012: R79 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:		
30 to 60 days	**67**	55
60 to 90 days	**12**	8
More than 90 days	**27**	16
	106	79

28. Trade and other receivables continued

Impairment – trade receivables

At 31 March 2013, trade receivables of R14 million (2012: R13 million) were impaired. The amount of the provision was R14 million as at 31 March 2013 (2012: R13 million). The individually impaired receivables mainly relate to returned cheques outstanding as well as cheques held in the cash desk, doubtful debtors and long-outstanding debtors. The 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 provision for impairment of trade receivables are as follows:

	2013 Rm	2012 Rm
At 1 April	**13**	15
Provision for receivables impairment	**4**	9
Receivables written off during the year as uncollectible	**1**	(7)
Unused amounts reversed	**(4)**	(4)
At 31 March	**14**	13

Past due but not impaired – other receivables

At 31 March 2013, other receivables of R95 million (2012: R70 million) were past due but not impaired. These relate mainly to banqueting debtors and vending commission. The ageing analysis of these other receivables is as follows:

	2013 Rm	2012 Rm
Up to 3 months	**52**	34
3 to 6 months	**1**	3
More than 6 months	**42**	33
	95	70

Impairment – other receivables

At 31 March 2013, other receivables of R1 million (2012: Rnil) were impaired. The amount of the provision was R1 million as at 31 March 2013 (2012: Rnil). The individually impaired receivables mainly relate to uncollectibles and long-outstanding debtors. Movements on the provision for impairment of other receivables are as follows:

	2013 Rm	2012 Rm
At 1 April	**–**	2
Provision for receivables impairment	**1**	–
Unused amounts reversed	**–**	(2)
At 31 March	**1**	–

For both trade and other receivables the creation and release of provision for impaired receivables have been included in other expenses in the income statement (refer note 13). Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables and management fee receivables do not contain past due or impaired assets. The value of the loan to Umgeni River Bird Park (Pty) Limited has been impaired in full because the company has ceased operations and the carrying value may not be realised. The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2013 Rm	2012 Rm
SA Rand	**550**	324
US Dollar	**41**	53
Euro	**10**	5
Tanzanian Shilling	**7**	6
Mozambican Metical	**9**	3
Zambian Kwacha	**8**	5
Kenyan Shilling	**6**	1
Seychelles Rupee	**1**	2
United Arab Emirates Dirham	**1**	8
	633	407

29. Cash and cash equivalents

	2013 Rm	2012 Rm
Current accounts	**453**	262
Call and fixed deposit accounts	**217**	1 104
Cash	**80**	77
Net cash and cash equivalents per cash flow statement	**750**	1 443

Certain of the group's bank accounts have been pledged as security for the group's borrowings (refer note 32).

The above cash and cash equivalents bear interest at market related rates.

29. Cash and cash equivalents continued

	2013 Rm	2012 Rm
Cash and cash equivalents are denominated in the following currencies:		
SA Rand	**439**	1 241
US Dollar	**205**	140
Euro	**71**	52
United Arab Emirates Dirham	**23**	2
Mozambican Metical	**7**	4
Seychelles Rupee	**2**	–
Zambian Kwacha	**2**	1
Tanzanian Shilling	**1**	–
Kenyan Shilling	**–**	3
	750	1 443

30. Ordinary share capital and premium

	Number of ordinary shares	Number of treasury shares	Net number of shares	Ordinary share capital Rm	Share premium Rm	Treasury shares Rm	Total Rm
At 1 April 2011	1 180 604 925	(83 666 029)	1 096 938 896	4	4 747	–	4 751
Issue of shares	2 161 063	(2 161 063)	–	*	35	(35)	–
Share options exercised	–	164 730	164 730	–	–	3	3
At 1 April 2012	1 182 765 988	(85 662 362)	1 097 103 626	4	4 782	(32)	4 754
Share options exercised and vested	**–**	**921 666**	**921 666**	**–**	**–**	**15**	**15**
Share options lapsed	**–**	**(49 683)**	**(49 683)**	**–**	**–**	**(1)**	**(1)**
At 31 March 2013	**1 182 765 988**	**(84 790 379)**	**1 097 975 609**	**4**	**4 782**	**(18)**	**4 768**

The total authorised number of ordinary shares is 1 200 000 000 (2012: 1 200 000 000) with a par value of 2 cents per share (2012: 2 cents per share). All issued shares, other than those related to the Gold Reef Share Scheme, are fully paid up.

The company's authorised but unissued share capital was placed under the control of the directors until the forthcoming AGM with authority to allot and issue any shares required to be issued for the purpose of carrying out the terms of the Gold Reef Share Scheme, limited to a maximum of three million shares, at their discretion, subject to section 38 of the South African Companies Act and the JSE Listings Requirements.

* *Amount less than R1 million*

31. Other reserves

	Share buy-back reserve Rm	Transactions with non-controlling interests Rm	Cash flow hedge reserve Rm	Foreign currency translation reserve Rm	Total Rm
At 1 April 2011	–	–	(14)	27	13
Cash flow hedges:	–	–	(20)	–	(20)
Fair value losses during the year	–	–	(25)	–	(25)
Deferred tax on fair value losses	–	–	7	–	7
Close out of cash flow hedge	–	–	(2)	–	(2)
Currency translation adjustments	–	–	–	42	42
Acquisition of non-controlling interests	–	(265)	–	–	(265)
At 31 March 2012	–	(265)	(34)	69	(230)
Cash flow hedges:	**–**	**–**	**(24)**	**–**	**(24)**
Fair value losses during the year	**–**	**–**	**(33)**	**–**	**(33)**
Deferred tax on fair value losses	**–**	**–**	**9**	**–**	**9**
Currency translation adjustments	**–**	**–**	**–**	**71**	**71**
Obligation for subsidiary share buy-back scheme from non-controlling interests	**(400)**	**–**	**–**	**–**	**(400)**
At 31 March 2013	**(400)**	**(265)**	**(58)**	**140**	**(583)**

32. Interest-bearing borrowings

	2013 Rm	2012 Rm
(Excluding leases and preference share capital and premium)		
At amortised cost		
Bank borrowings	**4 254**	4 543
Non-controlling interests	**32**	32
	4 286	4 575
Less: Current portion	**(932)**	(1 373)
Long and medium-term borrowings	**3 354**	3 202
Secured	**4 254**	4 543
Unsecured	**32**	32
	4 286	4 575
The maturity of borrowings is as follows:		
Not later than 1 year	**932**	1 373
Later than 1 year and not later than 5 years	**3 257**	1 423
Later than 5 years	**97**	1 779
	4 286	4 575
The following represents the book amount of the security for these borrowings:		
Property, plant and equipment (refer note 18)	**4 683**	4 617
Intangible assets (refer note 20)	**26**	39
Pledge of inventories and cash in bank accounts (refer notes 27 and 29)	**277**	946
Cession of Tsogo Sun shares (treasury shares)	**565**	411
	5 551	6 013

Loans from non-controlling interests shown above at 31 March 2013 comprise advances from non-controlling interests in a subsidiary, Tsogo Sun Emonti (Pty) Limited. This loan bears interest at the publicly quoted Nedbank money market deposit rate of interest as reset at each interest period roll-over date, and is repayable from any excess cash available as determined by the board of directors of Tsogo Sun Emonti (Pty) Limited.

The borrowings of the group do not exceed that allowed per the memorandum of incorporation.

The undrawn facility of the committed direct bank borrowings amounted to R3 621 million (2012: R1 104 million).

The carrying amounts of the group's borrowings are denominated in SA Rand.

The group has the following committed direct facilities (from banks and non-controlling interest lenders):

	2013 Rm	2012 Rm
Expiring within 1 year	**1 735**	1 678
Expiring beyond 1 year	**6 172**	4 001
	7 907	5 679
	%	%
Weighted average effective interest rates (excluding leases and preference share capital and premium)	**9.17**	9.58

The fair values of long and medium-term borrowings are based on cash flows discounted using commensurate variable rates chargeable by the lenders of the above loans ranging between 5.35% and 7.28% (2012: 5.88% and 8.38%). All borrowings bear interest at floating rates (refer note 4.1a(ii)).

