CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2020

Continuing operations

	Six months ended 30 September 2020 Rm	Six months ended 30 September 2019 Rm	Year ended 31 March 2020 Rm
Income	**1 565**	5 958	11 686
Operating costs	**(1 374)**	(3 978)	(7 681)
Ebitda	**191**	1 980	4 005
Adjusted Ebitda (including leases)	**136**	1 920	3 883
Financing costs (excluding leases and hedge reserve)	**(477)**	(540)	(1 062)
Headline (loss)/earnings	**(543)**	675	1 284
Dividend per share (cents)	**Nil**	26cps	Nil
Capex and investments	**(86)**	(414)	(1 080)
NIBD and guarantees	**R11.8 billion**	R11.2 billion	R11.4 billion
Liquidity – ONL and RCF	**R1.05 billion**		
March 2021 covenant waivers required			

TSOGO SUN
GAMING

Tsogo Sun Gaming Limited
(Incorporated in the Republic of South Africa)
(Registration number 1989/002108/06)
Share code: TSG ISIN: ZAE000273116
JSE Alpha code: TSGI
("Tsogo Sun Gaming" or "the company" or "the group")

www.tsogosungaming.com

Commentary

OVERVIEW

The spread of the Covid-19 virus and government's regulatory restrictions such as the curfew, limited capacity and the ban on alcohol sales, had a substantial negative impact on the results for this interim reporting period.

All businesses in the group were closed for the first quarter of the financial period and thereafter opened in a staggered manner, but are not as yet fully operational.

Operating expenses

Operating expenses were tightly controlled during the period and continuing cost saving initiatives should provide sustainable benefits. The group successfully retained as many job opportunities as was possible, even though some processes are still continuing.

Finance costs

Finance costs for the period amounted to R477 million (excluding lease finance costs). The R7.5 billion of interest swaps which are still in place negatively impacted this cost.

Of these hedges, R4.0 billion are however maturing on 30 June 2021, which can potentially realise some interest cost improvement for the group in the next financial year.

Ebitda and headline earnings

Ebitda for the interim reporting period amounted to R191 million (R136 million including lease costs which are now included in depreciation and finance costs in terms of IFRS 16 *Leases*). The headline loss for the period amounted to R543 million.

It is encouraging that for September 2020 the group exceeded R0.6 billion revenue and R0.2 billion Ebitda and reflected a headline profit for the month. Regardless of this turnaround, the group is currently still in a substantial headline loss position.

There are no significant adjustments to headline earnings for the six months ended 30 September 2020.

Net debt

Net interest-bearing debt and guarantees at 30 September 2020 totalled R11.8 billion, which are R400 million above the 31 March 2020 balance of R11.4 billion.

The group's strategy remains to reduce the long-term debt levels thereby decreasing risk and funding costs.

Debt reduction should be accelerated in the second half of the financial year, provided there are no further setbacks relating to restrictive trading conditions.

Casinos

With the significant investment in infrastructure, high employment numbers and staff costs, casinos were not built to operate in a constrained environment, thereby placing severe pressure on the group's cash flow and debt position for the period under review.

The resultant focus on reducing operating expenses was therefore inevitable and this should provide a positive impact on the group's ability to survive, recover and emerge a strong business subsequent to the current crisis.

The 947 radio satellite broadcasting studio and the "Anyone can win a Ferrari" promotion at Montecasino are only some of the exciting new initiatives.

Interactive and technological development and the change in marketing focus are also expected to enhance the casino customer experience. The group's new website was launched in October under tsogosungaming.com and there are other exciting projects in process.

Entertainment facilities such as the Theme Park, theatres, arcades and cinemas remained closed during the reporting period, since it was deemed not viable to operate these businesses. Even though these offerings will reopen in a staggered manner in the second half of the financial year, management does not expect a significant contribution for this financial year.

Fourteen of the group's seventeen hotels were open by October 2020. The negative impact of hotels on Ebitda for these first six months amounted to R33 million.

Bingo

The Bingo division obtained some rental relief from its landlords for the period until September 2020, but rental costs reverted to the full contractual costs from October 2020. There are limited cost savings opportunities in this division.

The trading levels at Bingo sites were also constrained by floor limitations and the curfew.

LPMs

The ban on alcohol and consequential closure of bars and restaurants had a significant detrimental impact on the LPM division. Since the reopening of this sector of the economy, the division has recovered faster than all the other businesses in the group as a result of its low cost base, being a non-operational business and the low number of machines per site making social distancing easier to manage.

Unfortunately the impact of the pandemic was felt with some permanent site closures resulting in not all LPMs being operational as yet (95% at 30 September 2020).

The dedicated management team of the LPM division is pleased to report that in October 2020 the business exceeded the 2020 year end average per month performance for the first time since the pandemic crisis.

Capital expenditure, investments and sale of assets

Capital expenditure of approximately R37 million (excluding capital creditors) included committed projects on hotels from the prior year, the completion of the new exciting 947 studio at Montecasino and unavoidable maintenance capex.

