GOLD CIRCLE
RACING AND GAMING GROUP

Annual Report

2015

Gold Circle Racing and Gaming Group

The Business Of Gold Circle Is:

To promote the thoroughbred racehorse through operating:

The sport of horseracing • wagering and gaming facilities • related leisure activities and media management

The Vision Of Gold Circle Is:

To be one of the most admired Racing Centres on the international horseracing circuit

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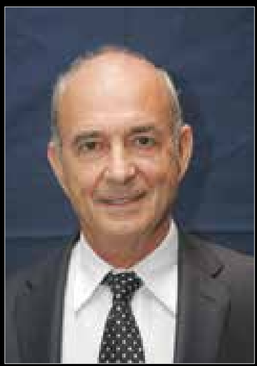
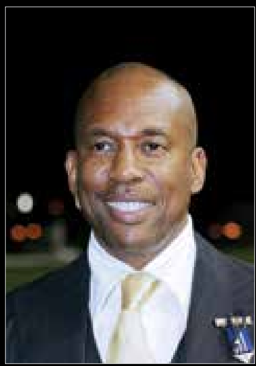
Board of Directors



M J R MAUVIS
(Chairperson)



M TEMBE
(Vice Chairperson)

M J L NAIRAC
(CEO)

D R MOSES
(CFO)

N P BUTCHER

J H S DE KLERK

P V LAFFERTY

P MNGANGA

S NAIDOO

L NUNAN

G PETZER

L RAKHAREBE

Entity Information

REGISTERED ADDRESS:	150 Avondale Road Durban 4001	BANKERS:	First National Bank of SA Limited Standard Bank of SA Limited ABSA Bank of SA Limited Nedbank Limited
POSTAL ADDRESS:	P.O. Box 40 Durban 4000	ATTORNEYS:	Barkers Incorporated
AUDITORS:	KPMG Durban		


Vodacom

Chairman's Report

INTRODUCTION

The company's Audited Annual Financial Statements and Report for the year ended 31 July 2015 are presented on behalf of the Directors.

The commencement of the 2015 financial year marked the closure of the Clairwood Racecourse and Greyville Racecourse taking up its full allocation of racing fixtures as set out in the company's strategy. Initiatives to strengthen and reposition Gold Circle strategically, commercially and financially have commenced albeit under conditions where there has been no real growth in the country's economy thus having an impact on available disposable income. The economy has also negatively affected the company's income return on investments.

FINANCIAL PERFORMANCE

Revenue generated from the totalisator has continued to reflect declining growth and is following an international trend. The impact of repricing the local Tellytrack broadcast product had a continuing consequence on turnovers but the effect of this has now been factored into current budgets. The negative trend highlights the necessity for the company to invest and expand its income earning base into non-core betting and wagering products.

Gross totalisator turnover generated on all products in KZN amounted to R1.5 billion which is similar to the prior year's turnover and reflects a 0.6% increase. This is concerning having regard to the cost of inflation over the same period. The postponement of the eLan Property Group Gold Cup to August 2015, post year-end, had a marginal negative impact on overall turnovers.

Income received from third party bookmaking betting activities increased by 14% to R41 million from R36 million in 2014. This increase is encouraging and goes against the trend experienced through the totalisator where the product range is less flexible.

International income generation through the sale of South African horse racing product, managed by Phumelela Gaming & Leisure, experienced a decline of 19% to R43 million over the past year. The international betting market is extremely fickle and some major clients using the Isle of Man hub have migrated their betting activities to other competitors.

Total revenue generated from operating activities amounted to R 421.6 million, an increase of 5.4% compared with the R400 million earned in 2014. The current year's revenue includes gross revenues from Track and Ball amounting to R14.8 million which has been consolidated into the financials for the first time. This is below inflationary trends and is indicative of the tight economic market in which the horse racing industry trades.

Income from investments, including the company portion of the amount "ring-fenced" by Members in 2012, amounted to R17 million which reflects a decrease of 41% over the prior year. This decrease is mainly due to the once-off unbundling net dividend received in 2014 of the company's investment through PGE (Mauritius) in Automatic Systems Limited, together with the current economic climate where investment indices have traded negatively over the past year.

The Demerger Agreement between Gold Circle and the Kenilworth Racing obligated the company to contribute an annual amount of R2.25 million to the Western Cape for a period of three years. This commitment will terminate in the current financial year ended 31 July 2016.

Total overhead expenditure on Racing amounted to R199 million, excluding Stakes paid to Owners, which reflects an increase of 2.5% over the comparable amount million spent in 2014. Stakes paid to Owners amounted to R93.5 million in the past year and were held on a par with the previous year given the tight trading conditions being experienced. Adjusting for the relocation of the Gold Cup to August 2015, stakes reflected an effective increase of 3.4%.

The trading profit for the year before taxation amounted to R1 million compared with a profit of R24 million in the prior year.

The Group achieved a comprehensive profit after taxation of R19.8 million (2014: R35 million profit).

FINANCIAL POSITION

At 31 July 2015, the Group controlled total assets of R882 million (2014: R859 million) and had total liabilities amounting to R218 million (2014: R214 million). Excluding the loan owing to Gold Circle Racing Club amounting to R39 million, the total equity attributable to shareholders amounts to R665 million (2014: R645 million).

Cash and cash equivalents as at 31 July 2015 amounted to R26 million (2014: R51 million). The decrease in available cash is due mainly to the acquisition of bookmaker businesses through loans in the subsidiary Track and Ball.

National & International Initiatives

The external business operations of Gold Circle is limited to contractual obligations in respect of a National Sports and Administration agreement which deals with horse racing matters including the National Racing Bureau, as well as Tellytrack in which Gold Circle has a minority partnership holding.

TELLYTRACK

A detailed report back to Members on the bookmakers' disputes with Tellytrack was included in last year's Chairman's Report. There has been no resolution to the disputes, which are costing the racing industry significantly. It is important that Members are kept aware of the status of the dispute. The material facts are therefore summarised as follows:

- Tellytrack, which is managed by Phumelela Gaming & Leisure, holds the Racing Operators' intellectual property rights to the local racing picture, and broadcasts the local picture to South Africa, Namibia and Zimbabwe.
- Tellytrack also manages and funds the importation of the international horse racing picture to support an additional betting product for the local market.
- Since the inception of the importation of the international horse racing picture, the bookmaking fraternity has not made any contribution towards the additional cost of acquiring the international racing picture, but has continued to use the picture to generate income.
- During 2013, the Racing Operators agreed to the principle that Tellytrack should be a profit centre and be able to charge a market related price for its broadcast rights.
- Accordingly, Tellytrack commenced negotiations with the Betting industry participants with a view to re-pricing the broadcast product to recover a fair market return, including the price demands from international racing picture suppliers.
- Tellytrack established a new pricing model and implemented it.
- The bookmaking fraternity became disgruntled.

Bookmakers have, in response to the new pricing, embarked on a campaign against the Racing Operators actions which includes:

- Raising of interdict proceedings against Tellytrack and its partners to negate the revised pricing structure.
- Lodging complaints with the Competition Commission.
- Raising objections to the Gambling Board each time Track and Ball (Gold Circle's subsidiary) applies for licensing.
- Raising objections to Gambling Board in relation to Gold Circle's application for new totalisator outlets.
- Petitioning the Gambling Board to impose onerous conditions to Gold Circle's licences.
- Lodging a complaint to the Gauteng Gambling Board against the revised pricing structure.
- Suing Gold Circle and Phumelela for allegedly using the KZN Bookmakers Society's intellectual property.
- Seeking through legislative change to reverse the Racing Operator's right to receive the 3% winning punters taxation on fixed odds bets.
- Seeking a Court Order preventing the Totalisator Operators from offering betting on Sports.

INTERNATIONAL

The Licence Agreement between Gold Circle and Phumelela Gaming and Leisure Limited, whereby the company's racing product is sold internationally, remains a significant source of revenue for Gold Circle contributed R43 million for the year. It is expected that revenue from this source will improve in the year ahead.

The National Racing Fixtures Committee prepare their racing fixtures to facilitate and enhance the sale of South African product overseas. In this way it ensures that betting opportunities both locally and internationally are maximised.

Totalisator & Bookmaking

TOTALISATOR

The core source of income for the company is generated through commission received from totalisator betting turnover. Turnovers for the 2015 financial year amounted to R1.5 billion which equated to those of the prior year. Betting turnovers on the Soccer product fared the best and generated increased returns of 12% over the prior year to R113 million. This growth was however negated by the loss in turnover of traditional horse racing.

The replacement programme of on-course betting terminals has significantly improved customer service levels and also resulted in reduced maintenance costs. Considerable investment continues to be made into Gold Circle's betting and outlet infrastructure to update and facilitate improvements to operational and customer needs. The roll-out of electronic information boards in the outlets is continuing and has received favourable reports from the public.

The KZNGBB is presently considering the company's application for the following applications:

- Commissioning of custom built self-vending terminals in outlets other than the on-course environment where they already operate.
- The migration of the totalisator betting software platform away from the present API on the Phumelela system through to Gold Circle's own software base.

BOOKMAKING

During 2014, following a strategic decision by the Board, the company reinvested back into the Fixed-Odds business by forming a Black subsidiary company under the name of Track and Ball Gaming Propriety Limited. The new company commenced business on 1 September 2014 with six bookmaking licences and has generated taxed gross gaming revenue of R14.8 million over the past eleven months. At 31 July 2015 the company reported a loss of R5 million which is mainly as a result of high initial set-up and operational costs. The Board is confident that the company will trade profitably in the year ahead as evidenced by the first quarter results of the new financial year.

In terms of a decision taken in 2011, the bookmakers licence operating from 15 Mitchell Crescent, is presently being sold to Betting World Propriety Limited.

Marketing, Communication & Information

MARKETING

Gold Circle's principle marketing focus will always be the promotion of Champions Season which can essentially and accurately be described as "The National Championships" of South African racing. The 2015 Champions Season was another proud chapter in Gold Circle's history with the its flagship event, the Vodacom Durban July, once again proving to be an outstanding success.

Turnovers for the Vodacom Durban July race day grew by 8.6% to R63 million which once again clearly highlights the importance of this event in the betting and racing calendar. It is also pleasing to report that attendances were up on last year and the time has come to explore new avenues to grow the event even further.

The economic value of the Vodacom Durban July to the City of Durban and the Province of KwaZulu Natal cannot be overly emphasized and against this background Gold Circle will continue to seek a closer and more productive partnership with the Provincial and City's leaders.