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Analysis of long and medium-term borrowings				
Bank borrowings	**3 322**	3 170	**3 337**	3 231
Non-controlling interests	**32**	32	**32**	32
	3 354	3 202	**3 369**	3 263

33. Preference share capital and premium

	2013 Rm	2012 Rm
At amortised cost		
By subsidiary companies:		
10 000 redeemable cumulative shares of R0.001 each	–	*
Premium of R99 999.999 per share	–	1 000
	–	1 000

10 000 redeemable cumulative preference shares of R0.001 each at a premium of R99 999.999 were subscribed for on 4 November 2010. Dividends accrued on a monthly basis at rates linked to the prime overdraft rate. Dividends were declared and paid quarterly. The preference shares were redeemed on 13 July 2012.

Preference share capital and premium were denominated in SA Rand.

The fair value of preference share capital and premium equalled the carrying amount. The fair values were based on cash flows discounted using a rate based on the year end borrowing rate of 6.62% during the prior year.

**Amount less than R1 million*

34. Obligations under finance leases

	2013 Rm	2012 Rm
Total liability	**44**	52
Less: Current portion	**(12)**	(9)
Non-current portion	**32**	43
The minimum lease payments under the lease liabilities are due as follows:		
Not later than 1 year	**17**	15
Later than 1 year and not later than 5 years	**35**	51
Later than 5 years	**–**	–
	52	66
Future finance charges on finance leases	**(8)**	(14)
Present value of finance lease liabilities	**44**	52
The present value of finance lease liabilities is as follows:		
Not later than 1 year	**16**	9
Later than 1 year and not later than 5 years	**28**	43
Later than 5 years	**–**	–
	44	52

Two properties of the group have been financed by means of finance leases with banking institutions. Interest rates for the two leases are 12.11% and 12.19% (2012: 12.11% and 12.14%) and the leases expire between calendar years 2015 and 2016. On expiry of these leases, all the risks and rewards of ownership of the properties will transfer to the group.

Leased land and buildings with a net book value of R44 million (2012: R52 million) are included in note 18 which have been pledged as security over these leases.

35. Derivative financial instruments

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 balance sheet.

	2013 Rm	2012 Rm
Interest rate swaps – cash flow hedges:		
Tsogo Sun (Pty) Limited	**50**	33
Silverstar Casino (Pty) Limited	**32**	14
Net liabilities	**82**	47
Less: Current portion	**(37)**	(38)
Non-current portion	**45**	9

35. Derivative financial instruments continued

The ineffective portion recognised in the income statement from cash flow hedges for the year amounted to Rnil (2012: R0.4 million).

The notional amounts of the outstanding interest rate swap contracts for Tsogo Sun (Pty) Limited at 31 March 2013 were:
R450 million (2012: R450 million) with a fixed rate of 6.49%, ending on 31 March 2014; and
R750 million (2012: Rnil) with a fixed rate of 7.23%, ending on 31 March 2014.

In addition to the above, further forward starting interest rate swaps have been contracted, with the following profiles:
R800 million (2012: R800 million), commencing 31 March 2014, with a fixed rate of 7.68%.

R1 500 million (2012: Rnil), commencing 31 March 2014, with a fixed rate of 6.44%.

The above swap floating rates are linked to the three-month JIBAR rate. Gains and losses are recognised in the hedging reserve directly in comprehensive income (after tax).

The notional amount of the outstanding interest rate swap contract for Silverstar Casino (Pty) Limited at 31 March 2013 was:
R780 million (2012: R885 million) with a fixed rate of 7.22%, excluding credit and liquidity margins. This swap floating rate is linked to the one-month JIBAR rate.

36. Post-employment benefits

Pension

The group operates two pension funds: the Tsogo Sun Group Pension Fund and the Southern Sun Group Retirement Fund. Both 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 fund

The group also operates three provident funds: the Alexander Forbes Retirement Fund, the Gold Reef Provident Fund and the Gold Reef Executive Provident Fund. 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.

Medical aid

The group operates a 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.

	2013 Rm	2012 Rm
Present value of funded obligations	**39**	37
Fair value of plan assets	**(26)**	(25)
	13	12
Unrecognised actuarial gain	**5**	5
Unrecognised past service costs	**5**	6
Liability per the balance sheet	**23**	23
The movement in the defined benefit obligation is as follows:		
At 1 April	**37**	37
Current service cost	**1**	–
Interest cost	**3**	3
Actuarial gain	**–**	(1)
Expected employer benefit payments	**(2)**	(2)
At 31 March	**39**	37
The movement in the fair value of plan assets is as follows:		
At 1 April	**(25)**	(24)
Expected return on plan assets	**(2)**	(2)
Actuarial gain	**(1)**	(1)
Expected benefit payments from plan assets	**2**	2
At 31 March	**(26)**	(25)

The assets of the medical aid scheme comprises cash for both 2013 and 2012 with values of R26 million (2012: R25 million).

The expected long-term rate of return on medical aid assets is 7.90% (2012: 9.25%). This is determined by using a standard 1% margin on the assumed rate of discount. The discount rate of 7.90% per annum is based on current bond yields of appropriate term gross of tax as required by IAS 19 *Employee Benefits*. 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.

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.

No contributions are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2013 (2012: Rnil).

36. Post-employment benefits continued

	2013 Rm	2012 Rm
The amounts recognised in the income statement under employee costs are as follows:		
Current service cost	**1**	–
Interest on obligation	**3**	3
Expected return on plan assets	**(2)**	(2)
Net actuarial gain	**(2)**	–
Total included in employee costs	**–**	1
Actual return on plan assets	**1**	1
The principal actuarial assumptions used for the valuation were:		
Discount rate	**7.90%**	8.25%
Healthcare cost inflation	**8.00%**	7.50%
Expected return on plan assets	**7.90%**	9.25%
Remuneration inflation	**7.50%**	7.00%

	Decrease Rm	Increase Rm
At 31 March 2013, the effects of a 1% movement in the assumed medical cost trend rate were as follows:		
Effect on the current service cost and interest cost	**–**	–
Effect on the post-retirement medical aid liability	**(4)**	5

At 31 March	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
Present value of defined benefit obligations	**39**	37	37	35	34
Fair value of plan assets	**(26)**	(25)	(24)	(24)	(21)
Deficit	**13**	12	13	11	13
Experience adjustments on plan liabilities	**3**	3	1	1	(2)
Experience adjustments on plan assets	**1**	–	–	1	–

37. Deferred revenue and income

The group accounts for its hotel customer reward programmes in terms of IFRIC 13 *Customer Loyalty Programmes* with the liability on the balance sheet allocated to deferred revenue, while 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 balance sheet. These gaming customer reward programmes are accounted for as financial liabilities and amount to R21 million (2012: R14 million) all of which are current.

	2013 Rm	2012 Rm
At 1 April	**74**	56
Created during the year	**128**	176
Utilised during the year	**(111)**	(158)
At 31 March	**91**	74
The expected timing of the recognition of the revenue and income within three years (2012: three years) is as follows:		
Non-current	**47**	40
Current	**44**	34
	91	74

38. Provisions

	2013 Rm	2012 Rm
At 1 April		
Long-service awards	**106**	88
Incentives	**160**	130
Jackpot provisions	**14**	12
	280	230
Created during the year		
Long-service awards	**33**	25
Incentives	**198**	140
Jackpot provisions	**26**	30
	257	195

38. Provisions continued

	2013 Rm	2012 Rm
Utilised during the year		
Long-service awards	**(8)**	(7)
Incentives	**(139)**	(110)
Jackpot provisions	**(24)**	(28)
	(171)	(145)
At 31 March		
Long-service awards	**131**	106
Incentives	**219**	160
Jackpot provisions	**16**	14
Provisions	**366**	280
Less: Current portion	**(253)**	(183)
Non-current portion	**113**	97

Long-service awards

The group pays its employees 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.

	2013 Rm	2012 Rm
Movement in unfunded obligation:		
Benefit obligation at 1 April	**106**	88
Interest cost	**10**	9
Service cost	**12**	11
Actuarial loss	**11**	5
Benefits paid	**(8)**	(7)
Obligation at 31 March	**131**	106
The amounts recognised in the income statement are as follows:		
Interest cost	**10**	9
Current service cost	**12**	11
Actuarial loss	**11**	5
	33	25
The principal actuarial assumptions used for accounting purposes are:		
Discount rate	**7.20%**	8.25%
Inflation rate	**5.60%**	5.50%
Salary increase rate	**6.10%**	6.00%
Pre-retirement mortality rate	**SA 85 – 90 (light) table**	SA 85 – 90 (light) table
The present value of the long-service award obligations for the current and prior years are as follows:		
Present value of funded obligations	**131**	106

There are no plan assets in respect of the long-service award liability.

Incentives

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.