The investment in Bet.co.za is part of the group's strategy to enter the online betting sector as reported previously.

Subsequent to 30 September 2020, the Bingo division concluded acquisitions at a cost of approximately R10 million, whilst the realisation of assets generated R27 million. Capex for the remainder of the year is expected to remain limited to maintenance, machine purchases for LPM roll outs and completion of some projects.

Capex in future must be value adding, gaming and entertainment focused and the amount of capex that is spent on projects be contained as much as is possible. No major projects are planned for the next year.

Investments and/or acquisitions in the industry and the possible sale of non-core assets, will be continuously evaluated and considered where appropriate or feasible.

Prospects

The group currently has a fairly narrow focus brought about by the pandemic, which virtually halted the momentum of the business improvement project which commenced in the prior year.

The cost reduction projects should not only assist in saving the business and preserve employment, but should also reward investors who are willing to remain invested in what the business can deliver post the pandemic. We are positive that the culture of saving has been entrenched with management and staff to deliver a more efficient business.

The month of October delivered a solid performance and a further improvement as a result of the relaxation of the curfew being applicable for the full month.

With reduced levels of revenue due to restricted trading, offset by a lower cost base, only essential capex to be spent and no dividends paid to shareholders, we are of the view that debt levels can be reduced significantly by September 2021. This may be negatively impacted by additional restrictions or acquisition decisions which will require cash.

Regardless of these efforts, the group will at least still be breaching debt covenants by March 2021.

DIVIDEND

The board of directors has resolved not to declare an interim dividend in respect of the six months ended 30 September 2020.

GOING CONCERN

The directors considered the going concern status of the group taking into account the current financial position and their best estimate of the cash flow forecasts in terms of their current knowledge and expectations of ongoing developments of the Covid-19 pandemic.

The cash flow and liquidity projections for the group have been prepared based on current trading conditions extrapolated for a period exceeding 12 months from the reporting date and included performing sensitivity analyses.

After taking the above factors, including the discussions with the lenders, into account, the group considers the going concern method to be appropriate for the presentation of the Condensed Unaudited Consolidated Interim Financial Statements.

The September 2020 covenants have been waived by the lenders. The group still requires the waiver of the expected covenant breaches for March 2021 (and it is possible the group may require the waivers for September 2021) without which, the debt becomes due and payable. In addition, should there be a suspension of trade after 30 November 2020, or the group is not operating cash positive, the group would need to provide a business plan to be approved by the lenders.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial period, not otherwise dealt with within the Condensed Unaudited Consolidated Interim Financial Statements that would affect the operations or results of the group significantly.

PRESENTATION

Shareholders are advised that a presentation which provides additional analysis and information will be available on the group's website at **www.tsogosungaming.com**.

CG du Toit
Chief Executive Officer
19 November 2020

A Hoyer
Chief Financial Officer

Notes to the condensed unaudited consolidated interim financial statements

for the six months ended 30 September

1 BASIS OF PREPARATION

The condensed unaudited consolidated interim financial statements for the six months ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council ("FRSC"), the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. Chief Financial Officer, A Hoyer CA(SA), supervised the preparation of these Condensed Unaudited Consolidated Interim Financial Statements. The accounting policies are consistent with IFRS as well as those applied in the most recent audited annual financial statements as at 31 March 2020 other than as described in note 2. The Condensed Unaudited Consolidated Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 March 2020, which have been prepared in accordance with IFRS. This interim report, together with any forward looking information contained in this report, has not been audited or reviewed by the company's auditors.

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

New and amended standards adopted by the group

The group adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the group from 1 April 2020, the significant accounting pronouncement being the amendment to IFRS 16 *Leases*. No other pronouncements had any material impact on the group.

Amendment to IFRS 16 Leases

As permitted by IFRS 16, the group early adopted the amendment with effect from 1 April 2020 retrospectively although there was no adjustment to the opening balance of retained earnings at the same date. The International Accounting Standards Board issued amendments to IFRS 16 to simplify how lessees account for rent concessions. As a practical expedient, a lessee may elect not to assess whether a rent concession that meets specific conditions per the amendment is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 as if the change were not a lease modification. No such relief is provided for lessors. Lessors are required to assess whether rent concessions are lease modifications and, if so, account for them accordingly.

The practical expedient in the amended standard applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic, and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(c) there is no substantive change to other terms and conditions of the lease.

The group applied the practical expedient to all of its leases where it is a lessee and lease concessions were granted to the group retrospectively with effect from 1 April 2020. This had the effect of reducing lease liabilities as follows for the period to 30 September 2020:

	Total lease concessions Rm
Property rentals	**50**
Equipment rentals	**6**
	56

3 STANDARDS ISSUED NOT YET EFFECTIVE

The group does not anticipate that any standards or amendments to existing standards that have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2021 or later periods, which the group has not early adopted, would have a material impact on the group.