As a sponsor, Vodacom is a perfect fit for the Durban July racing extravaganza and Gold Circle would like to record its sincere appreciation for their ongoing support and promotion of this event. Their marketing efforts complement those of Gold Circle and the end result is a vibrant and effective campaign with National and International reach. Together we will continue to push boundaries to ensure the Vodacom Durban July retains its position as a premier sporting and social occasion.

Whilst Champions Season is the primary focus, Friday night racing at Greyville has become extremely popular and the Company's marketing team are developing strategies to continuously improve the racing experience. Improvements to the facilities and surrounds at Greyville race course are ongoing, especially now that more and more people are visiting the race course as a result of eLan's successful launch of Greyville Events and Exhibitions.

Amongst the new innovations are the "Twenty/Twenty" race meetings, the launch of the SA Racing App, the introduction of a Fantasy Racing concept, Happy Hour at the revamped Lightning Shot, which also features live music, the Braaizone; Kidszone etc. The feedback we have received from our customers has been positive and every possible opportunity will be explored to bring about a re-energised racing product and experience.

The joint venture between Gold Circle and the Independent Newspapers Group nationally has been ongoing for a number of years now and continues to be a powerful marketing tool for the betting product of horseracing as well as the sport of horseracing. The joint venture provides a national platform in many of the leading daily and weekend newspapers with an estimated weekly readership of almost 20 million.

COMMUNICATIONS

Communication remains the key to furthering the Company's strategies and engaging with its customer base. A number of channels are used to bring the latest information and news to fans and these include betting information sheets, race cards, television, newsletter, internet websites, the SA Racing App and of course our aforementioned joint venture with Independent Newspapers.

Both the Gold Circle and the TabGold websites have been redesigned and relaunched during the year under review and appear to have been well received by our stakeholders.

As reported last year, Gold Circle has appointed a strategic communications specialist to assist the Company in improving relationships with the National Government. While we are pleased to report an improvement in this very important area, efforts are still very much "work-in-progress" and remain a key focus area going forward.

Gold Circle's Board and Management continue their liaison with the Ethekwini Municipality, the KZN Province and the KZN Gaming & Betting Board to ensure a harmonious relationship in the interests of the company and the community in KZN.

RACING

During the year under review Gold Circle increased the number of opportunities for owners to earn stakes by increasing the number of races run to 942 which is an increase of 4% over the prior year's number of races. Regretfully the Super Saturday race meeting scheduled for Saturday 25th July 2015 had to be postponed into the new financial year as a result of inclement weather.

The last race meeting at Clairwood took place on 2 August 2014 and the Polytrack has since become a vital asset in Gold

Circle's armoury. The Polytrack raced well throughout the season and a number of racing events were saved that would otherwise have been lost due to inclement weather.

The use of the Polytrack has allowed the grass racing surfaces at both Scottsville and Greyville to be properly rehabilitated and these tracks were in top class condition for Champions Season 2015. The Greyville grass track was closed for its annual spring treatment after the running of the eLan Gold Cup and reopened on 1 November 2015, while the Scottsville grass track closed on 19 October 2015 and will be recommissioned on 6 December 2015. During the break, Shelton Drainage will be introduced on the inside track at Scottsville from the 800m to the finish to promote better drainage.

Visiting trainers for Champions Season were housed at Summerveld for the first time and they have been universal in their praise for this world-class training facility. Ashburton also hosted a few visiting trainers and it was pleasing to note the positive results coming from this training centre.

Racing all year round in KZN is very competitive but Champions Season once again provided our racing fans and stakeholders with many memorable moments. The Vodacom Durban July, for the second year running, went to the boardroom before the final result could be officially posted but on this occasion the positions were not altered. Power King stormed to victory to give Lady Christine Laidlaw her first success in South Africa's premier race with Punta Arenas a close second.

It was also a first "July" win for KZN stalwart jockey Stuart Randolph but trainer Dean Kannemeyer, who will now maintain an ongoing presence in KZN, is no stranger to the Vodacom Durban July winner's enclosure.

As mentioned, the highlights of Champions Season 2015 were many but, the Vodacom Durban July apart, the titanic struggle between Futura and Ice Machine in the Grade 1 Champions Cup and Anton Marcus' masterful ride to get Seventh Plain home by a whisker in the Grade 1 Golden Horseshoe over 1400m are unforgettable memories of the past Season.

Maine Chance Farms achieved a world first in a major Grade 1 race by breeding the first three runners past the post – all by their resident stallion Silvano. They were honoured by Gold Circle for this very special achievement at the KZN Racing Awards banquet which took place on 27 August.

Gavin Lerena and Sean Tarry were crowned Champion Jockey and Champion Trainer of South Africa at the Equus Awards in August, both first-time winners of these coveted titles. Horse of the Year honours went to Futura and once again many of the Equus Award winners secured their Championship status as a result of their performances during Champions Season.

Asset Utilisation

Property assets under the control of Gold Circle relate in the main to the training centres at both Ashburton and Summerveld, as well as a few sundry properties from which totalisator betting operations take place. The Greyville racecourse is leased from the Ethekwini Municipality until 2069 whilst the Scottsville Racecourse is leased from the Msunduzi Municipality to 2035. The Scottsville Racecourse has a sub-lease agreement with Tsogo Sun in respect of the casino premises in Pietermaritzburg.

Gold Circle continues to explore opportunities to increase revenues and profitability through the better and more efficient use of its real estate assets.

As reported to Members at the 2014 Annual General Meeting, Gold Circle concluded a three year outsource management agreement with eLan Leisure & Communication, to manage and promote the various hospitality opportunities at Greyville. This undertaking has achieved increasing success over the past year and is expected to generate greater revenue returns in the year ahead.

KZN GAMING AND BETTING BOARD (KZNGBB)

Gold Circle has maintained a good relationship with the Industry Regulators, and in particular the Board and management of the KwaZulu-Natal Gaming and Betting Board. On-going liaison and communication takes place frequently in respect of legislation and licence conditions.

The KwaZulu-Natal Gaming and Betting Act 2010 is under review and Gold Circle has participated in the amendment process.

As reported in 2014, the KZNGBB created thirty two new bookmaking rights to promote the transformation of the bookmaking segment in KZN. Two Black corporate entities who successfully applied for three licences through this process have subsequently joined with Gold Circle's subsidiary, Track and Ball, to facilitate these opportunities. The licences are presently awaiting final approval from the KZNGBB.

Corporate Governance

Gold Circle manages its business within the reasonable corporate governance requirements of the King III Commission Report.

The following Committees are appointed by the Board to monitor and direct the business activities of the company:

- Audit and Nominations Committee
- Remuneration Committee
- Social & Ethics Committee
- Commercial Risk Committee
- Racing Committee
- Tender and Adjudication Committee (non-remunerative)
- Finance & Investment Committee (non-remunerative)

Committee members comprise only non-executive directors and remuneration levels have been set and approved by the Board of Directors. The following table reflects the attendance record of statutory and other remunerated committee meetings of the Board:

	Board	Audit	Risk	Remco	Racing	Social & Ethics	Remuneration "R"
NON-EXECUTIVE							
M J R Mauvis	5/5	-	-	-	-	-	100 000
M Tembe	3/5	-	-	-	2/5	-	52 000
N P Butcher	5/5	2/2	2/2	-	5/5	-	92 000
J H S De Klerk	5/5	2/2	2/2	-	5/5	-	81 500
P V Lafferty	5/5	-	-	1/2	4/5	-	67 500
P Mnganga	4/5	-	-	-	-	4/4	68 000
L Nunan	5/5	-	-	-	5/5	4/4	81 500
G Petzer	5/5	-	-	2/2	-	-	64 000
L Rakharebe	4/5	2/2	2/2	-	-	3/4	57 500
S Naidoo	4/5	-	-	-	-	-	30 000
TOTAL REMUNERATION COST							694 000

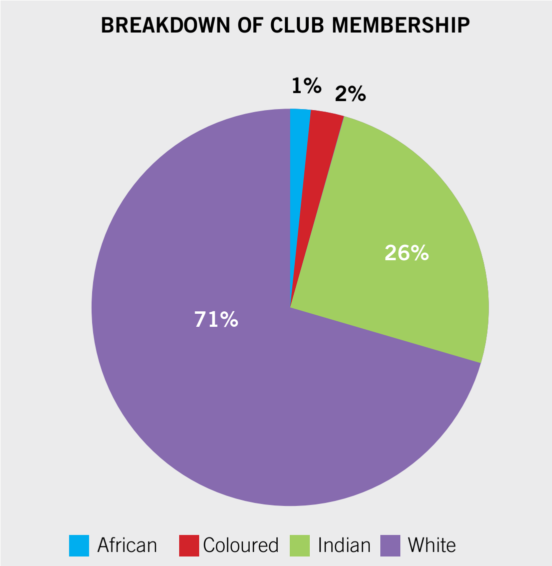
Transformation

Gold Circle is a responsible corporate entity and aligns itself with the principles of Broad-Based Black Economic Empowerment. The company has over several years implemented several initiatives which demonstrated a positive commitment to transformation throughout its business. Gold Circle is demographically represented in its business operations and currently holds a certified Level 4 Contributor status.

The Broad-Based Black Economic Empowerment Act has recently been amended to include a more focused scorecard. The new criteria will impact on Gold Circle during 2016 and a revised targeted strategy has been approved to ensure that the new stricter requirements can be achieved over time.

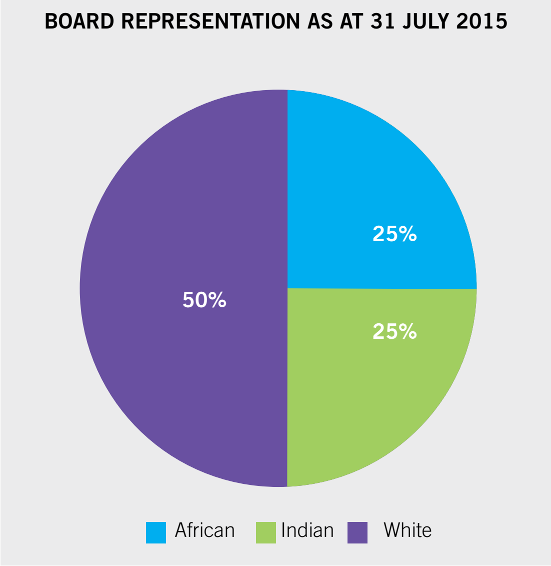
CLUB MEMBERSHIP

Gold Circle Racing Club, as shareholder of the company, comprised 1051 members as at 31 July 2015. In terms of the Club Constitution there are no barriers to becoming a member of the Club and the Board of Directors continues to initiate efforts to improve the demographic profile of club membership. It is anticipated that the Black membership component of 35% will be reached by 2016. Summarised below are the statistics relating to the demographic profile at 31 July 2015:



BOARD REPRESENTATION

Representation on the Board of Directors of Gold Circle is provided for through the Club Constitution and in addition, the Board makes external appointments to balance the skills required to drive the business. The Board comprises ten non-executive and two executive directors and it is pleasing to report that the demographic composition of the Board now reflects a balanced profile.