Jackpot provisions

Provision is also made for the potential jackpot payouts on slot machines 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.

39. Other non-current liabilities

	2013 Rm	2012 Rm
Straight-lining of operating leases	**267**	265
Contingency payment in respect of business acquisition	**–**	58
	267	323
Less: Current portion classified within trade and other payables (refer note 40)	**(9)**	(64)
Non-current portion	**258**	259

The straight-lining of operating leases relates mainly to Sandton Convention Centre. The lease expires in August 2020.

40. Trade and other payables

	2013 Rm	2012 Rm
Financial instruments	**726**	739
Trade payables	**141**	133
Smartcard gaming credits due to customers	**26**	20
Accrued expenses	**131**	115
Advance deposits	**54**	50
Non-borrowings related interest payable	**11**	28
Capital expenditure payables	**44**	3
Current portion of non-current liabilities (refer note 39)		
– contingency payment in respect of business acquisition	**–**	58
Other payables	**319**	332
Non-financial instruments	**258**	219
VAT payable	**83**	67
Leave pay liability	**97**	91
Payroll related payables	**45**	38
Gaming levies	**24**	17
Current portion of non-current liabilities (refer note 39)		
– straight-lining of operating leases	**9**	6
	984	958
The carrying amounts of the group's trade and other payables are denominated in the following currencies:		
SA Rand	**912**	894
US Dollar	**24**	18
Seychelles Rupee	**12**	7
Kenyan Shilling	**10**	10
Mozambican Metical	**9**	7
Zambian Kwacha	**9**	8
Tanzanian Shilling	**7**	7
United Arab Emirates Dirham	**1**	7
	984	958

41. Other current liabilities

	2013 Rm	2012 Rm
Obligation for subsidiary share buy-back scheme from non-controlling interests	**400**	–

IAS 32 *Financial Instruments: Presentation* Para 23 determines that a contract containing an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. This is the case even if the contract itself is an equity instrument. Such obligations are reclassified out of equity attributable to the owners of the parent at the present value of the contractual redemption amount.

Two subsidiaries of the group, Durban Add-Venture Limited and Adventure World Management (Pty) Limited, had made offers to their non-controlling shareholders to acquire Durban Add-Venture Limited and Adventure World Management (Pty) Limited shares. Durban Add-Venture Limited and Adventure World Management (Pty) Limited would be repurchasing their own shares. The offer had been made by way of a circular to the Durban Add-Venture Limited shareholders and an agreement with the Adventure World Management (Pty) Limited shareholders. Durban Add-Venture Limited has a direct shareholding in Tsogo Sun KwaZulu-Natal (Pty) Limited and Adventure World Management (Pty) Limited has a 0.39% interest in Durban Add-Venture Limited.

The offer was for R350 million for the Durban Add-Venture Limited shares and R50 million for the Adventure World Management (Pty) Limited shares. The effect of this offer was for the group to repurchase the remaining 10% non-controlling interest in Tsogo Sun KwaZulu-Natal (Pty) Limited from the non-controlling shareholders. The non-controlling shareholders had therefore been provided with a mechanism of putting their shares to Durban Add-Venture Limited and Adventure World Management (Pty) Limited for a cash consideration.

41. Other current liabilities continued

At 31 March 2013, the offer made to the non-controlling shareholders was subject to approval by the KwaZulu-Natal Gaming Board. Had the transaction been approved unconditionally, or conditionally but on terms acceptable to the group, the group would then have been contractually obligated to purchase the shares that the non-controlling shareholders put to them i.e. the offer would be irrevocable had the conditions precedent been met.

The contingencies on which the executions of the above-mentioned schemes were dependent, is that approval was required by the KwaZulu-Natal Gaming Board. Regulatory processes are mentioned in IAS 32 as being aspects that are not within the control of entities that are parties to the terms of financial instruments. Rather, such processes were outside of the control of the parties and gave rise to the recognition of a financial liability as the issuer did not have the unconditional right to avoid its potential obligation to deliver cash.

Approval for the transaction was obtained from the gaming board on 10 May 2013.

42. Cash generated from operations

	2013 Rm	2012 Rm
Operating profit	**2 834**	3 018
Adjusted for non-cash movements:		
Amortisation	**44**	53
Depreciation	**564**	570
Bad debts written off	**5**	9
Operating equipment usage	**18**	13
Straight-lining of operating leases and other lease adjustments	**(1)**	(3)
Movement in provisions	**256**	171
Long-term incentive expense	**234**	55
Fair value gain on revaluation of previously held interest in associate	**–**	(179)
Write-back of contingent purchase consideration	**–**	(248)
Gain on disposal of property, plant and equipment	**(1)**	(3)
Impairment of property, plant and equipment	**9**	–
Impairment of financial instruments	**5**	43
Reversal of impairment of financial instruments	**(1)**	–
Impairment of investment in joint venture	**–**	2
Impairment of goodwill	**16**	–
Translation impact on the income statement	**(37)**	(11)
Other non-cash moves	**20**	13
Cash generated from operations before working capital movements	**3 965**	3 503
Working capital movements		
Increase in inventories	**(40)**	(14)
(Increase)/decrease in trade and other receivables	**(34)**	12
Decrease in payables and provisions	**(142)**	(105)
Cash generated from operations	**3 749**	3 396

43. Income tax paid

	2013 Rm	2012 Rm
Tax asset/(liability) at 1 April	**21**	(19)
Current tax provided	**(823)**	(740)
Withholding tax	**(5)**	(6)
Acquisition of subsidiaries	**–**	4
Currency translation	**(1)**	(3)
Tax asset at 31 March	**(34)**	(21)
	(842)	(785)

44. Dividends paid to the company's shareholders

	2013 Rm	2012 Rm
Unclaimed dividends owing to shareholders at 1 April	**(1)**	–
Ordinary dividends declared	**(702)**	(769)
Unclaimed dividends owing to shareholders at 31 March	**1**	1
	(702)	(768)

45. Commitments

	2013 Rm	2012 Rm
Operating lease commitments (refer note 46)	**1 233**	1 141

The present value of the lease guarantees in note 46 and commitments above is R861 million (2012: R735 million).

46. Operating lease arrangements

	2013 Rm	2012 Rm
Operating lease arrangements where the group is a lessee:		
At the balance sheet date the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Not later than 1 year	**138**	120
Later than 1 year and not later than 5 years	**558**	452
Later than 5 years	**537**	569
	1 233	1 141

The operating lease commitments relate mainly to leases of property within the group's portfolio of hotels, as well as its head office and Sandton Convention Centre. The group's main lease, the Sandton Convention Centre, expires in August 2020 with lease payments escalating at 9% per annum, and an option to renew at renegotiated terms.

Operating lease arrangements where the group is a lessor:

The group rents out retail and commercial office space in its gaming and hotels properties. Property rental income earned during the year was R165 million (2012: R149 million).

The majority of the group's operating leases are revenue-based, and the balance have rentals stipulated in terms of operating lease agreements. At the balance sheet date the group had contracted with tenants for the following future minimum lease payments:

	2013 Rm	2012 Rm
Not later than 1 year	**66**	55
Later than 1 year and not later than 5 years	**126**	111
Later than 5 years	**3**	7
	195	173

47. Future capital expenditure

	2013 Rm	2012 Rm
Authorised by directors but not yet contracted for:		
Property, plant and equipment	**1 915**	1 263
Intangible assets: software	**175**	51
	2 090	1 314
Authorised by directors and contracted to be expended:		
Property, plant and equipment	**350**	390
Intangible assets: software	**60**	2
	410	392

48. Contingencies and guarantees

	2013 Rm	2012 Rm
Staff loans and guarantees	**1**	1
Operating lease guarantees	**–**	8
Total guarantees	**1**	9
Litigation[1]	**2**	2
	3	11

[1] *Litigation comprises a possible contingency for litigation and related costs throughout all group companies.*

The group has entered into various agreements with its bankers and the respective gambling boards whereby the bank has guaranteed agreed capital amounts not exceeding R158 million (2012: R157 million) for gambling board taxes and working capital. The group has also entered into various agreements with its bankers and respective utility boards whereby the bank has guaranteed agreed capital amounts not exceeding R18 million (2012: R18 million) for utility expenses.

The group has provided security for all Lukhanji Leisure (Pty) Limited's (an associate) borrowing obligations in favour of Investec Limited to a capital amount of R18 million, plus interest and costs – refer note 21.