4 IMPAIRMENTS OF NON-CURRENT ASSETS

In terms of IAS 36 *Impairment of Assets*, the group assesses at the end of each reporting period whether there is any indication that an asset may be impaired, and assesses its goodwill and intangible assets with indefinite lives for impairment irrespective of whether there is any indication of impairment or not. The group makes estimates and assumptions concerning the future. Due to impairments of property, plant and equipment and other intangibles of R8 million (2019: R5 million) not being significant, the impairments are shown within "Other operating expenses" in the income statement.

Goodwill and casino licences

Impairment test for goodwill and casino licences

Goodwill and casino licences are allocated and monitored based on the group's CGUs. The outbreak of Covid-19 in the prior year has significantly affected the South African economy and the gaming and hospitality industry. The closure of all the group's casino precincts during the lockdown and the uncertain economic outlook is having a material adverse effect on the group's operations and ability to generate cash flows in the short to medium term. These factors are taken into account in the impairment testing of goodwill and intangibles, being mainly casino licences, most of which are indefinite lived.

Significant estimate: key assumptions used for value-in-use calculations

The recoverable amount of the CGUs is determined based on the higher of the fair value less cost of disposal and value in use. These calculations use management approved pre-tax cash flow projections based on five-year forecasts. The expected capital cost spend in the CGUs is based on the historical experience of maintaining each property, taking into account current spend, limited to essential maintenance only in order to preserve cash. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rates.

In light of the Covid-19 implications mentioned above, the key assumptions used for the value-in-use calculations were reviewed at the reporting period and estimated as follows:

- Trading assumptions – management determined forecast income, operating expenses and Ebitda margins based on past and current performance and its expectations of market developments. Due to the current Covid-19 restrictions, it is anticipated that during the 2021 financial year, group revenues will be significantly lower, offset by a reduction in variable and fixed costs, the most significant of these being gaming levies and VAT, payroll costs and advertising and marketing. The group continued to implement deep structural changes for the business to be sustainable through this period. The group's forecast models assume a strong recovery in trading during the 2022 financial year off an extremely low base, with Ebitda growth rates reaching new normal trading levels one year's growth behind what the group anticipated pre-Covid-19 levels to be.

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

- 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. The growth rate estimations consider risks associated with the gaming and entertainment industry in which the CGUs operate and are consistent with forecasts included in industry reports specific to the entertainment and hospitality industries in which each CGU operates. The group has revised the long-term growth rate downward by 0.3 percentage points ("pp") to 5.0% compared to the prior year due to the negative effects of Covid-19; and
- Discount rate – the discount rate is calculated by using a weighted average cost of capital ("WACC") of the respective CGUs. WACC is calculated using a bond risk-free rate and an equity premium adjusted for specific risks relating to the relevant CGUs (share beta). The average pre-tax discount rate has remained in line with the prior year of 17.5% due to a higher share beta, offset by lower interest rates reducing the group's cost of debt. The group believes these rates will return to more normal levels over the medium term.

Significant estimate – impairment charge

Based on the above assumptions, it was determined that at the reporting date, no further impairments to either goodwill or casino licences were deemed necessary since the previous year end.

A reasonable possible change in any key assumption on which management has based its determination of the CGU's recoverable amounts would not cause any CGU's carrying amount to exceed its recoverable amount due to sufficient headroom.

5 FAIR VALUE ESTIMATION

The group fair values its investment properties (categorised as level 3 values in the fair value hierarchy), fair value through other comprehensive income ("FVOCI") investments (categorised as level 3 values) and its interest rate swaps (categorised as level 2 values). There were no transfers into or out of level 3 for all fair value assets during the period under review.

5.1 Investment properties

The group rents out retail and commercial office space in its investment properties. The group's investment properties have been categorised as level 3 values based on the inputs to the valuation technique used. The group has elected to measure investment properties at fair value. Fair values are estimated tri-annually by an external appointed valuator, and by management during the intervening years.

The fair value of the group's investment properties is determined using capitalised values of the projected rental income together with assessments of development land. Vacancies are considered based on the historical and current vacancy factors as well as the nature, location, size and popularity of the properties. The outbreak of Covid-19 during the prior year significantly affected the South African economy. This impact has also been taken into account when determining the fair value of the group's investment properties. During the period under review, no further fair value adjustments were noted since the year end 31 March 2020 and no capital expenditure was incurred in respect of the group's investment properties.

5 FAIR VALUE ESTIMATION continued

5.1 Investment properties continued

At 30 September 2020, there were no changes to the significant unobservable inputs which were identified since the previous financial year end and therefore no further adjustments to the fair value was deemed necessary. The significant unobservable inputs are as follows:

- Capitalisation rates applied to rental income vary between 9% and 10%; and
- Vacancy rate applied of between 0% and 20%.

Inter-relationships between key unobservable inputs and fair value measurement

The estimated fair value would increase/(decrease) if:

- Expected rental income was higher/(lower);
- Expected vacancy rate was lower/(higher); and
- The capitalisation rate was lower/(higher).