MANAGEMENT AND STAFF

It is a policy of Gold Circle to employ suitably qualified personnel and in addition to offer equal opportunity for further development, irrespective of race, disability or gender. Preference is given to the employment of previously disadvantaged persons.

The company continues to outsource certain management skills and it is anticipated that the respective outsourced contracts will be brought in-house by the end of 2016. The targeted Executive Development Programme introduced during 2013, which had the aim of accelerating the promotion of Black persons to management, is producing results albeit slower than expected. The programme is important to ensure that a solid leadership is developed into the future.

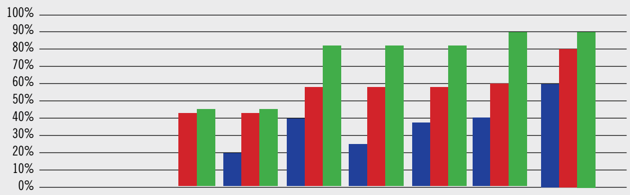
The following table reflects the employment sectors, the demographic profile of personnel contracted and employed by the company including branch betting outlet operations at 31 July 2015.

	Exec	Senior	Junior	Semi- Skilled	Unskilled	Total	%
Black	1	6	48	1143	231	1429	75
Asian	2	21	58	210	6	297	16
Coloured	0	2	9	77	4	92	5
Sub Total	**3**	**29**	**115**	**1430**	**241**	**1818**	**96**
White	5	18	24	38	2	87	4
Total	**8**	**47**	**139**	**1468**	**243**	**1905**	**100**

Gold Circle provides employment opportunities for persons with disabilities mainly through its telephone betting call centre where a number of operators who are wheel chair bound are employed.

A demographic profile of Black management employed by the company over the past five years, together with future strategic targets, is depicted as follows:

BLACKS IN MANAGEMENT



	July 11	July 12	Jul 13	Jul 14	Jul 15	Target 0-5 Yrs	Target 6-10Yrs
Top/Exec	0%	20%	40%	25%	38%	40%	60%
Senior	42%	42%	56%	56%	62%	60%	80%
Middle	46%	46%	83%	83%	83%	90%	90%

Skills Development

During the year under review the company expended an aggregate amount of R1.2 million on training personnel in the company. This amount comprises 1% of the total payroll although, to maximise points from a BBBEE accreditation perspective, the company is required to spend 6% of payroll. The training and development of skills within the company is a necessary in order ensure that it is able to efficiently conduct its business and meet operational challenges. The total number of staff members who undertook training during the year was 700 of which 89% were Black.

Of importance is the in-house training provided to hundreds of aspirant matriculants who apply for consideration as betting cashiers over the Champions Season on an annual basis. This training is not available at any tertiary educational institution and prepares candidates for similar employment opportunities in the open market once their season's contracts with Gold Circle have concluded.

Other In-house educational training programmes have been developed which enhance employee skills and allow them to progress their careers within the company.

The company offers funding for formal training at certified tertiary educational institutions to selected full-time employees who have the potential to further their careers in management positions.

Corporate Social Investment

Gold Circle is committed to making a positive contribution to the upliftment of disadvantaged communities through its Corporate Social Investment Programme. All initiatives undertaken are approved and monitored through the Social and Ethics Committee. The company has an approved Transformation Strategy and is geared to achieving the objectives of the Broad-Based Black Empowerment Act, as amended from time to time. The majority of initiatives undertaken are Industry based and serve also as a skills transfer mechanism to the broader traditional horse owning community.

RURAL RACING

Gold Circle has, since 2006 assisted the development of traditional and rural racing by financially supporting the Dundee July. This event has now reached a stage of maturity and is becoming commercially self-sustainable. Rural Racing as a sport still requires further development to a professional level where the racing activities become legally regulated.

Gold Circle is continuously embarking on projects that support and develop traditional racing, thereby informing and integrating a culture of horse care and welfare amongst rural communities.

In partnership with Coastal Horse Care Unit, Gold Circle started a Rural Outreach initiative called “Empowering Equine Communities through Service”. Gold Circle staff members are participating in this project by rendering their services on clinics conducted in remote, rural community areas. This initiative provides Gold Circle employees with an opportunity of making a positive contribution to the equine community. The aim is to help educate rural communities on how to better take care of their horses which are used for transport, herding and leisure.

COASTAL HORSE CARE UNIT

The Coastal Horse Care Unit is a registered non-profit organisation that has as its main objective, the welfare and care of horses in KwaZulu-Natal. Associated with this objective is the transfer of skills to disadvantaged rural communities to assist them to care for their horses. Programmes include medical clinics, tuition on tack and harnessing care together with passing information on that will derive better benefit to owners of horses in rural areas.

Gold Circle provides a financial support facility for the Coastal Horse Care Unit.

GROOMS

With the number of Grooms at the training centres, Gold Circle initiated a recreational facility for them and established a soccer training programme including competitions. Tournaments are held quarterly at Summerveld and Gold Circle sponsors the full equipment requirements as well as the cost of organising all events.

The Grooms Soccer league has led to Gold Circle sponsoring a Grooms’ soccer team to participate in the AmaZulu Charity Cup Challenge. Games were played over a five week period. Participants benefited from media exposure on Super Sport DSTV channels and East Coast Radio. AmaZulu Football Club has scouted a talented groom to join the Club.

Grooms’ health is an imperative and to this end, the company procured the services of a medical practitioner to provide basic health care facilities for the Grooms. The project was first piloted at Summerveld and has now been extended to Ashburton.

There is an African proverb that says “If you want to go fast, go alone. If you want to go far, go together.” Gold Circle supports the principle of social development and as a result, skills development is one of the transformation pillars that the company promotes not only for its employees but its community. To this end, Gold Circle has fully subsidised a Grooms School at Summerveld

Corporate Social Investment

which provides for basic education and career development for previously disadvantaged persons. Courses offered by the School includes stable management certified by the South African Equestrian Federation (SASCOC) as well as ABET numeracy and literacy education.

From an economic welfare perspective, Gold Circle subsidises accommodation, electricity and water to approximately 900 grooms at its training centres.

CHILDREN AND ANIMAL CARE

In partnership with the KZN Education Department, Gold Circle has piloted on a project where different schools around Pinetown Districts are invited on school excursions to the Summerveld Training Centre and The Jockey Academy. Learners are exposed to career opportunities in the Horse Racing Industry including assessment by the Jockey Academy to identify those learners whom they see having potential of being future jockeys.

Through this initiative, Gold Circle in partnership with SARDA (South African Riding for the Disabled Association) is involved in a project where learners are given an opportunity to interact with horses. Learners are divided into groups where activities such as pony rides and grooming of a horse.

The CSI team is currently proposing a partnership between Gold Circle and SARDA with a view to extending CSI projects to include assisting children with disabilities to ride horses.

This project has also expanded to a Career Guidance opportunity where Gold Circle, in partnership with the KZN Education Department is participating on Career Expo Days in which many schools actively participate.

COMMUNITY

AGE–IN-ACTION

Gold Circle is continuously supporting elderly indigent people in partnership with Age-In-Action whereby Senior Citizens are invited to attend a race meeting and treated to an outing. Gold Circle also assists Age-in-Action in other areas of their operations.

YOUTH SUPPORT

Gold Circle sponsored tickets for Gold Circle Enterprise Development Candidates where 10 learners from Greyville Primary School attended a youth empowering initiative "Think Tank Youth Business Breakfast Seminar". Youth in Business is an innovative, creative, cutting edge entrepreneurial development platform that seeks to engage emerging and established entrepreneurs.

Enterprise Development

SOUTH AFRICAN JOCKEY ACADEMY

The Academy is the only educational institution in the country which provides for training towards becoming a professional jockey. Training is provided over a five year apprenticeship period and is achieved in parallel with acquiring an educational Level 12 standard. Learners are selected from all community groups many of which are previously disadvantaged. Gold Circle is proud to be associated with this enterprise and is a major financial contributor to its activities.

RACEHORSE TRAINER DEVELOPMENT

Gold Circle has a support programme which assists in identifying previously disadvantaged individuals to be trained as stable empolyees and assistant trainers to equip them with the necessary skills to become successful licensed trainers.

TOTALISATOR AGENCIES

Gold Circle continues to financially subsidise the network of totalisator agencies the majority of which are owned by previously disadvantaged persons. The subsidy by the company is in respect of operational costs, particularly Tellytrack subscriptions. This assists the Agencies to remain viable entities.

PROCUREMENT

Gold Circle has a Tender Committee which adjudicates all tenders for required services in terms of the company's Limits of Authority Policy and an established BBBEE Procurement Policy. A summary of procurement recognition levels over the past four years is as follows:

	2012	2013	2014	2015	Target 2015
Recognition Levels	%	%	%	%	%
All Suppliers	70.3	75.1	76.9	94.5	60
QSEs & EMEs*	33.3	42.1	18.5	57.0	15
* QSEs - Qualifying Small Enterprises EMEs - Exempt Micro Enterprises					

The reason for the change in percentage of QSEs and EMEs in the 2014 period is the significant contracts awarded for the development of track and training infrastructure at both Greyville Racecourse and Summerveld Training Centre. Total procurement, due to these contracts, skewed the percentage outcome.

Acknowledgements and Prospects

PERSONNEL

Employment levels for the year at 1905 increased marginally over the year mainly as a result of increased positions required for Vodacom Durban July Day. The number of employees includes 20 persons with disabilities as well as branch outlet betting personnel who work flexible hours dependent on betting events.

Thanks are extended to the CEO, Michel Nairac, his management team and the personnel of Gold Circle for their continuing efforts towards maintaining the success of the company.

OFFICE BEARERS

Gold Circle is fortunate in in having a Board of Directors who work together as a cohesive unit in attaining the strategic objectives of the company. The past year has not been without its Industry challenges from both a macro and micro perspective and it is pleasing to note that this notwithstanding, the company has concluded the year successfully. A vote of thanks is extended to them for their significant contribution.

This is the last year of my term of Office and I am privileged to have served on the Boards of Gold Circle Racing Club and Gold Circle both as a director and latterly as the company's chairperson. The leadership of this great company will now pass and the memory of my involvement in Gold Circle's historic progress will always be with me. I wish the Members, the Boards of Directors, Management and Staff continuing success in ensuring that KZN remains the best racing province in the country.