The group has also provided security for Indol (Pty) Limited's (a joint venture company incorporated in Botswana) banking facilities in favour of Bank of Gaborone for a capital amount to the maximum of Botswana Pula 12.125 million, plus 50% of interest and costs – refer note 22. This amount has been raised and included in trade and other payables.

49. Business combinations

Acquisition of Garden Route hotel

With effect from 10 August 2012, the group acquired the Garden Route hotel and its business operations as a going concern.

The acquired business contributed revenues of R4 million and profit after tax of R1 million to the group for the year from acquisition date. Had the acquisition occurred on 1 April 2012, group revenue would have increased by R1 million and profit after tax would have increased by R0.1 million excluding the funding impact of the acquisition. These amounts have been calculated using the group's accounting policies.

	2013 Rm
The fair value of net assets acquired is as follows:	
Land	**5**
Hotel property, plant and equipment	**15**
Assets acquired	**20**
Purchase consideration paid in cash	**(20)**
Goodwill	**–**

No goodwill arose on this acquisition as a result of the net assets being acquired at their fair values.

Transaction costs of R0.4 million were incurred and expensed.

50. Events occurring after the balance sheet date

50.1 Acquisition of Hyde Park hotel

Subsequent to year end, on 17 May 2013, the acquisition of the Southern Sun Hyde Park hotel was concluded, previously a managed property, the details as follows:

The fair value of the consideration paid for the property is R132 million cash, R65 million was already transferred before the reporting date (transferred on 1 September 2012 and accounted for under receivables) with the balance transferred once the sectional title scheme had been registered, on the effective date of 17 May 2013.

	2013 Rm
The provisional fair value of net assets acquired is as follows:	
Hotel land and buildings	**114**
Plant and equipment	**18**
Assets acquired	**132**
Purchase consideration paid in cash	**(132)**
Provisional goodwill	**–**

No provisional goodwill arose on this acquisition as a result of the net assets being acquired at their fair values and no intangible assets were identified.

50.2 Acquisition of Ikoyi hotel

Subsequent to year end, on 29 June 2013 the acquisition of 75.5% of the shares of Ikoyi Hotels Limited, the company which owns the Southern Sun Ikoyi hotel, was concluded. The property was previously a managed property, and the details are as follows:

The fair value of the consideration paid for the property is R505 million (USD50.6 million) cash.

	2013 Rm
The provisional fair value of net assets acquired is as follows:	
Hotel land and buildings	**788**
Plant and equipment	**26**
Net liabilities	**(145)**
Total identifiable net assets	**669**
Less: Non-controlling interests	**(164)**
Net assets acquired	**505**
Purchase consideration paid in cash	**(505)**
Provisional goodwill	**–**

No provisional goodwill arose on this acquisition as a result of the net assets being acquired at their fair values and no intangible assets were identified.

50. Events occurring after the balance sheet date continued

50.3 Share buy-back of additional Durban Add-Ventures Limited and Adventure World Management (Pty) Limited minorities

Subsequent to year end, an agreement was reached with 89% of the outstanding shareholders in Durban Add-Ventures Limited and 100% in Adventure World Management (Pty) Limited for the acquisition of the remaining outstanding 10% effective interest in Tsogo Sun KwaZulu-Natal (Pty) Limited. The transaction was implemented as a buy-back of shares, via a scheme of arrangement in Durban Add-Ventures Limited, in accordance with the Companies Act. To date, an effective 8.7% was acquired at a cost of R363 million with the resultant shareholding in Tsogo Sun KwaZulu-Natal (Pty) Limited being 98.7%. All required shareholders' resolutions were passed at a general meeting of Durban Add-Ventures Limited and the transaction approved by the KwaZulu-Natal Gambling Board on 10 May 2013. An attempt will be made to acquire the remaining shares in terms of section 124 of the Companies Act.

Other than as mentioned above, the directors are not aware of any matter or circumstance arising since the balance sheet date and the date of these annual financial statements, not otherwise dealt with within the financial statements, that would affect the operations or results of the group significantly.

51. Related party transactions

As detailed below, the group has concluded certain transactions with related parties. The company's main shareholders are Tsogo Investment Holding Company (Pty) Limited (41.3%) and SABSA Holdings (Pty) Limited (39.6%). Tsogo Investment Holding Company (Pty) Limited's ultimate, majority shareholder is HCI (a company listed on the JSE). Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Except as otherwise indicated all related party transactions are based on a market-related basis.

	2013 Rm	2012 Rm
51.1 Transactions with related parties		
Interest paid:		
✤ Johnnic Holdings Limited	**–**	10
Management fees received:		
✤ Associates	**2**	3
✤ Joint ventures	**5**	3
Purchases from shareholders' group companies:		
✤ SAB	**15**	16
✤ Amalgamated Beverage Industries a division of SAB	**14**	15
Other:		
South African Apartheid Museum	**5**	5
CASA	**3**	1
Olwazini Discovery Centre	**1**	1
	45	54

Johnnic Holdings Limited is a subsidiary company of a subsidiary of the group's ultimate shareholder, HCI. The interest paid was in respect of the Millennium transaction.

The South African Apartheid Museum is a non-profit company in terms of the South African Companies Act which operates the museum adjacent to the Gold Reef City Theme Park. The South African Apartheid Museum was developed by Akani Egoli (Pty) Limited as one of its casino licence conditions. Akani Egoli Management (Pty) Limited contributes a fixed monthly fee to fund the operational expenses of the museum.

The CASA is a voluntary association of its members to promote the casino industry in South Africa and the interests of its members as a whole. The CASA advocates the association's policy positions to the national and provincial governments of South Africa, the Gambling Board, the various provincial licensing authorities, the media and other relevant policy-making and opinion forming bodies, both in South Africa and abroad, and interacts with these bodies in respect of issues affecting the casino industry; and to provide factual and reliable publicly available information about the casino industry to all interested parties.

The Olwazini Discovery Centre is a company which operates the science museum adjacent to the Golden Horse casino. The Olwazini Discovery Centre was developed by Akani Msunduzi (Pty) Limited as one of its casino licence conditions. Akani Msunduzi Management (Pty) Limited contributes a fixed monthly fee to fund the operational expense of the museum.

	2013 Rm	2012 Rm
51.2 Amounts owing by/(to) related parties		
Amounts owing by/(to) related parties:		
Associates and joint ventures (refer notes 21 and 22)	**8**	9
Johnnic Holdings Limited (refer note 39)	**–**	(58)
	8	(49)
Other amounts owing to related parties (included in notes 28 and 40)		
South African Apartheid Museum	**–**	(1)

51. Related party transactions continued

	2013 Rm	2012 Rm
51.3 Trade (payables)/receivables (to)/from related parties		
SAB	**(1)**	1
Amalgamated Beverage Industries a division of SAB	**(1)**	2
	(2)	3

51.4 Key management compensation

Directors and prescribed officers of the company are considered to be the group's key management personnel. Remuneration and fees paid to key management during the year by the group are as follows:

	2013 Rm	2012 Rm
Executive directors		
Basic remuneration and cash incentives	**7**	10
Retirement, medical and catastrophe benefits	**1**	2
Other incentives and benefits	**7**	12
Long-term incentives paid	**7**	–
Total paid by subsidiaries	**22**	24
Non-executive directors		
Fees for services	**3**	2
Other benefits	**8**	4
Total paid by subsidiaries	**11**	6
Total directors' emoluments		
Paid by subsidiaries	**34**	30
Other key management and prescribed officers		
Basic remuneration and cash incentives	**12**	11
Retirement, medical and catastrophe benefits	**2**	2
Other incentives and benefits	**10**	5
Total emoluments paid by subsidiaries	**24**	18

There are no loans to directors, key management or their families of the group.

A listing of all members of the board of directors is shown on page 4 to page 5 of the annual financial statements.

Refer note 20.3 of the company annual financial statements for the statutory and regulatory disclosure relating to executive directors, non-executive directors and prescribed officers.

The above amounts are for the years ended 31 March 2013 and 2012, in line with the group's year end.

51.5 Contingencies, commitments and guarantees

There are no contingencies, commitments nor guarantees of the group's related parties, other than as mentioned in note 48 to these group annual financial statements.

Contents

TSOGO SUN HOLDINGS LIMITED

Annual financial statements
for the year ended 31 March 2013

	Page
Company income statement	60
Company balance sheet	60
Company statement of changes in equity	61
Company cash flow statement	61
Notes to the company financial statements	62

Company income statement

for the

	Notes	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Other income	2	**720 607**	892 213
Other operating expenses	3	**(6 404)**	(56 789)
Operating profit		**714 203**	835 424
Interest income	4	**5 631**	7 614
Profit before income tax		**719 834**	843 038
Income tax expense	5	**(9 940)**	(11 156)
Profit for the year		**709 894**	831 882

No statement of comprehensive income is presented as the company had no other comprehensive income.

