



Phumelela Gaming

Phumelela Gaming and Leisure Limited



**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL RESULTS**

**FOR THE SIX MONTHS ENDED 31 JANUARY 2018
AND DIVIDEND DECLARATION**

Phumelela Gaming and Leisure Limited (Incorporated in the Republic of South Africa)
(Registration number: 1997/016610/06) Share Code: PHM ISIN: ZAE000039269



Phumelela is successfully transitioning to a multiple product betting and media rights Group.

OPERATIONAL FEATURES OF THE PERIOD

A SOLID RESULT

from wholly owned betting operations

STRONG PERFORMANCE

by Supabets

SYNERGIES UNLOCKED

with Supabets and Interbet

MEANINGFUL COST SAVINGS

flowing from voluntary retrenchment program

FINANCIAL FEATURES OF THE PERIOD

Headline earnings

up **23%** to

83,1 MILLION

Earnings per share

down **8%** to

83,17 CENTS

Headline earnings per share

down **9%** to

81,66 CENTS

Net asset value per share

up **42%** to

989,12 CENTS

Normalised headline earnings

up **52%** to

R102,5 MILLION

Interim gross dividend per share

increased by **24%** to

42,00 CENTS

Normalised headline earnings

per share up **12%** to

100,82 CENTS

Sound financial position

with net debt to equity

22%



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited 6 months 31 Jan 2018 R'000	Unaudited restated 6 months 31 Jan 2017 R'000	Audited 12 months 31 Jul 2017 R'000
Income*	(2)	797 749	813 639	1 520 515
Gross betting income	5	627 342	595 547	1 176 913
Net betting income				
– Local operations	5	504 415	479 522	948 603
Other operating income				
– Local operations	2	136 718	134 686	281 654
– International operations*	2	159 575	156 375	306 844
Investment income				
– Local operations	6	7 332	6 940	15 200
– International operations	(4)	618	641	646
Net income	4	808 658	778 164	1 552 947
Operating expenses and overheads				
– Local operations	2	(613 444)	(599 922)	(1 218 794)
– Voluntary severance program expense		(27 071)		
– International operations*	(5)	(111 662)	(117 649)	(213 917)
Profit before finance costs, income tax, depreciation and amortisation	(7)	56 481	60 593	120 236
Depreciation and amortisation	2	(36 214)	(35 444)	(71 207)
Profit from operations	(19)	20 267	25 149	49 029
Finance costs – Local operations	102	(17 236)	(8 530)	(20 323)
Profit before share of profit of equity accounted investees	(82)	3 031	16 619	28 706
Share of profit of equity accounted investees	46	82 063	56 189	122 591
Profit before fair value adjustment	17	85 094	72 808	151 297
Fair value adjustment to investment		274	(341)	946
Profit before income tax expense	18	85 368	72 467	152 243
Income tax expense	(89)	(509)	(4 472)	(9 641)
Profit for the period	25	84 859	67 995	142 602
Other comprehensive income net of taxation				
Items that may subsequently be reclassified to profit or loss				
– Exchange differences on translating foreign operations		494	393	(151)
Total comprehensive income for the period	25	85 353	68 388	142 451

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONTINUED

		Unaudited 6 months 31 Jan 2018 R'000	Unaudited restated 6 months 31 Jan 2017 R'000	Audited 12 months 31 Jul 2017 R'000
Profit attributable to:				
Ordinary equity holders of the parent	24	84 585	67 995	146 520
Non-controlling interest		274		(3 918)
Profit for the period	25	84 859	67 995	142 602
Total comprehensive income attributable to:				
Ordinary equity holders of the parent	24	85 079	68 388	146 369
Non-controlling interest		274		(3 918)
Total comprehensive income for the period	25	85 353	68 388	142 451
Earnings per ordinary share (cents)				
– Basic	(8)	83,17	90,78	168,46
– Diluted	(3)	83,17	86,16	160,84

* H1 2017 restated to make comparative information more meaningful as follows:

- R14,4 million foreign exchange loss previously included in 'Other operating income' now included in 'Operating expenses and overheads'.
- R5,4 million inter group charge erroneously included in 'Income' now excluded.

	Previously reported 6 months 31 Jan 2017 R'000	Adjust- ment 6 months 31 Jan 2017 R'000	Restated 6 months 31 Jan 2017 R'000
Income	819 056	(5 417)	813 639
Other operating income – International operations	141 992	14 383	156 375
Operating expenses and overheads – International operations	(103 266)	(14 383)	(117 649)

This reclassification has no effect on the profit of the Group.