Sensitivities

The table below indicates the sensitivities of the investment property portfolio at 30 September 2020 and 31 March 2020 by increasing or decreasing value inputs by 1pp as follows:

	Increase Rm	Decrease Rm
1pp change in the capitalisation rate	**(42)**	**45**
1pp change in the vacancy rate	**(3)**	**4**

5.2 Financial asset at FVOCI

During the 2017 financial year, aligned with the group's desire to increase its exposure in the Western Cape province, the group entered into a transaction with Sun International Limited ("SI") and Grand Parade Investments Limited for the acquisition of a 20% equity interest in each of SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester"). The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as level 3 fair value measurements and have been accounted for as financial assets at FVOCI.

At the end of each reporting period the investment is remeasured and the increase or decrease recognised in other comprehensive income. The asset has been remeasured at 30 September 2020 to R848 million from a fair value of R898 million at 31 March 2020, a R50 million decrease. A discounted cash flow valuation was used to estimate the fair value. The valuation model considers the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditure taking into account expected growth in gaming win and other revenue generated from non-gaming related activities. The expected net cash flows are discounted using a risk adjusted post-tax discount rate. Among other factors, the discount rate estimation considers risks associated with the gaming and hospitality industry in which SunWest and Worcester operates. The reason for the fair value loss is as a result of the Covid-19 outbreak during the prior year which has significantly affected the South African economy. As discussed in note 4, it is anticipated that during 2021, revenues in the gaming and hospitality industry will be significantly lower, offset by reductions in variable and fixed costs, with an assumption of a strong recovery in trading during the 2022 financial year off an extremely low base reaching normal trading levels.

5 FAIR VALUE ESTIMATION continued

5.2 Financial asset at FVOCI continued

The significant unobservable inputs used in the fair value measurement of the group's investment in SunWest and Worcester as at 30 September 2020 are as follows:

- Expected gaming win increases by 63% then increases by 11%, then to 4% over the following years (2020: Expected gaming win declines by 40% then increases by 67%, then 8% and then to 3% over the following years);
- Operating expenditure cost increases by 24% then to 5% over the following years (2020: Operating expenditure cost declines by 22% then increases by 33%, then to 4% over the following years);
- Risk-adjusted discount rate of 14.30% (2020: 14.25%) post-tax; and
- Long-term growth rate of 5.0% (2020: 5.3%).

The table below indicates the sensitivities for the valuation by increasing or decreasing the above inputs by 1pp:

	30 September 2020		31 March 2020	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
Expected gaming win growth	**74**	**(69)**	110	(106)
Operating expenditure cost growth	**(60)**	**58**	(84)	81
Risk-adjusted discount rate	**(90)**	**111**	(99)	124
Long-term growth rate	**81**	**(65)**	93	(75)

5.3 Interest rate swaps

The fair value of the group's derivatives used for hedge accounting is a liability of R488 million (31 March 2020: liability of R229 million) and is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year. The reason for the increase in the liability is due to decreases in market-related interest rates since the previous year end, mostly due to the effects of the Covid-19 pandemic. No amount has been expensed in profit or loss due to ineffectiveness of the group's derivatives for the reporting period to 30 September 2020.

6 CHANGES IN INTEREST-BEARING BORROWINGS ARISING FROM FINANCING ACTIVITIES

Changes arising from financing activities for the period ended 30 September 2020 related to interest-bearing borrowings, excluding bank overdrafts from short-term borrowings of R524 million (2020: R2 559 million), are as follows:

	Non-current portion Rm	Current portion Rm	Total Rm
At 1 April 2020	**11 200**	**530**	**11 730**
Borrowings raised	**600**	**–**	**600**
Borrowings repaid	**–**	**(300)**	**(300)**
Interest capitalised[1]	**211**	**1**	**212**
Settlement of capitalised interest	**–**	**(80)**	**(80)**
At 30 September 2020	**12 011**	**151**	**12 162**

	Non-current portion Rm	Current portion Rm	Total Rm
At 1 April 2019	10 072	1 523	11 595
Borrowings raised – cash portion	5 856	1 450	7 306
Borrowing facilities received – non-cash[2]	5 344	–	5 344
Borrowings repaid – cash portion	(5 800)	(1 461)	(7 261)
Borrowing facilities settled – non-cash[2]	(4 272)	(1 072)	(5 344)
Interest capitalised	–	80	80
Debt raising fees	–	10	10
At 31 March 2020	11 200	530	11 730

[1] *Interest has been capitalised pursuant to the agreement reached with the lenders in June 2020, repayable at the earlier of the relevant facility maturity date or 31 May 2023.*

[2] *At the time of the debt refinancing during the prior year, certain borrowings in place were settled by lenders offsetting between themselves and therefore the cash did not flow through the group's bank accounts at the time the group received the new borrowing facilities and likewise the existing borrowings were settled*