ACKNOWLEDGEMENTS

The Board would like to pay tribute to the many supporting organizations and people who, both directly and indirectly, provide the infrastructure and services necessary for Gold Circle to successfully stage the event of horseracing and contribute to its successes. Included in this group amongst others are Owners, Trainers, Jockeys, Breeders, Sponsors, Media, our betting customers and the public at large. We extend our thanks to them all for their individual contributions.

PROSPECTS

The Board is committed to seeking a sustainable future for Gold Circle in the face of many challenges in the year ahead. Prospects for the future are positive having particular regard to increasing betting turnovers since the 2015 financial year-end and the Directors are cautiously optimistic that the year ahead will see organic growth and increased returns to stakeholders.

M J R Mauvis
Chairperson

Statement of Directors' Responsibility

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Gold Circle Proprietary Limited, comprising the consolidated statement of financial position at 31 July 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the business will not be a going concern in the year ahead.
The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated annual financial statements

The consolidated annual financial statements of Gold Circle Proprietary Limited, as identified in the first paragraph, were approved by the board of directors on 26 October 2015 and signed by:

M J R Mauvis
Chairman
Authorised Director

D R Moses
Chief Financial Officer
Authorised Director

Report of the Directors

1. Consolidated and separate financial statements

The company financial statements have been separately presented.

2. Nature of Business

The principal activities of the group are to stage and promote race meetings, racing events, manage, administer and operate the racecourses, training centres, the totalisator, transport fleet and service divisions of the thoroughbred horse racing industry within the province of KwaZulu-Natal.

3. Review of Results

	2015	2014
	R	R
Total comprehensive income	**19 773 546**	34 976 769
Add : Decrease in share price of Automatic Systems Limited	**9 603 034**	-
Less: Revaluation on property, plant and equipment	**(24 195 269)**	-
Less: Dividend in Specie received from Automatic Systems Limited	**-**	(15 781 746)
Add: Impairment of loan to PGE Mauritius	**-**	7 625 758
Total comprehensive excluding the above transactions	**5 181 311**	26 820 781

4. Share Capital

The fully issued share capital comprises 2000 ordinary shares:

	2015	2014
	R	R
Gold Circle Racing Club	**2 000**	2 000

5. Directors and Secretary

N P Butcher (Appointed 06/12/2012)
J H S de Klerk (Appointed 06/12/2012)
G Petzer (Appointed 14/11/2011)
M J R Mauvis (Chairperson) (Appointed 31/01/2011)
D R Moses (Appointed 01/01/2014)
Ms L E Rakharebe (Appointed 19/12/2012)
M J L Nairac (Appointment 11/12/2012)
L Nunan (Appointed 14/11/2011)
P V Laffery (Appointed 14/11/2011)
Ms P Mnganga (Appointed 01/02/2011)
S Naidoo (Appointed 04/06/2014)
M Tembe (Appointed 14/11/2011)

6. Company Secretary

The secretary of the Group is Mr D J Furness whose business address is 150 Avondale Road, Greyville, Durban 4001.

7. Dividends

No dividends were declared or paid during the year under review.

8. Corporate Governance

The Audit Committee, which consists only of non-executive directors, has met with the group's independent auditors and executive management to discuss accounting, auditing, internal control and financial reporting matters. The group has an internal audit department, which reports directly to the Audit Committee.

The following standing committees have been appointed:

Audit Committee	J H S de Klerk (Chairperson)
	N P Butcher
	L E Rakharebe (Appointed (05/02/2015)
	M Tembe (Resigned 11/12/2014)
Remuneration Committee	G Petzer (Chairperson)
	P V Lafferty
Risk Committee	J H S de Klerk (Chairperson)
	N P Butcher
	Ms L E Rakharebe (Appointed 05/02/2015)
	M Tembe (Resigned 11/12/2014)
Social and Ethics Committee	P Mnganga (Chairperson)
	L Nunan
	L E Rakharebe
Racing Committee	N P Butcher (Chairperson)
	J H S de Klerk
	M Tembe
	P V Lafferty
	L Nunan
	K Russon (Breeder representative)
	A J Rivalland (Trainer representative)

9. Subsidiaries

The subsidiaries of the Group held directly and indirectly are as follows:

	Issued Share Capital R	**Percentage Holding %**
Natal Racing Properties Proprietary Limited	150 000	100
Gold Circle Gaming Investments Proprietary Limited	100	100
Track and Ball Proprietary Limited	140	70
Betting Information Technology Proprietary Limited	120	50

10. Black Empowerment Initiatives

Gold Circle has a transformation policy which regulates its activities against Government's Broad Based Black Economic Empowerment Codes as gazetted in May 2015. The group's transformation initiatives are monitored by the Board of Directors through the Social and Ethics committee, as well as monitored by the KZN Gaming and Betting Board.

11. Events after the statement of financial position date.

No material events have occurred subsequent to the statement of financial position date.

12. Going concern

The directors believe that the group will continue as a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the consolidated financial statements.

Independent Auditor's Report

To the Shareholder of Gold Circle Proprietary Limited

We have audited the consolidated financial statements of Gold Circle Proprietary Limited, which comprise the consolidated statement of financial position at 31 July 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 23 to 52.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, these financial statements present fairly, in all material respects, the consolidated financial position of Gold Circle Proprietary Limited at 31 July 2015, and its consolidated financial performance and consolidated 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 financial statements for the year ended 31 July 2015, we have read the Directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' report is the responsibility of the directors. Based on reading the report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' report and accordingly do not express an opinion thereon.

KPMG Inc.
Registered Auditor

Paul Fay

Per P Fay
Chartered Accountant (SA)
Registered Auditor
Director
26 October 2015

KPMG House
5 Arundel Close
Kingsmead Office Park
Durban
4000

Consolidated Statement of Financial Position

	Notes	2015	2014
		R	R
Assets			
Non-current assets			
Property, plant and equipment	*3*	**481 388 416**	440 268 693
Investment in associate	*4*	**35**	-
Loans receivable – long term portion	*5*	**7 382 251**	6 618 825
Intangible assets	*6*	**31 247 402**	3 074 327
Straight lining of lease assets		**-**	692 879
FNB Unlisted Preference Shares	*7*	**-**	120 000 000
		520 018 104	570 654 724
Current assets			
Inventories	*8*	**3 210 260**	3 010 649
Trade and other receivables	*9*	**93 459 263**	91 753 219
Loans receivable – short term portion	*5*	**5 615 412**	7 318 264
Cash and cash equivalents	*10*	**25 782 715**	51 067 784
Financial assets	*11*	**234 305 238**	135 244 216
		362 372 888	288 394 132
Total assets		**882 390 992**	859 048 856
Equity and liabilities			
Equity reserves			
Share capital	*13*	**2 000**	2 000
Available for sale fair value reserve	*14*	**6 027 419**	15 578 913
Revaluation Reserves		**190 456 498**	166 261 229
Post-retirement medical aid reserve		**653 760**	994 320
Retained earnings		**469 461 156**	462 246 015
		666 600 833	645 082 477
Non-controlling interests		**(1 824 170)**	(79 480)
Total equity		**664 776 663**	645 002 997
Non-current liabilities			
Borrowings – long term portion	*15*	**5 117 503**	4 917 155
Deferred tax liability	*16*	**46 935 954**	40 445 359
Tellytrack funding	*17*	**16 030 497**	10 559 359
Post-retirement medical aid obligations - long term	*18*	**14 004 000**	13 637 000
		82 087 954	69 558 873
Current liabilities			
Post- retirement medical aid obligations - short term	*18*	**1 266 000**	1 215 000
Trade and other payables and provisions	*19*	**83 482 003**	101 710 820
Share in liability of associate	*4*	**117 173**	-
Borrowings – short term portion	*15*	**11 203 318**	2 103 285
Gold Circle Racing Club	*15*	**39 457 881**	39 457 881
		135 526 375	144 486 986
Total liabilities		**217 614 329**	214 045 859
Total equity and liabilities		**882 390 992**	859 048 856

Consolidated Statement of Comprehensive Income

	Note	2015	2014
		R	R
Gross wagering revenue		**382 894 327**	356 964 993
Provincial tax		**(28 455 874)**	(22 381 038)
Net Wagering revenue	*21*	**354 438 453**	334 583 955
Less: Agents commission & other direct costs	*22*	**(31 030 184)**	(31 976 781)
: Wagering expenditure	*22*	**(193 642 865)**	(168 709 445)
Contribution to racing from wagering activities		**129 765 404**	133 897 729
Add contribution to racing from third party bookmaking activities	*21*	**43 438 428**	36 019 423
- Stand up and information fees		**2 329 333**	135 958
- Tax on punters winnings		**41 109 095**	35 883 465
Share of international licence fee	*21*	**43 768 168**	53 741 946
Share of profit in Tellytrack	*21*	**4 142 212**	4 028 883
Gross wagering revenues available for racing activities		**221 114 212**	227 687 981
Add: Direct racing revenues	*21*	**67 193 438**	65 368 039
Gross revenues available for racing activities		**288 307 650**	293 056 020
Racing Expenditure	*22*	**(302 614 963)**	(296 791 831)
Operating expenditure for racecourses and training facilities		**(173 551 092)**	(170 897 142)
National Horseracing Authority- Regulatory costs		**(14 989 260)**	(13 118 326)
Stakes - Owners		**(93 489 950)**	(93 277 538)
- Breeders		**(9 760 851)**	(9 043 148)
Racing SA Contributions		**(753 507)**	(711 480)
Contribution to Jockeys remuneration		**(10 070 303)**	(9 744 197)
Net loss before financing and taxation		**(14 307 313)**	(3 735 811)
Add: Finance income		**16 643 209**	16 527 909
Less: Finance costs		**(1 672 873)**	(542 600)
Add: Dividends received		**436 863**	12 065 086
		1 099 886	24 314 584
Loss on equity accounted investees		**(117 173)**	-
Profit before tax		**982 713**	24 314 584
Taxation	*23*	**4 487 618**	(1 684 887)
Profit for the year		**5 470 331**	22 629 697
Profit/(loss) attributable to:			
Owners of the Company		**7 215 141**	22 709 237
Non-controlling interest		**(1 744 810)**	(79 540)
Profit for the year		**5 470 331**	22 629 697
Post-retirement medical aid reserve	*18*	**(473 000)**	1 381 000
Net change in fair value of available for sale financial assets	*14*	**(11 717 026)**	13 955 099
Revaluation Reserve	*3*	**32 933 862**	-
Taxation on other comprehensive income		**(6 440 621)**	(2 989 027)
Total other comprehensive income		**14 303 215**	12 347 072
Total comprehensive income		**19 773 546**	34 976 769
Total comprehensive income attributable to:			
Owners of the Company		**21 518 356**	35 056 309
Non-controlling interest		**(1 744 810)**	(79 540)
		19 773 546	34 976 769