The notes on page 62 to page 71 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.

Company balance sheet

as at 31 March

	Notes	2013 R'000	2012 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**3 658**	3 658
Investment in subsidiaries	7	**18 516 416**	18 516 274
Investment in associate	8	**–**	–
Investment in joint venture	9	**–**	–
Share scheme	10	**37 031**	41 330
		18 557 105	18 561 262
Current assets			
Trade and other receivables	11	**50**	41
Amounts due by subsidiaries	12	**25 701**	13 390
Cash and cash equivalents	13	**312**	509
		26 063	13 940
Total assets		**18 583 168**	18 575 202
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	14	**17 557 721**	17 557 721
Share-based payment reserve		**399 434**	399 302
Retained earnings		**453 070**	445 479
Total shareholders' equity		**18 410 225**	18 402 502
Current liabilities			
Trade and other payables	15	**14 692**	12 439
Current income tax liability		**2 902**	4
Amounts owing to subsidiaries	12	**155 349**	160 257
		172 943	172 700
Total equity and liabilities		**18 583 168**	18 575 202

The notes on page 62 to page 71 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.

Company statement of changes in equity

for the period ended

	Notes	Share capital and premium R'000	Share-based payment reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 31 December 2010		1 871 984	394 631	382 104	2 648 719
Profit for the period		–	–	831 882	831 882
Ordinary shares issued on acquisition of subsidiary	14	15 162 616	–	–	15 162 616
Arising on reverse acquisition[(1)]	14	488 544	–	–	488 544
Shares issued to share trust	14	34 577	–	–	34 577
Recognition of share-based payments		–	4 671	–	4 671
Ordinary dividends		–	–	(768 507)	(768 507)
Balance at 31 March 2012		17 557 721	399 302	445 479	18 402 502
Profit for the year		**–**	**–**	**709 894**	**709 894**
Recognition of share-based payments		**–**	**132**	**–**	**132**
Ordinary dividends		**–**	**–**	**(702 303)**	**(702 303)**
Balance at 31 March 2013		**17 557 721**	**399 434**	**453 070**	**18 410 225**

(1) *This represents the difference between the fair value of the shares on the reverse acquisition transaction date and the market value on the date of issue to the TSH shareholders (24 February 2011)*

The notes on page 62 to page 71 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.

Company cash flow statement

for the

	Notes	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Cash flows from operating activities			
Cash generated from operations	16	**709 375**	784 194
Interest received		**5 631**	7 614
Income tax paid	17	**(7 042)**	(9 008)
Dividends paid	18	**(702 177)**	(767 791)
Net cash generated from operations		**5 787**	15 009
Cash flows from investment activities			
Loans advanced to associates		**(1 876)**	(1 937)
Loans advanced to joint ventures		**(3 499)**	(8 398)
Net cash utilised for investment activities		**(5 375)**	(10 335)
Cash flows generated from financing activities			
Decrease in share scheme loan		**4 299**	18 978
Ordinary shares issued for share scheme participants		**–**	34 577
Increase in amounts due by subsidiaries		**–**	(2 265)
Decrease in amounts due to subsidiaries		**(4 908)**	(79 214)
Net cash utilised in financing activities		**(609)**	(27 924)
Net decrease in cash and cash equivalents		**(197)**	(23 250)
Cash and cash equivalents at beginning of the year		**509**	23 759
Cash and cash equivalents at end of the year	13	**312**	509

The notes on page 62 to page 71 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.

Notes to the company financial statements

1. Financial risk management

1.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company'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 company.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides 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 managed at an entity level for trade receivables.

a) Market risk

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

The only foreign exchange risk relates to the foreign denominated guarantee which has been fully provided for and therefore the company is not exposed to significant foreign exchange risk.

(ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

The company has no external interest related borrowings and is therefore not exposed to interest rate risk.

(iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market

The company does not invest in listed securities and holds no available-for-sale investments and therefore does not have any equity price risk. The company is also not exposed to commodity price risk.

b) Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

The company has no concentrations of credit risk and is therefore not exposed to credit risk. The loan to the share scheme (refer note 10) and amounts due by subsidiaries (refer note 12) are not impaired or overdue.

c) Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset

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, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the company'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 company's long-term planning process.

The company has provided security for an associate's (Lukhanji Leisure (Pty) Limited) borrowing obligations in favour of Investec Limited to a capital amount of R18 million, plus interest and costs (refer note 8).

The company has also provided security for Indol (Pty) Limited's (a joint venture company incorporated in Botswana) banking facilities in favour of Bank of Gaborone for a capital amount to the maximum of Botswana Pula 12.125 million, plus 50% of interest and costs – refer note 9 and note 15. This amount has been raised and included in trade and other payables.

Other than as described above, the company does not expect any cash outflows on financial liabilities to occur significantly earlier, or for significantly different amounts. Refer notes 12 and 15 for details of the company's liabilities. All financial liabilities are current and may be settled in the next 12 months.

1. Financial risk management continued

1.2 Financial instruments by category

The table below shows the company's accounting categorisation of financial assets and liabilities (based on initial recognition) to the classes of assets and liabilities as shown on the face of the balance sheet:

	Loans and receivables R'000	Other financial liabilities at amortised cost R'000	Total R'000
2013			
Financial assets			
Trade and other receivables	**50**	**–**	**50**
Amounts due by subsidiaries	**25 701**	**–**	**25 701**
Cash and cash equivalents	**312**	**–**	**312**
	26 063	**–**	**26 063**
Financial liabilities			
Trade and other payables	**–**	**14 446**	**14 446**
Amounts owing to subsidiaries	**–**	**155 349**	**155 349**
	–	**169 795**	**169 795**
2012			
Financial assets			
Trade and other receivables	41	–	41
Amounts due by subsidiaries	13 390	–	13 390
Cash and cash equivalents	509	–	509
	13 940	–	13 940
Financial liabilities			
Trade and other payables	–	12 234	12 234
Amounts owing to subsidiaries	–	160 257	160 257
	–	172 491	172 491

1.3 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The company defines capital as equity funding provided by shareholders and debt funding from external parties.

Shareholder funding comprises permanent paid up capital, share premium, revenue reserves and other reserves and loans from shareholders (if any).

In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

1.4 Fair value estimation

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 company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The company has no financial assets or liabilities measured at fair value.

2. Other income

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Dividends received	**702 303**	767 857
Royalty fees	**18 304**	21 250
Amortisation of financial guarantee contracts	**–**	12 552
Release of financial guarantee contracts	**–**	90 554
	720 607	892 213

3. Other operating expenses

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Other operating expenses comprise the following:		
Auditors' remuneration	**23**	3 680
Audit fees: current year	**–**	3 632
Other services and expenses	**23**	48
Other operating expenses	**114**	1 911
Administration fees received from subsidiaries	**(1 194)**	(1 685)
Impairment of loan to associate	**1 876**	26 753
Impairment of investment in joint venture	**–**	2 047
Impairment of loan to joint venture	**3 499**	12 565
Liability relating to financial guarantee provided for in full	**–**	11 518
Net foreign exchange loss on financial guarantee	**2 086**	–
	6 404	56 789

4. Interest income

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Interest income from subsidiaries	**1 050**	858
Interest income from associate	**4 247**	4 255
Interest received from banks	**334**	2 501
	5 631	7 614

5. Income tax expense

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Current tax – current year charge	**6 883**	9 004
Current tax – prior period charge	**3 057**	1 002
Deferred tax – current year charge	**–**	1 150
	9 940	11 156

	Year ended 31 March 2013 R'000	%	Fifteen months ended 31 March 2012 R'000	%
Income tax rate reconciliation				
Profit before tax	**719 834**		843 038	
Income tax thereon at 28% (2012: 28%)	**201 554**	**28.0**	236 051	28.0
Exempt income	**(196 645)**	**(27.3)**	(243 335)	(28.9)
Disallowed expenditure	**1 974**	**0.3**	17 438	2.1
Prior year change	**3 057**	**0.4**	1 002	0.1
	9 940	**1.4**	11 156	1.3

6. Property, plant and equipment

	2013 R'000	2012 R'000
Land		
Cost at beginning and end of the year	**3 658**	3 658

Land comprises, a vacant stand, Erf 18029, Mossel Bay, in the Western Cape province.