6 CHANGES IN INTEREST-BEARING BORROWINGS ARISING FROM FINANCING ACTIVITIES continued

Changes arising from finance lease liabilities for the period ended 30 September 2020 are as follows:

	Non-current portion Rm	**Current portion Rm**	**Total Rm**
At 1 April 2020	**232**	**91**	**323**
New leases raised	**31**	**3**	**34**
Principal elements of lease payments – current period	**(1)**	**(3)**	**(4)**
Reclassification to current	**(13)**	**13**	**–**
Remeasurement of leases	**–**	**1**	**1**
Termination of leases	**(4)**	**(1)**	**(5)**
Lease concessions practical expedient applied[(1)]	**(1)**	**(55)**	**(56)**
Other movements	**2**	**(1)**	**1**
At 30 September 2020	**246**	**48**	**294**

	Non-current portion Rm	Current portion Rm	Total Rm
At 1 April 2019	297	146	443
New leases raised	32	–	32
Principal elements of lease payments	(92)	(39)	(131)
Remeasurement of leases	(5)	(3)	(8)
Termination of leases	–	(5)	(5)
Disposal of business	–	(8)	(8)
At 31 March 2020	232	91	323

[(1)] *Refer note 2* Changes in significant accounting policies

7 COMMON CONTROL ACQUISITION OF BET.CO.ZA

The group acquired a 50.1% stake in Bet.co.za, effective 7 August 2020, for a cash purchase consideration of R49 million which was funded by the group's available funds. The Bet.co.za business is licensed to operate an online sports betting platform and retail sports betting licences operating in Gauteng and Limpopo. The acquisition represents a strategic opportunity for the group to enter the online sports betting space via an existing developing business.

The transaction is deemed to be a transaction under common control and consequently falls outside the scope of IFRS 3 *Business Combinations*. The group's accounting policy is to apply predecessor accounting to common control transactions. Common control accounting is applied as the purchase is from Niveus Investments Limited, a subsidiary of Hosken Consolidated Investments Limited, the company's controlling shareholder. Under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the purchase consideration recognised as a separate reserve in equity, a "common control" reserve.

8 REVENUE FROM CONTRACTS WITH CUSTOMERS

The group derives revenue over time, with the exception of food and beverage revenue which is recognised at a point in time. The group has no contract assets. The "Disaggregation of revenue from contracts with customers" table presents revenue by segment which excludes gaming win, as this is accounted for in line with IFRS 9 *Financial Instruments*, and other sundry income which are included in the segmental analysis.

9 RELATED PARTY TRANSACTIONS

The group had no significant related party transactions during the period under review, nor entered into any new significant related party transactions during the period under review from the previous year end, other than the common control acquisition (note 7).

10 SEGMENT INFORMATION

The group's reporting lines and precincts are grouped under separate regional managers who report on a regional basis to the Chief Executive Officer ("CEO"). In terms of IFRS 8 *Operating Segments*, the chief operating decision maker ("CODM") has been identified as the group's CEO.

In order to assess performance and allocate resources, the CODM reviews the businesses by region and thus the group considers its reportable segments to be geographical and has presented a by-region-segment analysis. In terms of the quantitative threshold, although Mpumalanga, Western Cape, Eastern Cape and Free State regions do not meet the 10% profit threshold, the group believes it is more appropriate to show these as separate segments because of their differing profiles.

10 SEGMENT INFORMATION continued

The CODM assesses the performance of the operating segments based on Ebitda. The measure excludes the effects of items which are regarded as unusual and are considered to distort the numbers if they were not adjusted. The adoption of IFRS 16 with effect from 1 April 2019 resulted in the group's property leases being capitalised in line with the standard and no longer treated as operating leases. Therefore, the rental costs are now included in depreciation and finance costs. As a result, the CODM reviews Ebitda as opposed to Ebitdar which was used in prior years. Non-headline adjusted expenses treated as exceptional in the prior year of R22 million, being mostly restructuring costs (including termination benefits), have now been included in Ebitda. These items are no longer regarded as unusual nor are they considered to distort the numbers. Finance income and finance costs are not included in the results for each operating segment as this is driven by the group's treasury function which manages the cash and debt position of the group. No measure of total assets and liabilities for the reportable segments has been provided as such amounts are not regularly provided to the CODM.

In terms of IFRS 8, as a result of the change from presenting Ebitdar to Ebitda for each segment, the comparatives have been restated. Other than these changes, there has been no change in the basis of measurement of segment profit or loss from the last annual financial statements.

11 CAPITAL COMMITMENTS

The board has committed a total of R270 million for maintenance and expansion capital items which is anticipated to be spent during the next 12 months, subject to trading conditions. R31 million of the committed capital expenditure has been contracted for. Capital expenditure for the current financial year has been reduced to critical items only in order to preserve cash.

12 CONTINGENT LIABILITIES

The group had no significant contingent liabilities as at 30 September 2020.

13 GOING CONCERN

The directors considered the going concern status of the group taking into account the current financial position and their best estimate of the cash flow forecasts in terms of their current knowledge and expectations of ongoing developments of the Covid-19 pandemic.