Consolidated Statement of Changes in Equity

	Share Capital	Revaluation reserve	Available for sale fair value reserve	Post-retirement medical aid Reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 July 2013	2 000	166 261 229	4 226 161	-	431 959 552	602 448 942	-	602 448 942
Reversal of retained loss of Cape Racing Properties	-	-	-	-	7 577 226	7 577 226	-	7 577 226
Acquisition of subsidiary	-	-	-	-	-	-	60	60
Total comprehensive loss	-	-	11 352 752	994 320	22 709 237	35 056 309	(79 540)	34 976 769
Balance at 31 July 2014	**2 000**	**166 261 229**	**15 578 913**	**994 320**	**462 246 015**	**645 082 477**	**(79 480)**	**645 002 997**
Acquisition of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**120**	**120**
Total comprehensive income	**-**	**24 195 269**	**(9 551 494)**	**(340 560)**	**7 215 141**	**21 518 356**	**(1 744 810)**	**19 773 546**
Balance at 31 July 2015	**2 000**	**190 456 498**	**6 027 419**	**653 760**	**469 461 156**	**666 600 833**	**(1 824 170)**	**664 776 663**

Consolidated Statement of Cash Flows

	Notes	2015	2014
		R	R
Cash flows from operating activities			
Cash generated from operations	*25*	**(10 569 738)**	(8 875 465)
Interest paid		**(1 672 873)**	(542 600)
Interest received		**16 643 209**	12 811 249
Tax received/(paid)	*20*	**6 489 201**	(2 629 505)
Net cash flows from operating activities		**10 889 799**	762 539
Cash flow from investing activities			
Purchases of plant and equipment	*3*	**(33 127 986)**	(173 740 293)
Disposal of Cape Racing Properties Proprietary Limited		**-**	7 577 226
Disposal of property, plant and equipment		**248 570**	562 123
Acquisition of intangible assets	*6*	**(28 173 075)**	-
Liquidation of PGE Mauritius		**-**	5 159 822
Acquisition of non-controlling interest		**(120)**	(60)
Investment in subsidiary		**(155)**	(140)
Acquisition of other investments		**9 221 952**	75 764 850
Tellytrack funding		**5 471 138**	32 022 237
Net cash flows from investing activities		**(46 359 676)**	(52 654 235)
Cash flow from financing activities			
Post-retirement medical obligation		**(55 000)**	(221 000)
Decrease/(increase) of loans receivable		**939 426**	(11 468 401)
Repayments of borrowings		**9 300 382**	5 111 951
Net cash flows from financing activities		**10 184 808**	6 577 450
Net decrease in cash and cash equivalents		**(25 285 069)**	(58 469 146)
Cash and cash equivalents at beginning of year		**51 067 784**	109 536 930
Cash and cash equivalents at the end of year	*10*	**25 782 715**	51 067 784

Accounting Policies

1 Accounting policies

1.1 Reporting Entity

Gold Circle Proprietary Limited is a company domiciled in the Republic of South Africa. The address of the group's registered office is 150 Avondale Road, Greyville. The consolidated financial statements of the Group for the year ended 31 July 2015 comprise the company, its subsidiaries, associates and partnership (together referred to as the "Group").

The financial statements incorporate the following principal accounting policies as set out below. The accounting policies of the subsidiaries are consistent with those of the holding company.

1.2 Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). Separate financial statements for the Company have been prepared.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for land and buildings which are stated at their fair value.

The methods used to measure fair values are discussed further in note 1.2 (d) - Use of estimates and judgements.

(c) Functional and presentation currency

These consolidated financial statements are presented in South African Rands, rounded to the nearest Rand, which is the Group's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Accounting Policies (continued)

1.2 Basis of Preparation (continued)

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 Property, plant and equipment
- Note 6 Intangible assets
- Note 15 Borrowings
- Note 16 Deferred tax liability
- Note 18 Post retirement medical aid obligation
- Note 23 Income taxation
- Note 24 Operating lease commitments
- Note 27 Financial instruments

1.3 Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company controls an investee if and only if the Company has all the following:

- power over the investee
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect the amount of the Company's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until control ceases.

(ii) Investments in associates and jointly controlled entities (equity-accounted investees)

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost (including transaction costs). The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence or joint control ceases.

(iii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies its non-derivative financial assets as loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss.

Loans and receivables comprise: loans, trade and other receivables and cash and cash equivalents. The Company also has amounts owing by subsidiary companies.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost using the effective interest method. Cash and cash equivalents

Cash and cash equivalents (continued)

comprise cash balances and bank balances with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost which approximates their fair value.

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any other categories. The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses or foreign exchange differences on debt instruments, are recognised in other comprehensive income and presented within equity in the available-for-sale fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss.

Held-to-maturity financial assets

Held-to-maturity assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings, loans from shareholders, bank overdrafts and trade and other payables. The Company also has amounts owing to subsidiary companies. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(c) Property, plant and equipment

(i) Recognition and measurement

Land and buildings are shown at fair value, based on periodic, but at least three-yearly, valuations by external independent valuators, less subsequent depreciation for buildings. Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Movable items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use.

The estimated useful lives for the current and comparative periods are 25 years for buildings and between 3 and 6 years for movable assets.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

1.3 Significant accounting policies (continued)

(d) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

(e) Investment property

Investment property is held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

An external, independent valuation expert, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property every three years.

Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein both parties had each acted knowledgeably.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first in first out (FIFO) formula. When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset and can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restricting of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

1.3 Significant accounting policies (continued)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against loans and receivables. When an event occurring after the impairment was recognised causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses are recognised in other comprehensive income to the extent of any previous revaluation reserves. Any excess impairment is recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting the amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed bi-annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognised gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Employee entitlements to annual leave are recognised when they accrue. An accrual is made for the estimated liability for accumulated leave as a result of services rendered up to the reporting date.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Revenue

(i) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(ii) Goods sold

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised once the risks and rewards of ownership have passed, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(iii) Rental income

Rental income is recognised as revenue on a straight-line basis over the term of the lease.

(iv) Derivative Income

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(l) Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense, the net gain or loss on the disposal of available-for-sale financial assets, and the net gain or loss on financial assets at fair value through profit or loss.

Interest income or expense is recognised using the effective interest method.

(m) Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

1.3 Significant accounting policies (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Related parties

A party is related to the Company if any one of the following are met:

i) Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Company;

ii) The party is a member of the key management personnel of the entity or its parent;

iii) The party is a close member of the family of any individual referred to the above.

Close family member of the family of an individual includes:

i) The individual's domestic partner and children;

ii) Children of the individual's domestic partner; and

iii) Dependents of the individual or the individual's domestic partner.

(o) Comparative figures

Where necessary comparative figures have been reclassified.

New Standards and Interpretations

2 New standards and interpretations

2.1 Standards and interpretations not yet effective

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	May 2014	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	May 2014	1 January 2016
IFRS 9	Financial Instruments	July 2014	1 January 2018
IAS 27	Equity Method in Separate Financial Statements	August 2014	1 January 2016
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	December 2014	1 January 2016
IAS 1	Disclosure Initiative	December 2014	1 January 2016
IFRS 15	Revenue from contracts with customers	May 2014	1 January 2018

All Standards and Interpretations will be adopted at their effective date.

The Directors are of the opinion that the above amendments will not have a material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

3 Property, plant and equipment

2015	Cost	Accumulated depreciation and impairment	Carrying amount
Freehold land and buildings	**341 675 874**	**(61 792 362)**	**279 883 512**
Leased buildings	**160 726 218**	**(27 450 034)**	**133 276 184**
Plant, vehicles and equipment	**151 943 357**	**(90 665 801)**	**61 277 556**
Assets under construction	**6 951 164**	**-**	**6 951 164**
	661 296 613	**(179 908 197)**	**481 388 416**

	Land and buildings	Plant, vehicles and equipment	Assets under Construction	Total
Movement in carrying amount				
Carrying amount at beginning of year	**297 641 485**	**59 335 059**	**83 292 149**	**440 268 693**
Additions	**17 856 692**	**15 271 294**	**-**	**33 127 986**
Transfers	**75 401 184**	**939 801**	**(76 340 985)**	**-**
Disposals at carrying amount	**-**	**(198 237)**	**-**	**(198 237)**
Revaluation on property, plant and equipment	**32 933 862**	**-**	**-**	**32 933 862**
Depreciation	**(10 673 527)**	**(14 070 361)**	**-**	**(24 743 888)**
	413 159 696	**61 277 556**	**6 951 164**	**481 388 416**

2014	Cost	Accumulated depreciation and impairment	Carrying amount
Freehold land and buildings	41 810 000	-	41 810 000
Leased buildings	315 271 896	(59 440 410)	255 831 486
Plant, vehicles and equipment	144 438 707	(85 103 649)	59 335 058
Assets under construction	83 292 149	-	83 292 149
	584 812 752	(144 544 059)	440 268 693

	Land and buildings	Plant, vehicles and equipment	Assets under Construction	Total
Movement in carrying amount				
Carrying amount at beginning of year	217 269 168	47 785 817	9 498 411	274 553 396
Additions	85 214 144	14 732 411	73 793 738	173 740 293
Disposals	(277 920)	(284 063)	-	(561 983)
Depreciation	(4 563 907)	(2 899 106)	-	(7 463 013)
	297 641 485	59 335 059	83 292 149	440 268 693

The group's land and buildings were revalued on 31 July 2015 by an independent valuator. Valuations were made on the basis of recent market transactions at arm's length terms. The revaluation surplus, net of applicable deferred income taxes, was credited to non-distributable reserves.

Depreciation expense of **R24 743 888** (2014: R7 463 013) has been included in administrative expenses.

3 Property, plant and equipment (continued)

	2015	2014
	R	R
Depreciation	**32 453 520**	22 449 170
Less: Write – up of assets	**-**	(5 436 172)
Less: Reassessment of useful lives	**(7 709 632)**	(9 549 985)
	24 743 888	7 463 013

Useful lives of moveable assets were reassessed during the year.

A register detailing the descriptions, situation and date of acquisition of fixed assets is available for inspection at the registered office of the group. If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2015	2014
	R	R
Cost	**18 532 000**	18 532 000
Accumulated depreciation and impairment	**(13 627 249)**	(12 978 332)
	4 904 751	5 553 668

4 Investment/ Share of Liability in associate

The Group has interests in a number of individually immaterial associates. The group has determined that it has significant influence because it has representation on the board of the investee.