7. Investment in subsidiaries

	2013 R'000	2012 R'000
Shares at cost		
Cost of investment in ordinary shares (refer note 21)	**18 413 592**	18 413 592
Amount due by Aldiss Investments (Pty) Limited	**43 648**	43 638
Share-based payments to subsidiary employees (refer note 10)	**59 176**	59 044
	18 516 416	18 516 274

The loan due by Aldiss Investments (Pty) Limited has no fixed terms of repayment, is interest free and is considered to be part of the investment in the subsidiary.

8. Investment in associate

	2013 R'000	2012 R'000
Unlisted		
At beginning of the year	**–**	24 816
Loans granted	**4 312**	1 937
Loan repayments	**(2 436)**	–
Impairment of loan to associate	**(1 876)**	(26 753)
At 31 March	**–**	–
Capital		
Lukhanji Leisure (Pty) Limited	**67**	67
Impairment of investment in associate	**(67)**	(67)
	–	–
Loans		
Lukhanji Leisure (Pty) Limited	**45 291**	43 415
Impairment of loan to associate	**(45 291)**	(43 415)
	–	–
Total investment	**–**	–

The company has the following interest in its associate:
25.1% in Lukhanji Leisure (Pty) Limited. The loan to Lukhanji Leisure (Pty) Limited bears interest at prime plus 1%. The company has subordinated this loan for the benefit of other creditors, limited to an amount of R33 million (2012: R31 million). The company has provided security for all Lukhanji Leisure (Pty) Limited borrowing's obligations in favour of Investec Limited to a capital amount of R18 million, plus interest and costs. The loan has been fully impaired due to the associate's continuing trading losses and it is not considered to be immediately recoverable.

9. Investment in joint venture

	2013 R'000	2012 R'000
Unlisted		
At beginning of the year	**–**	6 214
Loan to joint venture	**4 180**	8 398
Impairment of investment in joint venture	**(3 499)**	(14 612)
Loan repayments	**(681)**	–
At 31 March	**–**	–
Capital		
Indol (Pty) Limited	**2 047**	2 047
Impairment in investment in joint venture	**(2 047)**	(2 047)
	–	–
Loans		
Indol (Pty) Limited	**16 064**	12 565
Impairment of loan to joint venture	**(16 064)**	(12 565)
	–	–
Total investment	**–**	–

The company has the following 50% interest in a joint venture:
The investment of R2 million (2012: R2 million) in Indol (Pty) Limited and loan to this joint venture of R16 million (2012: R13 million), which is interest free, has been fully impaired. It is not considered to be immediately recoverable as the awarding of the casino licence is unlikely. An agreement for the sale of the company's 50% interest in Indol (Pty) Limited was signed on 24 April 2013 for Botswana Pula 1. As the investment and loan have been fully impaired no further losses are to be incurred. The company does not hold any collateral or security.

10. Share-based payments – Gold Reef Share Scheme

	2013 R'000	2012 R'000
Loan to share scheme	**37 031**	41 330

The company operates an equity-settled, share-based compensation plan established in September 1999. Options over the company's shares are granted to permanent employees at the discretion of the directors in terms of which shares in the company may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years. Shares acquired through the share scheme have to be paid for by the employees at the subscription prices as determined in the option contracts. Upon vesting and exercise of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options and the options have vested. Any dividends paid on these shares are utilised to reduce the balance owing by the employees.

A complete accounting policy for the scheme is included in note 1y(vi) to the consolidated financial statements.

11. Trade and other receivables

	2013 R'000	2012 R'000
Other debtors	**50**	41

The net carrying values of trade and other receivables are considered a close approximation of their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable as shown above. The company does not hold any collateral as security.

12. Amounts due by/to subsidiaries

	2013 R'000	2012 R'000
Amounts due by subsidiaries:		
Current accounts		
Akani Egoli (Pty) Limited	**4**	8
Akani Egoli Management (Pty) Limited	**–**	49
Akani Msunduzi (Pty) Limited	**11**	6
Akani Msunduzi Management (Pty) Limited	**–**	611
Garden Route Casino (Pty) Limited	**32**	25
Goldfields Casino (Pty) Limited	**15**	11
Gold Reef Management (Pty) Limited	**1 909**	–
Mogale Silverstar Holdings (Pty) Limited	**18**	18
Richard Moloko Consortium Holdings (Pty) Limited	**39**	39
Silverstar Casino (Pty) Limited	**21**	6
Tsogo Sun (Pty) Limited	**23 637**	12 602
West Coast Leisure (Pty) Limited	**15**	15
	25 701	13 390
Amounts due to subsidiaries:		
Current accounts		
Gold Reef Management (Pty) Limited	**–**	3 630
Newshelf 786 (Pty) Limited	**68 540**	68 540
Richard Moloko Consortium (Pty) Limited	**86 615**	86 614
Tsogo Sun Casinos (Pty) Limited	**194**	1 473
	155 349	160 257

The loans shown above, with the exception of the loan to Tsogo Sun (Pty) Limited, are unsecured, interest free and are repayable on demand. The amount due by Tsogo Sun (Pty) Limited is an unsecured treasury loan, bearing interest at market rates and is also repayable on demand.

13. Cash and cash equivalents

	2013 R'000	2012 R'000
Current accounts	**302**	499
Call accounts	**10**	10
	312	509

The above cash and cash equivalents bear interest at market related rates.

14. Ordinary share capital and premium

	Number of ordinary shares	Ordinary share capital R'000	Share premium R'000	Total R'000
At 31 December 2010	292 343 897	5 847	1 866 137	1 871 984
Ordinary shares issued	888 261 028	17 765	15 144 851	15 162 616
Arising on reverse acquisition[1]	–	–	488 544	488 544
Ordinary shares issued for share scheme participants	2 161 063	43	34 534	34 577
At 31 March 2012 and 2013	**1 182 765 988**	**23 655**	**17 534 066**	**17 557 721**

The total authorised number of ordinary shares is 1 200 000 000 (2010: 1 200 000 000) with a par value of 2 cents per share (2010: 2 cents per share). All issued shares, other than those related to the Gold Reef Share Scheme, are fully paid up.

[1] *This represents the difference between the fair value of the shares on the reverse acquisition transaction date and the market value on the date of issue to the TSH shareholders (24 February 2011)*

15. Trade and other payables

	2013 R'000	2012 R'000
Financial instruments		
Unclaimed dividends owing to shareholders	**842**	716
Liability relating to financial guarantee provided for in full	**13 604**	11 518
	14 446	12 234
Non-financial instruments		
VAT payable	**246**	205
	14 692	12 439

All of the above trade and other payables are current with the exception of the liability relating to the financial guarantee, the timing of which is uncertain.

16. Cash generated from operations

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Operating profit	**714 203**	835 424
Adjusted for non-cash movements:		
Amortisation of financial guarantee contracts	**–**	(12 552)
Release of financial guarantee contracts	**–**	(90 554)
Liability relating to financial guarantee provided for in full	**–**	11 518
Foreign exchange loss	**2 086**	–
Impairment of loan to associate	**1 876**	26 753
Impairment of investment in joint venture	**–**	2 047
Impairment of loan to joint venture	**3 499**	12 565
Cash generated from operations before working capital movements	**721 664**	785 201
Working capital movements		
Increase in trade and other receivables	**(9)**	(41)
Increase in amounts due by subsidiaries	**(12 321)**	–
Increase/(decrease) in trade and other payables	**41**	(966)
Cash generated from operations	**709 375**	784 194

17. Income tax paid

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Tax liability at beginning of the year	**(4)**	994
Current tax provided	**(9 940)**	(10 006)
Tax liability at 31 March	**2 902**	4
	(7 042)	(9 008)

18. Dividends paid to the company's shareholders

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
Unclaimed dividends owing to shareholders at beginning of the year	**(716)**	–
Ordinary dividends declared	**(702 303)**	(768 507)
Unclaimed dividends owing to shareholders at 31 March	**842**	716
	(702 177)	(767 791)

19. Contingencies and guarantees

	2013 R'000	2012 R'000
Litigation	**–**	1 500

The company has provided security for an associate's (Lukhanji Leisure (Pty) Limited) borrowing obligations in favour of Investec Limited to a capital amount of R18 million, plus interest and costs (refer note 8).

The company has also provided security for Indol (Pty) Limited's (a joint venture company incorporated in Botswana) banking facilities in favour of Bank of Gaborone for a capital amount to the maximum of Botswana Pula 12.125 million, plus 50% of interest and costs – refer note 9 and note 15. This amount has been raised and included in trade and other payables.