The cash flow and liquidity projections for the group have been prepared based on current trading conditions extrapolated for a period exceeding 12 months from the reporting date and included performing sensitivity analyses.

After taking the above factors, including the discussions with the lenders, into account, the group considers the going concern method to be appropriate for the presentation of the Condensed Unaudited Consolidated Interim Financial Statements.

The September 2020 covenants have been waived by the lenders. The group still requires the waiver of the expected covenant breaches for March 2021 (and it is possible the group may require the waivers for September 2021) without which, the debt becomes due and payable. In addition, should there be a suspension of trade after 30 November 2020, or the group is not operating cash positive, the group would need to provide a business plan to be approved by the lenders.

14 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The directors are not aware of any matters or circumstances arising since the end of the financial period, not otherwise dealt with within the Condensed Unaudited Consolidated Interim Financial Statements that would affect the operations or results of the group significantly.

Condensed consolidated income statement

for the six months ended 30 September

	2020 Unaudited Rm	2019 Unaudited Rm
Continuing operations		
Net gaming win	**1 464**	5 029
Food and beverage revenue	**21**	330
Rooms revenue	**22**	251
Other revenue	**17**	232
Other income	**41**	116
Income	**1 565**	5 958
Gaming levies and Value Added Tax	**(316)**	(1 096)
Employee costs	**(416)**	(1 175)
Other operating expenses[1]	**(649)**	(1 709)
Amortisation and depreciation	**(447)**	(458)
Operating (loss)/profit	**(263)**	1 520
Finance income	**12**	14
Finance costs	**(507)**	(576)
Share of (loss)/profit of associates	**(6)**	3
(Loss)/profit before income tax	**(764)**	961
Income tax credit/(expense)	**197**	(263)
(Loss)/profit for the period from continuing operations	**(567)**	698
Profit for the period from discontinued operations, net of tax	**–**	564
(Loss)/profit for the period	**(567)**	1 262
(Loss)/profit attributable to:		
Equity holders of the company	**(550)**	1 212
Non-controlling interests	**(17)**	50
	(567)	1 262
Basic and diluted (loss)/earnings attributable to the ordinary equity holders of the company per share (cents)		
From continuing operations	**(52.6)**	63.7
From discontinued operations	**–**	51.0
Basic and diluted (loss)/earnings per share (cents)	**(52.6)**	114.7
Number and weighted average number of shares in issue (million)	**1 046**	1 057

[1] *Property and equipment rentals in the prior year of R24 million have been reclassified to "Other operating expenses" due to the amount no longer being significant subsequent to the adoption of IFRS 16 in the prior year. This reclassification had no impact on earnings per share nor headline earnings per share*

Condensed consolidated statement of comprehensive income

for the six months ended 30 September

	2020 Unaudited Rm	2019 Unaudited Rm
(Loss)/profit for the period	**(567)**	1 262
Other comprehensive loss for the period, net of tax		
Items that may be reclassified subsequently to profit or loss:	**(186)**	(18)
Cash flow hedges – continuing operations	**(258)**	(15)
Currency translation adjustments on discontinued operations	**–**	(7)
Income tax relating to items that may subsequently be reclassified to profit or loss	**72**	4
Items that may not be reclassified to profit or loss:	**(39)**	(116)
Equity instruments at FVOCI – continuing operations	**(50)**	(149)
Income tax relating to items that may not subsequently be reclassified to profit or loss	**11**	33
Total comprehensive (loss)/income for the period	**(792)**	1 128
Total comprehensive (loss)/income attributable to:		
Equity holders of the company	**(775)**	1 078
Non-controlling interests	**(17)**	50
	(792)	1 128
Total comprehensive (loss)/income attributable to equity holders:		
Continuing operations	**(775)**	546
Discontinued operations	**–**	532
	(775)	1 078

Supplementary information

for the six months ended 30 September

	2020 Unaudited Rm	2019 Restated[(1)] Rm
Reconciliation of earnings attributable to equity holders of the company to headline earnings		
(Loss)/profit attributable to equity holders of the company:		
Continuing operations	**(550)**	673
Discontinued operations	**–**	539
(Less)/add: Headline adjustments		
Gain on disposal of plant and equipment	**(1)**	(2)
Impairment of property, plant and equipment	**7**	5
Impairment of intangible assets	**1**	–
Gain on disposal of subsidiary	**–**	(1)
Gain on unbundling of subsidiary	**–**	(506)
Headline (loss)/earnings	**(543)**	708
Allocated as follows:	**(543)**	708
Continuing	**(543)**	675
Discontinued	**–**	33
Number and weighted average number of shares in issue (million)	**1 046**	1 057
Basic and diluted headline (loss)/earnings per share (cents):		
Total group	**(51.9)**	67.0
Continuing operations	**(51.9)**	63.9
Discontinued operations	**–**	3.1