The decision-making capacity that drives the relevant activities within Betsumor Gaming Proprietary Limited, Wozabets Gaming Proprietary Limited and Sportstracking Proprietary Limited lies with the board of directors, whereby the group does not control the majority of the voting rights. The group therefore does not have power over the relevant activities of these companies. As a result the group does not consolidate these associates.

The group is contractually obligated to share in the losses experienced by the associates. As a result, the losses incurred by the associate are equity accounted.

The voting rights and loss sharing of the group within the associate is as follows on the face of the financial statements:

	2015	2014
Betsumor Gaming Proprietary Limited	**30%**	-
Wozabets Gaming Proprietary Limited	**30%**	-
Sportstracking Proprietary Limited	**35%**	-
Carrying amount of interest in associate		
Betsumor Gaming Proprietary Limited	**36**	-
Wozabets Gaming Proprietary Limited	**120**	-
Sportstracking Proprietary Limited	**35**	-
	191	-
Share of loss from equity accounted investees, net of tax		
Betsumor Gaming Proprietary Limited	**76 883**	-
Wozabets Gaming Proprietary Limited	**40 290**	-
Sportstracking Proprietary Limited	**-**	-
	117 173	-

Notes to the Consolidated Financial Statements

4 Investment/ Share of Liability in associate (continued)	2015	2014
	R	R
Net investment in associate		
Betsumor Gaming Proprietary Limited	**(76 847)**	-
Wozabets Gaming Proprietary Limited	**(40 170)**	-
Sportstracking Proprietary Limited	**35**	-
Disclosed as follows on the statement of financial position		
Investment in associate	**35**	-
Share in liability of associate	**117 173**	-

5 Loans receivable

Non-current – interest bearing		
National Horse Racing Authority	**4 870 672**	5 225 000
Sportstracking Proprietary Limited	**992 709**	-
The loan is unsecured, interest at 2% below prime, repayment period of 5 years and instalments are payable monthly in arrears.		
Summerhill Stud Farm	**1 231 932**	1 393 825
This loan is unsecured, bears interest linked to prime and is repayable over 4 years.		
Betsumor Gaming Proprietary Limited	**216 275**	-
Wozabets Gaming Proprietary Limited	**69 301**	-
These loans are unsecured, bear interest of 10% and are repayable on demand.		
Videotrack Proprietary Limited	**1 362**	-
This loans is unsecured, bears no interest and is repayable on demand.		
	7 382 251	6 618 825
Current – interest bearing		
Phumelela Gaming & Leisure Limited – Betting World	**2 140 090**	1 640 090
The loan is unsecured, bears interest of 5.5% and is repayable on demand.		
Shareholders in Crusade	**2 619 987**	3 450 004
This loans is unsecured, bears interest linked to prime and is repayable on demand.		
Current – interest free		
Horseracing S A Proprietary Limited	**855 215**	1 591 799
Sportstracking Proprietary Limited	**-**	636 371
Public Display Technology Proprietary Limited	**120**	-
These loans are unsecured, bear no interest and are repayable on demand.		
	5 615 412	7 318 264

6 Intangible assets

	2015	2014
	R	R
Goodwill		
Balance at the beginning of the year	**3 074 327**	3 074 327
Impairment	**-**	-
	3 074 327	3 074 327
Indefinite useful life assets		
Fixed odds licences	**28 173 075**	-
	31 247 402	3 074 327

Goodwill

Goodwill arose as a result of the acquisition of agency outlets in prior years. The carrying amount of goodwill was subject to an impairment test at statement of financial position date. The underlying key assumptions of the test of impairment include, but are not limited to, cash flow forecasts. Such forecasts are performed utilising the current year growth in revenue for each of the outlets.

Indefinite useful life intangible assets

The group has classified the above intangible assets as having indefinite useful lives and shall not be amortised.

Impairment test for intangible assets with indefinite useful lives

Detailed impairment testing is performed for indefinite useful life intangible assets annually whenever impairment indicators are present.

The impairment review process is as follows:
The cash generating units relating to the fixed odds licences were identified as being the branches from which they operate. It was noted that the branches are experiencing positive returns and is forecasted to be profitable in the foreseeable future and therefore not indicative of impairment.

Assumptions applied:
Net win percentage - 11%
Inflation rate - 6%
Average growth rate - 12%

7 Other investments

FNB Preference Shares – held to maturity	**-**	120 000 000

Preference shares are redeemable on 01 January 2016.
Cumulative dividends earned are 66.6% of prime rate.
The investment has been reclassified to current assets.

8 Inventories

Finished goods	**3 210 260**	3 010 649

9 Trade and other receivables

Trade receivables	**19 459 349**	20 033 928
Phumelela International trade debtor	**70 687 412**	66 798 088
Less provision for impairment of receivables	**(1 544 178)**	(498 854)
Trade receivables – net	**88 602 583**	86 333 162
Other receivables	**275 130**	2 164
Provincial tax	**124 622**	-
Prepayments	**1 705 305**	650 902
Vat Receivable	**-**	13 785
SARS receivable	**2 751 623**	4 753 206
	93 459 263	91 753 219

Notes to the Consolidated Financial Statements

9 Trade and other receivables (continued)

The amounts are subject to the group's standard credit terms and are due within a maximum of 60 days after month end depending on the class of debtor. Interest has not been charged on these accounts.

*Phumelela has a credit facility of R30 million, which bears interest at 7% per annum.

Phumelela International receivable is due to local rights sold in the international markets. Included in the receivable are balances owed to Phumelela Gaming and Leisure Limited for transactions in the normal course of business (**2015 – R 16 285 512**, 2014 – Nil).

	2015	2014
	R	R
Trade receivables can be analysed as follows:		
Neither past due nor impaired	**88 602 583**	86 333 162
Past due but not impaired	**-**	-
Past due and impaired	**1 544 178**	498 854
Impairment against these receivables	**(1 544 178)**	(498 854)
	88 602 583	86 333 162
The movement in the allowance for impairment is as follows:		
At beginning of the year	**(498 854)**	(1 056 962)
Trade receivables impaired during the year	**-**	-
(Increase)/decrease in impairment	**(1 045 324)**	558 108
At end of the year	**(1 544 178)**	(498 854)

The impairment charge for doubtful debts for the year has been included in 'administration expenses' in the statement of comprehensive income.

10 Cash and cash equivalents

Current accounts	**11 568 481**	46 493 172
Fixed deposits	**7 961 282**	533 932
Cash on hand	**6 252 952**	4 040 680
	25 782 715	51 067 784

Guarantees

Gold Circle Proprietary Limited has the following Guarantees in place:

In favour of	**Value**	**Review Date**
KwaZulu-Natal Gaming and Betting Board	600 000	31/12/2025
Artemis Properties Proprietary Limited	110 000	31/05/2017
Pinetown Regional Water	69 285	31/12/3035
SA Retail Properties Proprietary Limited	98 504	31/07/2016
South African Breweries Limited	170 000	31/12/2025
Eskom	117 945	31/12/2025
Ethekwini Municipality	1 680 214	31/12/2025
City Treasurer	46 455	31/12/2025
Environmental Management Branch	100 000	31/12/2025
Kwazulu-Natal Provincial Admin	175 455	31/12/2025
Natal Bookmakers Control	60 000	31/12/2025
SA Mutual Property Investment	30 000	31/12/2025
Vividend Income Fund Limited	57 000	31/10/2016

10 Cash and cash equivalents (continued)

Facilities

Gold Circle Proprietary Limited has overdraft facilities of R10 000 000 and contingent facilities of R2 600 000 with FNB, due for review on 31 August 2016.

11 Financial assets

	2015	2014
	R	R
FNB Preference shares– held to maturity	**120 000 000**	-
Sanlam Private Portfolio – money market	**150 779**	10 899 788
RMB Protected flexible	**53 085 501**	51 380 751
Sanlam Private Portfolio: listed shares	**36 453 193**	26 100 356
Sanlam Private Portfolio: Asset swap	**11 486 374**	8 966 412
Financial assets – Ring fenced	**221 175 847**	97 347 307
RMB Private Bank Trust Account	**845 999**	4 809 099
Investec Asset Management Account	**123 003**	4 633 684
Prudential Portfolio	**-**	8 571 339
Sanlam Private Portfolio: listed shares	**3 877 637**	4 025 340
Alpha Wealth Investments	**2 162 987**	-
Investment in ASL Limited	**4 181 422**	15 857 447
ABSA Eurogroup Basket	**1 938 343**	-
Financial assets – not ring fenced	**13 129 391**	37 896 909
	234 305 238	135 244 216

12 Ring fenced investments

The assets are at fair value as determined by an active market. The Group's exposure to credit, currency and interest rate risks related to financial assets and the exposure to currency, interest rate and liquidity risk related to financial liabilities is disclosed in note 28.

The investments noted below relate to the ring fenced investments which include actual return (cash, dividends and interest) to date for the year ending 31 July 2015.

	Initial investment	Actual Return 2015	Actual Return for prior years	Ring Fenced Assets
	R	R	R	R
FNB Preference Shares – held to maturity	120 000 000	7 361 464	11 037 528	138 398 992
RMB Protected Flexible	40 000 000	1 704 750	11 380 751	53 085 501
Sanlam Private Portfolio mixed portfolio	40 000 000	(412 395)	8 502 741	48 090 346
	200 000 000	**8 653 819**	**30 921 020**	**239 574 839**

12.1 Percentage return	**2015**	2014
Pre – tax return	**4.3%**	11.3%
Post – tax return	**3.5%**	9.2%

	2015	2014
	R	R
12.2 Disclosed as follows in the consolidated statement of comprehensive income		
As part of finance income and other associated income	**7 361 464**	6 921 990
Net change in fair value of available for sale financial assets	**(1 946 382)**	14 988 337
Investment Income	**3 238 737**	658 120
	8 653 819	22 568 447

Notes to the Consolidated Financial Statements

13 Share capital

	2015	2014
	R	R
Authorised and issued		
2 000 ordinary shares	**2 000**	2 000

No dividends were declared or paid during the year.

14 Available for sale reserve

Opening balance	**15 578 913**	4 226 161
Fair value movement on available for sale financial assets	**(11 717 026)**	13 955 099
Deferred taxation on available for sale reserve	**2 165 532**	(2 602 347)
	6 027 419	15 578 913

In 2015, the share price in Automatic Systems Limited had significantly decreased, this resulted in fair value losses being recognised in the available for sale reserve. The decrease in the price was primarily due to proposed regulatory restrictions in the Mauritian totalisator industry. Subsequent to the year end these have been alleviated and thus, Automatic Systems Limited will return to favourable trading conditions. Management believes that the fair value losses are of a temporary nature as evidenced by gains recognised subsequent to the current financial year.