20. Related party transactions

As detailed below the company has concluded certain transactions with related parties. Details of the group's associates, joint ventures and subsidiaries are shown in notes 8, 9 and 21.

Except as otherwise indicated all related party transactions are based on a market-related basis.

	Year ended 31 March 2013 R'000	Fifteen months ended 31 March 2012 R'000
20.1 Purchases/sales of services		
Royalty fees received from subsidiary:		
Gold Reef Management (Pty) Limited	**18 304**	21 250
Administration fees received from subsidiaries:		
Akani Egoli (Pty) Limited	**49**	119
Akani Msunduzi (Pty) Limited	**97**	206
Garden Route Casino (Pty) Limited	**347**	347
Goldfields Casino (Pty) Limited	**100**	141
Gold Reef Management (Pty) Limited	**330**	553
West Coast Leisure (Pty) Limited	**158**	159
Silverstar Casino (Pty) Limited	**56**	83
Administration fees received from associate:		
Lukhanji Leisure (Pty) Limited	**57**	77
	19 498	22 935
20.2 Amounts owing by/(to) related parties		
Amounts owing by subsidiaries:		
Refer note 12	**25 701**	13 390
Amounts owing to subsidiaries:		
Refer note 12	**(155 349)**	(160 257)
Amounts owing by other related parties:		
Associates and joint ventures (refer notes 8 and 9)	**–**	–

There were no loans to company directors, key management or their families.

20. Related party transactions continued

20.3 Key management compensation

Directors and prescribed officers of the company are considered to be key management. Remuneration and fees paid to key management during the year are as follows:

Executive directors	Year ended 31 March 2013 Basic remuneration R'000	Benefits R'000	Incentives R'000	Long-term incentives R'000	Total R'000
Remuneration paid by subsidiaries					
MN von Aulock	**4 509**	**967**	**5 550**	**2 591**	**13 617**
RB Huddy	**2 250**	**517**	**1 946**	**4 024**	**8 737**
Total remuneration	**6 759**	**1 484**	**7 496**	**6 615**	**22 354**

Fifteen months ended 31 March 2012

Executive directors	Basic remuneration R'000	Benefits R'000	Incentives R'000	Contract settlement R'000	Accelerated vested share options R'000	Total R'000
Remuneration paid by subsidiaries						
MN von Aulock[1]	3 499	732	1 854	–	–	6 085
RB Huddy[2]	938	202	–	–	–	1 140
JA Mabuza[3]	2 392	695	6 462	–	–	9 549
RA Collins[1][4]	1 951	326	2 626	–	–	4 903
GI Wood[1][4]	1 651	262	730	–	–	2 643
	10 431	2 217	11 672	–	–	24 320
Remuneration paid by the company						
JS Friedman[5]	–	–	–	–	168	168
SB Joffe[5]	–	–	–	–	312	312
C Neuberger[5]	–	–	–	–	186	186
TM Sadiki[5]	–	–	–	–	111	111
Paid by subsidiaries						
JS Friedman[5]	275	220	–	10 473	–	10 968
SB Joffe[5]	435	415	–	19 490	–	20 340
C Neuberger[5]	313	126	–	11 500	–	11 939
TM Sadiki[5]	181	112	–	6 950	–	7 243
	1 204	873	–	48 413	777	51 267
Total remuneration	11 635	3 090	11 672	48 413	777	75 587

(1) *Appointed 24 February 2011*
(2) *Appointed 31 October 2011*
(3) *Appointed 24 February 2011 and retired 30 September 2011*
(4) *Resigned 31 October 2011*
(5) *Resigned 24 February 2011. The executive directors had service contracts with Gold Reef, which were entered into in August 2009, and addenda to these service contracts were signed on 17 February 2010. These contracts were terminated with effect from 24 February 2011 and accordingly the payments, which relate to the period 1 January to 24 February 2011, were made to the executive directors terminated at that date*

The 2013 figures relate to amounts paid during the financial year ended 31 March 2013. The 2012 disclosure relates to amounts paid during the fifteen month period ended 31 March 2012.

20. Related party transactions continued

20.3 Key management compensation continued

Non-executive directors	Year ended 31 March 2013 Directors' fees R'000	Other benefits R'000	Total R'000	Fifteen months ended 31 March 2012 Directors' fees R'000	Other benefits R'000	Total R'000
Fees and services paid by subsidiaries						
JA Copelyn[1,7]	**712**	**–**	**712**	547	–	547
JA Mabuza[1]	**–**	**8 500**	**8 500**	–	4 250	4 250
MJA Golding[1,7]	**204**	**–**	**204**	163	–	163
JM Khan[2]	**204**	**–**	**204**	165	–	165
EAG Mackay[1,7]	**255**	**–**	**255**	200	–	200
VE Mphande[1]	**204**	**–**	**204**	160	–	160
A van der Veen[3,7]	**204**	**–**	**204**	163	–	163
MI Wyman[1]	**204**	**–**	**204**	163	–	163
PJ Venison[4]	**–**	**–**	**–**	125	–	125
RG Tomlinson[1]	**407**	**–**	**407**	300	–	300
JG Ngcobo[1]	**255**	**–**	**255**	187	–	187
Y Shaik[5]	**306**	**–**	**306**	150	–	150
MG Diliza[6]	**–**	**–**	**–**	10	–	10
PCM September[6]	**–**	**–**	**–**	13	–	13
	2 955	**8 500**	**11 455**	2 346	4 250	6 596
Fees and services paid by the company						
EN Banda[6]	**–**	**–**	**–**	101	–	101
MG Diliza[6]	**–**	**–**	**–**	35	–	35
JC Farrant[6]	**–**	**–**	**–**	48	–	48
MZ Krok[6]	**–**	**–**	**–**	35	–	35
ZJ Matlala[6]	**–**	**–**	**–**	54	–	54
PCM September[6]	**–**	**–**	**–**	35	–	35
P Vallet[6]	**–**	**–**	**–**	35	–	35
	–	**–**	**–**	343	–	343
Total fees and services	**2 955**	**8 500**	**11 455**	2 689	4 250	6 939

[1] *Appointed 24 February 2011*
[2] *Appointed 24 February 2011 and resigned 31 March 2013*
[3] *Appointed 24 February 2011 and resigned 8 November 2012*
[4] *Appointed 24 February 2011 and retired 15 June 2011*
[5] *Appointed 15 June 2011*
[6] *Resigned 24 February 2011*
[7] *Directors' fees paid to respective employer companies*

The 2013 figures relate to amounts paid during the financial year ended 31 March 2013. The 2012 disclosure relates to amounts paid during the fifteen month period ended 31 March 2012.

Other key management and prescribed officers	Year ended 31 March 2013 Basic remuneration R'000	Benefits R'000	Performance incentives R'000	Long-term incentives R'000	Total R'000
Remuneration paid by subsidiaries					
J Booysen	**2 842**	**470**	**2 598**	**–**	**5 910**
RA Collins	**3 137**	**534**	**2 890**	**–**	**6 561**
RF Weilers	**3 477**	**886**	**2 008**	**–**	**6 371**
GI Wood	**2 666**	**421**	**1 882**	**–**	**4 969**
	12 122	**2 311**	**9 378**	**–**	**23 811**
	Fifteen months ended 31 March 2012 Basic remuneration R'000	Benefits R'000	Performance incentives R'000	Long-term incentives R'000	Total R'000
Remuneration paid by subsidiaries					
J Booysen	3 641	615	2 626	–	6 882
RA Collins	3 084	491	730	–	4 305
RF Weilers	2 643	440	1 417	–	4 500
GI Wood	3 573	968	698	–	5 239
	12 941	2 514	5 471	–	20 926

The 2013 figures relate to amounts paid during the financial year ended 31 March 2013. The 2012 disclosure relates to amounts paid during the fifteen month period ended 31 March 2012.