(1) *Restated due to the group adopting Circular 1/2019* Headline Earnings *retrospectively in which profits and losses on lease terminations in terms of IFRS 16* Leases *are included in headline earnings. This resulted in a 0.1 cents per share increase in total group and continuing operations for the 2019 restatement*

	2020 Unaudited Rm	2019 Restated[(1)] Rm
Reconciliation of operating (loss)/profit to Ebitda for the six months		
Ebitda pre-exceptional items is made up as follows:		
Operating (loss)/profit	**(263)**	1 520
Add: Amortisation and depreciation	**447**	458
	184	1 978
Add: Headline adjustments net of gains	**7**	2
Gain on disposal of plant and equipment	**(1)**	(2)
Impairment of property, plant and equipment	**7**	5
Impairment of intangible assets	**1**	–
Gain on disposal of subsidiary	**–**	(1)
Ebitda	**191**	1 980

(1) *Refer note 10* Segment information

Condensed consolidated cash flow statement

for the six months ended 30 September

	2020 Unaudited Rm	2019 Unaudited Rm
Cash flows from operating activities		
(Loss)/profit before tax from operations	**(764)**	961
Adjusted for finance income and costs, share of profit of equity accounted entities, dividends received and non-cash movements	**893**	1 101
Decrease/(increase) in working capital	**52**	(149)
Cash generated from operations	**181**	1 913
Finance income	**12**	14
Finance costs	**(351)**	(575)
Income tax paid	**(54)**	(247)
Dividends paid to shareholders	**–**	(594)
Dividends paid to non-controlling interests	**(4)**	(22)
Dividends received	**–**	47
Cash flows from operating activities – discontinued operations	**–**	(48)
Net cash (utilised in)/generated from operating activities	**(216)**	488
Cash flows from investment activities		
Purchase of property, plant and equipment	**(74)**	(506)
Proceeds from disposals of property, plant and equipment	**1**	9
Purchase of intangible assets	**–**	(10)
Additions to investment property	**–**	(12)
Acquisition of common control entity, net of cash acquired	**(39)**	–
Net proceeds on disposal of Bingo subsidiary	**–**	7
Other loans and investments repaid	**1**	2
Net cash outflow on unbundling of THL	**–**	(178)
Net cash utilised for investment activities – discontinued operations	**–**	(95)
Net cash utilised for investment activities	**(111)**	(783)
Cash flows from financing activities		
Borrowings raised	**600**	1 326
Borrowings repaid	**(300)**	(1 141)
Principal elements of lease payments	**(4)**	(62)
Treasury shares settled	**–**	13
Acquisition of non-controlling interests	**–**	(3)
Net cash utilised in financing activities – discontinued operations	**–**	69
Net cash generated from financing activities	**296**	202
Net decrease in cash and cash equivalents	**(31)**	(93)
Cash and cash equivalents at beginning of period, net of bank overdrafts	**503**	824
Foreign currency translation	**–**	3
Cash and cash equivalents at end of period, net of bank overdrafts	**472**	734

Condensed consolidated balance sheet
as at

	30 September 2020 Unaudited Rm	31 March 2020 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**8 907**	9 280
Right-of-use assets	**217**	206
Investment properties	**416**	416
Goodwill	**1 461**	1 461
Other intangible assets	**2 774**	2 781
Investments in associates	**35**	41
Financial assets at FVOCI	**848**	898
Non-current receivables	**37**	38
Deferred income tax assets	**291**	132
	14 986	15 253
Current assets		
Inventories	**75**	81
Trade and other receivables	**448**	488
Current income tax assets	**311**	119
Cash and cash equivalents	**996**	3 062
	1 830	3 750
Total assets	**16 816**	19 003
EQUITY		
Capital and reserves attributable to equity holders of the company		
Ordinary share capital and premium	**6 487**	6 487
Other reserves	**(4 332)**	(4 081)
Accumulated losses	**(1 126)**	(576)
Total shareholders' equity	**1 029**	1 830
Non-controlling interests	**83**	126
Total equity	**1 112**	1 956
LIABILITIES		
Non-current liabilities		
Interest-bearing borrowings	**12 011**	11 200
Lease liabilities	**246**	232
Derivative financial instruments	**349**	224
Deferred income tax liabilities	**1 197**	1 133
Provisions and other non-current liabilities	**176**	88
	13 979	12 877
Current liabilities		
Interest-bearing borrowings	**675**	3 089
Lease liabilities	**48**	91
Trade and other payables	**829**	905
Derivative financial instruments	**139**	5
Current income tax liabilities	**34**	80
	1 725	4 170
Total liabilities	**15 704**	17 047
Total equity and liabilities	**16 816**	19 003