15 Borrowings

Non-current - other		
Finance lease liabilities – long term portion	**5 117 503**	4 917 155
Current – Other		
Finance lease liability – short term	**2 470 042**	2 103 285
Mion Holding Proprietary Limited (Track and Ball Proprietary Limited fixed odds licences)	**8 733 276**	-
	11 203 318	2 103 285
Current – shareholders loans		
Gold Circle Racing Club	**39 457 881**	39 457 881

Shareholder's loans

Loans are unsecured, interest free and are repayable on demand.

Finance lease liabilities

Finance lease obligations secured by lease agreements over property, plant and equipment with a carrying value of **R5 744 429** (2014: R3 779 046). Finance lease obligations over motor vehicles bear interest at rates between prime and prime less 1.5%.

Finance lease liability	**7 587 545**	7 020 440
Less: Payable within one year	**(2 470 042)**	(2 103 285)
	5 117 503	4 917 155
Minimum lease payments are due as follows:		
Due within one year	**2 470 042**	2 103 285
Due within two and five years	**5 117 503**	4 917 155
	7 587 545	7 020 440

16 Deferred tax liability

	2015	2014
	R	R
Opening balance	**40 445 359**	35 784 929
Prior period over provision	**(269 469)**	(606 736)
Deferred tax – temporary differences at normal rate	**1 539 471**	2 811 375
Deferred tax – temporary differences at CGT rate	**469 923**	136 843
Deferred tax - release on assets held for sale	**-**	(805 218)
Utilisation of assessed loss	**(1 706 190)**	151 378
Temporary difference through OCI (assets)	**8 738 591**	-
Temporary difference through OCI (investments)	**-**	1 567
Deferred tax CGT on disposal of assets	**16 239**	(16 239)
Deferred tax - through other comprehensive income		
(Available for sale financial assets)	**(2 165 530)**	2 600 780
Deferred tax – through other comprehensive income		
(Post-retirement medical aid reserve)	**(132 440)**	386 680
	46 935 954	40 445 359
Comprises:		
Accruals	**(8 236 624)**	(9 062 344)
Capital allowances and finance leases	**56 105 776**	47 100 211
Assessed loss	**(2 742 466)**	(692 120)
Investments in financial assets	**2 069 818**	3 628 584
Deferred income	**(403 398)**	(634 473)
Prepayments	**142 848**	105 501
	46 935 954	40 445 359

17 Tellytrack funding

In 2015, the Tellytrack Partnership continued to perform poorly due to the ongoing dispute with bookmakers over the cost of subscriptions. The losses incurred over the past 2 years have resulted in Company owing the partnership for its portion of the funding required to operate the business.

At year end, the partners have decided that amounts owing by the group to Tellytrack could be offset against the Phumelela International Receivable.

Non – Current Liabilities		
Partnership Profit	**4 142 212**	5 385 525
Partnership funding	**(20 172 709)**	(15 944 885)
	(16 030 497)	(10 559 360)
Financial Information of Tellytrack		
Assets	**27 610 722**	23 613 279
Liabilities	**12 371 068**	23 656 667
Revenue	**132 038 874**	73 082 217
Profit	**4 249 679**	9 472 713
	%	%
Interest held	**24.96**	24.96
Profit share	**24.96**	24.96

Gold Circle Proprietary Limited has a **24.96%** (2014: 24.96%) interest in Tellytrack which is a joint venture between Gold Circle Proprietary Limited and Phumelela Gaming and Leisure. Profits are shared in accordance with the Tellytrack Partnership agreement.

Notes to the Consolidated Financial Statements

18 Post-retirement Medical aid obligations

The Group's obligation towards the post-retirement medical aid obligation was actuarially calculated as at 30 April 2015 and projected for the 31 July 2015 year end by Alexander Forbes Health Proprietary Limited and is disclosed in accordance with International Accounting Standard 19: Employee Benefits, as follows:

	2015	2014
	R	R
Non- current portion	**14 004 000**	13 637 000
Current portion	**1 266 000**	1 215 000
Present value of funded obligations	**15 270 000**	14 852 000
Service cost	**1 206 000**	1 026 000
Interest cost	**(1 261 000)**	(1 247 000)
Total amount recognised in the net profit	**(55 000)**	(221 000)
Actuarial losses/(gains)	**473 000**	(1 381 000)
Amount recognised in other comprehensive income	**473 000**	(1 381 000)
Total amount recognised in the Consolidated Statement of Comprehensive Income	**418 000**	(1 602 000)
Movement in the net liability recognised in the Consolidated Statement of Financial Position		
Opening value	**14 852 000**	16 454 000
Net expense recognised in statement of comprehensive income	**1 206 000**	1 026 000
Employer contributions	**(1 261 000)**	(1 247 000)
Actuarial (gain)/loss	**473 000**	(1 381 000)
Closing value	**15 270 000**	14 852 000
Key Valuation Assumptions		
Discount Rate	**8.5%**	8.5%
Health care cost inflation	**8.2%**	8.2%
Expected retirement age	**65 years**	65 years

Health care cost inflation

The valuation basis assumes that the health care cost inflation rate will remain constant in the long term. The effect of a one percent increase and decrease in the health care cost inflation rate is as follows:

	1% increase	Valuation basis	1% decrease
Employer's accrued liability	16 631 000	15 270 000	14 072 000
Employer's service and interest cost	1 357 000	1 242 000	1 141 000

Therefore, a 1% increase in the health care cost inflation assumption will result in an 8.94% increase in the accrued liability. Similarly, a 1% decrease in the health care cost inflation assumption will result in a 7.87% decrease in the accrued liability.

19 Trade and other payables

	2015	2014
	R	R
Amount due to customers	**6 504 781**	4 976 324
Provision for breeders and owners premiums	**6 705 929**	6 214 766
Provision for leave pay	**5 367 028**	5 035 043
Trade creditors and accruals	**50 543 901**	69 869 910
Telephone Betting	**5 175 820**	4 306 831
VAT	**7 843 032**	5 680 465
Phumelela payable	**-**	5 627 481
Other	**31 012**	-
Deferred income	**1 310 500**	-
	83 482 003	101 710 820

20 Tax received/(paid)

Receivable at the beginning of the year	**4 753 206**	2 123 701
Tax for the year recognised in the statement of comprehensive income	**4 487 618**	-
Less: receivable at year end	**(2 751 623)**	(4 753 206)
Tax received/(paid)	**6 489 201**	(2 629 505)

21 Revenue

Totalisator revenue	**339 616 616**	334 583 955
Net gaming revenue from fixed odds betting	**14 821 837**	-
Net Wagering Revenue	**354 438 453**	334 583 955
Contribution to racing from third party bookmaking activities	**43 438 428**	36 019 423
Share of profit from Tellytrack	**4 142 212**	4 028 883
Share of international licence fee	**43 768 168**	53 741 946
Direct racing revenues	**67 193 438**	65 368 039
	512 980 699	493 742 246

Notes to the Consolidated Financial Statements

22 Expenses by nature

The following items have been included in arriving at operating profit:

Advertising, events and promotions	**20 691 373**	20 344 860
Audit fee	**984 540**	968 103
Cash collection costs	**1 819 416**	1 801 066
Catering costs	**10 884 020**	10 340 517
Contribution to jockey's remuneration	**10 070 303**	9 744 197
Depreciation (including impairment)	**24 750 555**	7 463 013
Directors emoluments	**4 174 000**	3 166 030
Employee benefits	**120 506 240**	111 387 587
Insurance costs	**1 598 859**	1 301 781
Licence fees	**19 524 945**	16 456 090
Operating lease rentals – Property	**12 964 636**	15 068 977
Operating lease rentals - Equipment and vehicles	**57 417**	151 329
Printing costs	**6 806 823**	6 540 480
Race meeting expenses	**6 716 090**	6 660 169
Regulatory costs (National Horseracing Authority)	**14 989 260**	13 118 326
Repairs and maintenance	**21 610 969**	21 037 709
Security expenses	**7 978 403**	7 535 527
Service fee (Saftote)	**7 495 314**	7 449 691
Stakes – owners	**93 489 950**	93 277 538
Stakes - breeders	**9 760 851**	9 043 148
Tellytrack subscriptions	**16 266 427**	17 254 279
Tote agents commission paid	**31 030 184**	31 976 781
Transformation fund	**1 326 007**	1 591 721
Utility costs	**19 122 753**	24 145 740
Other operating expenses	**62 668 677**	59 653 398
	527 288 012	497 478 057
Reconciled to expense by function		
Agents commission & other direct costs	**31 030 184**	31 976 781
Wagering expenditure	**193 642 865**	168 709 445
- Totalisator	**171 737 096**	168 444 313
- Fixed odds licences	**21 905 769**	265 132
Racing expenditure	**302 614 963**	296 791 831
	527 288 012	497 478 057

23 Income taxation

Current taxation	**-**	-
Current tax- withholding tax deducted at source	**(4 318 446)**	-
Deferred tax- CGT on disposal of assets	**-**	136 843
Deferred tax- temporary differences	**2 009 393**	2 808 620
Deferred tax – under provision	**(488 614)**	(606 736)
Deferred tax utilisation of capital loss	**16 239**	-
Reversal of capital gains tax on disposal of held for sale assets	**-**	(805 218)
Deferred tax – utilisation of assessed loss	**(1 706 190)**	151 378
	(4 487 618)	1 684 887

23.1 Reconciliation of tax charged

Profit before taxation		**982 713**		24 314 584

	%	**2015**	%	2014
		R		R
Income tax at 28%	**28**	**275 160**	28	6 808 083
Current tax – withholding tax deducted at source	**(439)**	**(4 318 446)**	-	-
Permanent differences	**(13)**	**(130 690)**	(19)	(4 609 656)
Deferred tax utilisation of capital loss	**2**	**16 239**		
Reversal of capital gains tax on disposal of held for sale assets	**-**	**-**	(3)	(805 218)
Capital gains tax	**26**	**256 785**	4	898 414
Deferred tax – temporary differences	**(24)**	**(235 667)**		
Deferred tax – under provision	**(36)**	**(350 999)**	(3)	(606 736)
	(457)	**(4 487 618)**	7	1 684 887

No current taxation was provided as the Group had an assessed loss of **R10 286 018** (2014: R 2 471 856).