21. Subsidiary companies

The following information relates to the company's financial interest in its principal subsidiaries:

	Issued share capital		Effective holding		Shares at cost	
	2013	2012	**2013**	2012	**2013**	2012
Subsidiary	**R**	R	**%**	%	**R'000**	R'000
Direct shareholding:						
Akani Egoli (Pty) Limited	**1 000**	1 000	**100**	100	**984 992**	984 992
Akani Egoli Management (Pty) Limited	**1 000**	1 000	**100**	100	**1**	1
Akani Msunduzi (Pty) Limited	**100**	100	**100**	100	**135 948**	135 948
Akani Msunduzi Management (Pty) Limited	**1 000**	1 000	**100**	100	**1**	1
Aldiss Investments (Pty) Limited	**1**	1	**100**	100	*****	*
Gold Reef Management (Pty) Limited	**100**	100	**100**	100	**98 376**	98 376
Garden Route Casino (Pty) Limited	**1 000**	1 000	**85**	85	**168 837**	168 837
Goldfields Casino and Entertainment Centre (Pty) Limited	**1 000**	1 000	**100**	100	**165 084**	165 084
Gold Reef Resorts Training Institute (Pty) Limited	**2**	2	**100**	100	*****	*
Richard Moloko Consortium Holdings (Pty) Limited	**1 002**	1 002	**100**	100	**173 545**	173 545
Silverstar Casino (Pty) Limited	**1 000**	1 000	**100**	100	**972 933**	972 933
West Coast Leisure (Pty) Limited	**1 000**	1 000	**70**	70	**62 715**	62 715
Tsogo Sun Hotels, Gaming and Entertainment (Pty) Limited	**25 000**	25 000	**100**	100	**15 651 160**	15 651 160
Indirect shareholding:						
Durban Add-Ventures Limited	**3 156 723**	3 156 723	**75.2**	75.2	**–**	–
Hotel Formula 1 (Pty) Limited	**4 000**	4 000	**100**	100	**–**	–
Monyaka Gaming Machine Supply (Pty) Limited	**2 000**	2 000	**100**	100	**–**	–
Ripple Effect 31 (Pty) Limited	**1 000**	1 000	**100**	100	**–**	–
Southern Sun Africa	**120 265**	120 265	**100**	100	**–**	–
Southern Sun Hotels (Pty) Limited	**100**	100	**100**	100	**–**	–
Southern Sun Hotel Interests (Pty) Limited	**2 145 000**	2 145 000	**100**	100	**–**	–
Southern Sun Middle East Investment Holdings (Pty) Limited	**100**	100	**100**	100	**–**	–
Southern Sun Offshore (Pty) Limited	**100**	100	**100**	100	**–**	–
Southern Sun Secretarial Services (Pty) Limited	**2**	2	**100**	100		
The Millennium Casino Limited	**200**	200	**100**	100	**–**	–
Tsogo Sun (Pty) Limited	**120**	120	**100**	100	**–**	–
Tsogo Sun Casinos (Pty) Limited	**2 402**	2 402	**100**	100	**–**	–
Tsogo Sun Emonti (Pty) Limited	**1 230**	1 230	**65**	65	**–**	–
Tsogo Sun Gaming (Pty) Limited	**100**	100	**100**	100	**–**	–
Tsogo Sun KwaZulu-Natal (Pty) Limited	**1 000**	1 000	**90**	90	**–**	–
					18 413 592	18 413 592

The group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. In addition to the abovementioned subsidiaries, the company has interests in other indirectly held subsidiaries. A register detailing such information in respect of all subsidiaries of the company is available for inspection at the registered office of the company, which may be inspected by members or their duly authorised agents.

All of the above subsidiaries are unlisted, and with the exception of Southern Sun Africa which is incorporated in Mauritius, are incorporated in South Africa.

**Amounts less than R1 000*

Analysis of shareholdings

	Number of shareholders	%	Number of shares	%
Portfolio size				
Range				
1 – 1 000	770	39.15	337 587	0.03
1 001 – 5 000	523	26.59	1 397 090	0.12
5 001 – 10 000	133	6.76	991 885	0.08
10 001 – 50 000	216	10.98	5 404 860	0.46
50 001 – 100 000	89	4.52	6 503 943	0.55
100 001 – and more	236	12.00	1 168 130 623	98.76
	1 967	100.00	1 182 765 988	100.00
Shareholder spread				
Public	1 960	99.64	209 546 806	17.72
Collective investment schemes and mutual funds	120	6.10	73 211 799	6.19
Individuals	1 372	69.75	72 752 881	6.15
Pension funds and medical aid societies	143	7.27	31 050 297	2.63
Banks and insurance companies	40	2.03	14 010 134	1.18
Others	285	14.49	18 521 695	1.57
Non-public	7	0.36	973 219 182	82.28
Directors[1]	1	0.05	167 775	0.01
Subsidiary companies*	3	0.15	83 632 695	7.07
Gold Reef Share Scheme*	1	0.05	1 157 684	0.10
Holding 10% +	2	0.11	888 261 028	75.10
	1 967	100.00	1 182 765 988	100.00
Major shareholders owning 1% or more				
Tsogo Investment Holding Company (Pty) Limited			453 013 124	38.30
SABSA Holdings (Pty) Limited			435 247 904	36.80
Tsogo Sun Gaming (Pty) Limited*			42 876 046	3.63
Tsogo Sun Expansion No 1 (Pty) Limited*			26 329 047	2.23
Maxim Krok			15 494 632	1.31
Aldiss Investments (Pty) Limited*			14 427 602	1.22

* *Treasury shares*

There are 84 790 379 treasury shares.

[1] *As at 31 March 2013 167 775 (2012: 167 775) shares were held directly by JA Copelyn, Non-executive Director and Chairman. Subsequent to 31 March 2013 JA Mabuza, Non-executive Director and Deputy Chairman, acquired 40 000 shares which are held directly. No other director holds shares in the company or any of its subsidiaries. There has been no other change to directors' shareholdings between the balance sheet date and the date of these annual financial statements.*

Glossary

Absa	Absa Group Limited
AGM	Annual General Meeting
the board	The board of directors of Tsogo Sun Holdings Limited
CASA	Casino Association of South Africa
CGU	Cash-generating unit
Companies Act	The Companies Act of 2008, as amended
CSDP	Central Securities Depository Participants
Ebitdar	Earnings before interest, tax, depreciation, amortisation and rentals
Gold Reef	Gold Reef Resorts Limited
HCI	Hosken Consolidated Investments Limited
HEPS	Headline earnings per share
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited
Nedbank	Nedbank Limited
RMB	Rand Merchant Bank, a division of FirstRand Bank Limited
SA	South Africa
SAB	SAB Limited, a subsidiary of SABMiller plc
SARS	South African Revenue Service
STC	Secondary Tax on Companies
Strate	Share Transactions Totally Electronic, an unlisted company owned by the JSE and CSDP
the group	Tsogo Sun Holdings Limited and its subsidiaries, associates and joint ventures
Tsogo Sun or the company	Tsogo Sun Holdings Limited
TSH	Tsogo Sun Hotels, Gaming and Entertainment (Pty) Limited (previously Tsogo Sun Holdings (Pty) Limited)
VAT	Value Added Tax

Corporate information

Company Secretary and Registered Office

WJ van Wyngaardt/GD Tyrrell[1]
Palazzo Towers East
Montecasino Boulevard
Fourways, 2055
(Private Bag X200, Bryanston, 2021)

Sponsor

Deutsche Securities (SA) Proprietary Limited
(A non-bank member of the Deutsche Bank Group)
(Registration number: 1995/011798/07)
3 Exchange Square, 87 Maude Street
Sandton, 2196
(Private Bag X9933, Sandton, 2146)

Attorneys

Tabacks Attorneys
(Registration number: 2000/024541/21)
13 Eton Road
Parktown, 2193
(PO Box 3334, Houghton, 2041)

Nortons Inc.
(Registration number: 2009/006902/21)
135 Daisy Street
Sandton, 2196
(PO Box 41162, Craighall, 2024)

Auditors

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
(Registration number: 1998/012055/21)
2 Eglin Road
Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)

Investor relations

Brunswick South Africa Limited
(Registration number: 1995/011507/10)
23 Fricker Road
Illovo Boulevard
Illovo, 2196

Transfer secretaries

Link Market Services South Africa Proprietary Limited
(Registration number: 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Commercial bankers

Nedbank Limited
(Registration number: 1966/010630/06)
1st Floor
Corporate Park
Nedcor Sandton
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Rand Merchant Bank
A division of FirstRand Bank Limited
(Registration number: 1929/001225/06)
1 Merchant Place
cnr Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Absa Group Limited
(Registration number: 1986/003934/06)
3rd Floor
Absa Towers East
170 Main Street
Johannesburg, 2001
(PO Box 7735, Johannesburg, 2000)

[1] *Mr GD Tyrrell will replace Mr WJ van Wyngaardt on his retirement on 30 September 2013*

BASTION GRAPHICS