Condensed consolidated statement of changes in equity

	Attributable to equity holders of the company					
	Ordinary share capital and premium Rm	Other reserves Rm	Retained earnings/ (accumulated losses) Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Balance at 31 March 2019 (audited)	6 571	(1 774)	5 699	10 496	3 049	13 545
Change in accounting policy – adoption of IFRS 16 *Leases*	–	–	(133)	(133)	(7)	(140)
Balance at 1 April 2019 (audited)	6 571	(1 774)	5 566	10 363	3 042	13 405
Total comprehensive income	–	(134)	1 212	1 078	50	1 128
Reallocation of transactions with NCI to retained earnings on disposal of THL	–	(1 342)	1 342	–	–	–
Reallocation of surplus arising on change in control in joint venture to retained earnings on disposal of THL	–	(130)	130	–	–	–
Realisation of reserves and NCI on disposal of THL	–	(506)	–	(506)	(2 815)	(3 321)
Acquisition of NCI by Galaxy	–	(3)	–	(3)	*	(3)
Disposal of subsidiary by Galaxy	–	–	–	–	5	5
Treasury shares settled	16	–	–	16	–	16
Dividend *in specie* distribution	–	–	(6 951)	(6 951)	–	(6 951)
Ordinary dividends	–	–	(594)	(594)	(172)	(766)
Balance at 30 September 2019 (unaudited)	6 587	(3 889)	705	3 403	110	3 513
Balance at 1 April 2020 (audited)	6 487	(4 081)	(576)	1 830	126	1 956
Total comprehensive income	–	(225)	(550)	(775)	(17)	(792)
Common control reserve arising on acquisition of common control entity	–	(26)	–	(26)	–	(26)
Acquisition of non-controlling interests of common control entity	–	–	–	–	(22)	(22)
Ordinary dividends	–	–	–	–	(4)	(4)
Balance at 30 September 2020 (unaudited)	**6 487**	**(4 332)**	**(1 126)**	**1 029**	**83**	**1 112**

* *Less than R1 million*

Segmental analysis

for the six months ended 30 September

	Income[1]			Ebitda[2], [3]		
		Unaudited			Restated[4]	
	2020 Rm	2019 Rm	Change %	**2020 Rm**	2019 Rm	Change %
Casinos	**1 151**	4 552	(74.7)	**201**	1 708	(88.2)
Gauteng	**618**	2 447	(74.7)	**108**	929	(88.4)
KwaZulu-Natal	**300**	1 180	(74.6)	**63**	472	(86.7)
Mpumalanga	**96**	404	(76.2)	**14**	139	(89.9)
Western Cape	**85**	305	(72.1)	**16**	113	(85.8)
Eastern Cape	**36**	148	(75.7)	**1**	39	(97.4)
Free State	**16**	68	(76.5)	**(1)**	16	*
Bingo	**117**	469	(75.1)	**(8)**	134	*
LPMs	**294**	841	(65.0)	**64**	234	(72.6)
Other gaming operations	**3**	96	(96.9)	**(66)**	(96)	31.3
Group	**1 565**	5 958	(73.7)	**191**	1 980	(90.4)

(1) *All revenue and income from operations is derived from external customers. No one customer contributes more than 10% to the group's total income*

(2) *Refer reconciliation of operating (loss)/profit to Ebitda*

(3) *All casino units are reported pre-internal gaming management fees*

(4) *The group reports its segments to the CODM using Ebitda and no longer Ebitdar and hence the comparatives have been restated – refer note 10* Segment Information

Disaggregation of revenue from contracts with customers

for the six months ended 30 September

	Food and beverage recognised at a point in time		Rooms revenue recognised over time		Other revenue recognised over time		Revenue from contracts with external customers	
	2020 Rm	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm
Casinos	**17**	293	**22**	251	**17**	173	**56**	717
Gauteng	**6**	152	**6**	132	**11**	135	**23**	419
KwaZulu-Natal	**4**	62	**3**	35	**2**	10	**9**	107
Mpumalanga	**3**	42	**10**	56	**3**	14	**16**	112
Western Cape	**3**	14	**2**	12	**1**	5	**6**	31
Eastern Cape	**1**	17	**1**	16	**–**	8	**2**	41
Free State	**–**	6	**–**	–	**–**	1	**–**	7
Bingo	**4**	37	**–**	–	**–**	2	**4**	39
LPMs	**–**	–	**–**	–	**–**	1	**–**	1
Other gaming operations	**–**	–	**–**	–	**–**	56	**–**	56
Group	**21**	330	**22**	251	**17**	232	**60**	813
Reconciliation to segmental analysis								
Revenue from contracts with customers per above							**60**	813
Other income							**41**	116
Net gaming win							**1 464**	5 029
Total income per segmental analysis							**1 565**	5 958

Other revenue comprises mainly revenues from Theme Park, Sandton Convention Centre, cinemas , parking, venue hire and other sundry revenue.

Notes

DIRECTORS:
JA Copelyn (Chairman)*
CG du Toit (Chief Executive Officer)
A Hoyer (Chief Financial Officer)
MJA Golding** BA Mabuza (Lead Independent)**
F Mall** VE Mphande**
Y Shaik* RD Watson**
(*Non-executive Director **Independent Non-executive Director)

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