24 Operating lease commitments

The Durban Turf Club has a lease over Greyville racecourse that expires on 31 December 2069. The rental payable under the lease is determined on a formula based on gross totalisator turnover or a minimum rental whichever is the greater. The future lease commitment based on the minimum rental is as follows:

	2015	2014
	R	R
Due within one year	**1 190 945**	1 008 000
Due within two and five years	**4 763 780**	4 032 000
Due after five years	**59 547 250**	51 163 000

The Pietermaritzburg Turf Club has a lease over Scottsville racecourse that expires on 30 November 2035. The rental payable under the lease is based on on-course turnover and the rateable value of land. The future lease commitment on the current basis is as follows:

Due within one year	**272 979**	311 200
Due within two and five years	**1 091 916**	1 244 802
Due after five years	**4 367 664**	6 535 116

The Group leases certain other properties, the future commitments being as follows:

Due within one year	**4 348 148**	8 344 180
Due within two and five years	**8 864 316**	9 850 195

Notes to the Consolidated Financial Statements

25 Cash generated from operations

	2015	2014
	R	R
Profit from continuing operations before tax	**982 713**	24 314 584
Adjustments for:		
Depreciation	**24 743 888**	7 464 013
Share of profit of equity-accounted investees, net of tax	**117 173**	-
Loss/(Profit) on disposal of fixed assets	**-**	1 810 302
Straight lining provision	**692 879**	(56 931)
Interest received	**(16 643 209)**	(9 490 432)
Interest paid	**1 672 873**	542 600
Impairment of loan receivable to PGE Mauritius	**-**	8 908 162
Dividend received in specie	**-**	(15 781 746)
	11 566 317	17 710 552
Changes in working capital	**(22 136 055)**	(26 586 017)
Increase in inventories	**(199 611)**	(69 164)
Increase in trade and other receivables	**(3 707 627)**	15 451 941
Decrease in trade and other payables and provisions	**(18 228 817)**	(41 968 794)
Cash generated from operations	**(10 569 738)**	8 875 465

26 Capital Commitments

Authorised and contracted for	**6 412 838**	11 378 417
Authorised and not contracted for	**25 217 123**	17 627 396
	31 629 961	29 005 813

27 Financial Instruments

The Group's financial instruments consist primarily of financial assets, accounts receivable and long term liabilities.

Categories of financial instruments

Financial Assets

Accounts receivable	**93 459 263**	91 753 219
Available for sale	**114 305 238**	135 244 216
Held to maturity	**120 000 000**	120 000 000
	327 764 501	346 997 435

Financial liabilities

Loan from related party	**39 457 881**	39 457 881

28 Financial risk management

28.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing financial risk, and the Group's management of capital.

28.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

28.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk through the following instruments:

- Derivative financial assets
- Amounts owing by the holding company
- Trade and other receivables
- Cash and cash equivalents

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2015	2014
	R	R
Financial assets		
- Non-Current		
Held to maturity	**-**	120 000 000
- Current		
Held to maturity	**120 000 000**	-
Available-for-sale financial assets and fair value through profit and loss	**114 305 238**	135 244 216
Cash and cash equivalents	**25 782 715**	51 067 784
	260 087 953	306 312 000

28.4 Liquidity risk

Cash flow forecasting is performed by the entity and management monitors rolling forecasts to ensure that the entity has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. Surplus cash held by the entity over and above its working capital requirements are invested in interest bearing current accounts, time deposits and money market deposits.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses the Group maintains flexibility in funding by maintaining availability under committed credit lines. The table below analyses the group's financial liabilities into relevant maturity groupings. The impact of discounting is not significant.

	Less than 1 year	Between 2 & 5 years	Over 5 years
As at 31 July 2015	**R**	**R**	**R**
Trade and other payables and provisions	**83 482 003**	**-**	**-**
Borrowings	**48 191 157**	**-**	**-**
Finance lease liability*	**2 470 042**	**5 117 503**	**-**
As at 31 July 2014			
Trade and other payables and provisions	101 710 820	-	-
Borrowings	41 561 166	-	-
Finance lease liability*	2 103 742	4 917 155	-

*Current portion of finance lease liability is included in borrowings.

Notes to the Consolidated Financial Statements

28.4 Liquidity risk (continued)

Management monitors its projected cash flow requirements against cash and cash equivalents and undrawn borrowing facilities. At year end the group's position was as follows:

	2015	2014
	R	R
Cash resources	**25 782 715**	51 067 784
Undrawn borrowing facilities	**10 000 000**	10 000 000
Trade and other receivables	**93 459 263**	91 753 219
Available for sale financial assets	**234 305 238**	135 244 216
Total available resources	**363 547 216**	288 065 219

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group does not target specific capital ratios.

28.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity input prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys foreign currency derivatives in order to manage market risks.

The Group has exposure to currency and interest rate risk.

(i) Currency risk

The Group is exposed to currency risk on the asset swap that is denominated in a currency other than the respective functional currencies of Group entities. The Group is primarily exposed to the United States dollar.

Exposure to currency risk

The Group's exposure to significant foreign currency risk was as follows based on nominal amounts:

	2015	2014
	R	R
Asset Swap	**11 486 374**	8 966 412

The following significant exchange rates applied during the period:

	31 July 2015		31 July 2014	
	Reporting date spot rate	**Average for the period**	Reporting date spot rate	Average for the period
US Dollar	**12.64**	**12.44**	10.63	10.43
Mauritian Rupee	**0.34**	**0.34**	2.76	2.80

28.5 Market risk (continued)

Sensitivity analysis

A 10 percent weakening of the rand against the following currencies at the reporting date applied against the net foreign currency exposure would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit/(loss)	
Group	**2015**	2014
US Dollar	**82 612**	76 682
Mauritian Rupee	**-**	-

A 10 percent strengthening of the rand against the above currencies at the reporting date would have had the equal opposite effect to the amounts shown above.

(ii) Interest rate risk

The Group adopts a policy of ensuring that most of its exposure to changes in interest rates on borrowings is on a floating rate basis.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2015	2014
	R	R
Variable rate instruments		
Financial assets		
Financial Assets – FNB Preference Shares	**120 000 000**	120 000 000
Loans Receivable – Non Current	**7 382 251**	6 618 825
Loans Receivable –Current	**4 760 077**	5 090 094

Sensitivity Analysis

Cash flow sensitivity analysis for variable instruments

A decrease of 100 basis points in interest rates at the reporting date calculated on the closing balances, would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit/(loss)	
	2015	2014
	R	R
Variable rate instruments		
Financial assets		
Financial Assets – FNB Preference Shares	**(200 040)**	(548 440)
Loans Receivable – Non Current	**(73 824)**	(66 188)
Loans Receivable –Current	**(47 600)**	(50 901)
Net cash flow sensitivity	**(321 464)**	(665 529)

An increase of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above.

Notes to the Consolidated Financial Statements

28.6 Financial instrument categories and fair values

The table below sets out the classification of each class of financial assets and liabilities, and their fair values:

	31 July 2015		31 July 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	R	R	R	R
Group				
Available-for-sale financial assets				
Equity investments	**114 305 238**	**114 305 238**	135 244 216	135 244 216
Financial assets carried at amortised cost	**145 782 715**	**145 782 715**	171 067 784	171 067 784
Preference Shares	**120 000 000**	**120 000 000**	120 000 000	120 000 000
Cash and cash equivalents	**25 782 715**	**25 782 715**	51 067 784	51 067 784

28.7 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**
Group	**R**	**R**	**R**
31 July 2015			
Financial assets			
Available –for-sale financial assets	**102 818 864**	**-**	**-**
Derivative financial assets	**-**	**11 486 374**	**-**
	102 818 864	**11 486 374**	**-**
Group			
31 July 2014			
Financial assets			
Available –for-sale financial assets	126 277 804	-	-
Derivative financial assets	-	8 966 412	-
	126 277 804	8 966 412	-

Investments and Securities

The fair values of listed investments and securities are based on bid prices.

29 Subsidiaries of Gold Circle Proprietary Limited

	Issues Share capital 2015 R	% holding 2015	Issued share capital 2014 R	% holding 2014
Directly held				
Gold Circle Gaming Investments Proprietary Limited	**100**	**100**	100	100
Natal Racing Properties Proprietary Limited	**150 000**	**100**	150 000	100
Track and Ball Gaming Proprietary Limited	**140**	**70**	140	70
Betting Information Technology Proprietary Limited	**120**	**50**	-	-

30 Related parties

30.1 Identity of related parties

Related party transactions have been conducted on an arm's length basis.

The holding entity of Gold Circle Proprietary Limited is Gold Circle Racing Club.

30 Related parties (continued)

Subsidiaries are as follows:

Natal Racing Properties Proprietary Limited

Gold Circle Gaming Investments Proprietary Limited

Track and Ball Gaming Proprietary Limited

Betting Information Technology Proprietary Limited

Associated companies are as follows:

Sportstracking Proprietary Limited

Betsumor Gaming Proprietary Limited

Wozabets Gaming Proprietary Limited

Associated clubs are as follows:

Clairwood Turf Club

Durban Turf Club

Holding entities:

Gold Circle Racing Club

The directors are listed in the directors' report.

N P Butcher (Appointed 06/12/2012)

J H S de Klerk (Appointed 06/12/2012)

G Petzer (Appointed 14/11/2011)

M J R Mauvis (Chairperson) (Appointed 31/01/2011)

D R Moses (Appointed 01/01/2014)

Ms L E Rakharebe (Appointed 19/12/2012)

M J L Nairac (Appointment 11/12/2012)

L Nunan (Appointed 14/11/2011)

P V Laffery (Appointed 14/11/2011)

Ms P Mnganga (Appointed 01/02/2011)

S Naidoo (Appointed 04/06/2014)

M Tembe (Appointed 14/11/2011)

The following related party transactions have occurred between Phumelela Gaming and Leisure Limited, Tellytrack and Gold Circle Proprietary Limited as well as balances payable and receivable at 31 July 2015.

	2015 R	2014 R
30.2 Related parties transactions		
Expenses		
Tellytrack subscriptions	**16 266 427**	17 254 279
Transactions and balances at year end		
Investment in Tellytrack Partnership	**(16 030 497)**	2 064 358
Phumelela International trade debtor	**70 687 412**	66 798 089
Phumelela accounts payable	**-**	(5 627 481)

Notes to the Consolidated Financial Statements

30.3 Key management compensation	2015	2014
Directors' remuneration	**R**	R
M J R Mauvis	**100 000**	111 060
M Tembe	**52 000**	74 000
N P Butcher	**92 000**	106 000
J H S de Klerk	**81 500**	92 000
P V Laffery	**67 500**	83 250
Ms P Mnganga	**68 000**	71 000
L Nunan	**81 500**	47 500
G Petzer	**64 000**	71 000
Ms L E Rakharebe	**57 500**	40 500
S Naidoo	**30 000**	-
D R Moses	**1 080 000**	525 000
M J L Nairac	**2 400 000**	1 944 720
	4 174 000	3 166 030

31 Subsequent events

No material events have occurred subsequent to the statement of financial position date.

32 Going Concern

The directors believe that the Group will continue as a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the consolidated and separate financial statements.