SUPPLEMENTARY STATEMENT OF COMPREHENSIVE INCOME INFORMATION

	%	Unaudited 6 months 31 Jan 2018 R'000	Unaudited 6 months 31 Jan 2017 R'000	Audited 12 months 31 Jul 2017 R'000
	Change			
Reconciliation of headline earnings				
Earnings attributable to equity holders of the parent	24	84 585	67 995	146 520
Adjusted for:				
Profit on sale of property, plant and equipment and intangible assets		(2 132)	(612)	(605)
Tax effect		597	171	169
Headline earnings	23	83 050	67 554	146 084
Headline earnings per share (cents)	(9)	81,66	90,19	167,96
Diluted headline earnings per share (cents)	(5)	81,66	85,61	160,36
Net asset value per share (cents)	42	989,12	698,49	1014,17
Dividend to shareholders				
<i>Interim dividend</i>				
Dividend per ordinary share (cents)	24	42,00	34,00	34,00
<i>Final dividend</i>				
Dividend per ordinary share (cents)				70,00
Number of shares in issue	33	100 469 347	75 772 352	101 559 769
Weighted average number of shares in issue for basic and headline earnings per share calculation	36	101 707 053	74 898 327	86 974 276
Weighted average number of shares in issue for diluted earnings per share calculation	29	101 707 053	78 913 559	91 097 698

The pro forma normalised financial information has been compiled by the directors to illustrate the impact of the voluntary severance program on the Group's reported financial performance for the period ended 31 January 2018 for illustrative purposes only.

	%	Unaudited 6 months 31 Jan 2018 R'000	Unaudited 6 months 31 Jan 2017 R'000	Audited 12 months 31 Jul 2017 R'000
	Change			
Reconciliation of headline earnings to normalised headline earnings				
Headline earnings	23	83 050	67 554	146 084
Voluntary severance program expense tax effected		19 491		
Normalised headline earnings	52	102 541	67 554	146 084
Normalised headline earnings per share (cents)	12	100,82	90,19	167,96

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months 31 Jan 2018 R'000	Unaudited 6 months 31 Jan 2017 R'000	Audited 12 months 31 Jul 2017 R'000
ASSETS			
Non-current assets	1 299 102	676 856	1 280 609
Property, plant and equipment	458 151	457 298	468 388
Goodwill	15 206	15 206	15 206
Intangible assets	49 548	52 816	51 939
Interest in equity accounted investees	671 381	68 620	638 074
Investments	11 837	692	11 562
Investment property	18 700		18 700
Long-term loans	47 932	71 044	64 309
Deferred taxation asset	26 347	11 180	12 431
Current assets	306 266	317 282	259 200
Inventories	4 082	2 772	2 466
Trade and other receivables	174 914	173 575	129 855
Defined benefit funds	9 029	8 183	9 029
Income tax receivable	20 608	15 016	19 395
Assets held for sale		28 283	
Cash and cash equivalents	97 633	89 453	98 455
Total assets	1 605 368	994 138	1 539 809
EQUITY AND LIABILITIES			
Total equity	993 760	529 264	1 029 993
Share capital and premium	473 799	1 894	473 826
Retained earnings	523 704	527 419	560 678
Non-distributable reserves	(99)	(49)	(593)
Equity attributable to ordinary shareholders	997 404	529 264	1 033 911
Non-controlling interest	(3 644)		(3 918)
Non-current liabilities	202 299	123 187	123 370
Deferred taxation liability	1 905	412	1 393
Borrowings	200 394	122 775	121 977
Current liabilities	409 309	341 687	386 446
Trade and other payables	275 319	305 079	267 146
Short-term borrowings	2 914	2 400	2 400
Contingent consideration liability	106 309	707	101 434
Income tax payable	2 796	5 113	24
Betting dividends payable	13 185	15 030	13 621
Bank overdrafts	8 786	13 358	1 821
Total equity and liabilities	1 605 368	994 138	1 539 809

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Unaudited 6 months 31 Jan 2018 R'000	Unaudited 6 months 31 Jan 2017 R'000	Audited 12 months 31 Jul 2017 R'000
Net cash outflow from operating activities	(77 727)	(45 422)	(62 201)
Cash generated by operations	43 793	51 625	88 771
Movements in working capital	(30 941)	(43 748)	(43 022)
Cash generated by operating activities	12 852	7 877	45 749
Income tax paid	(12 354)	(175)	(15 082)
Investment income received	5 652	7 581	11 957
Finance costs paid	(12 130)	(8 530)	(17 950)
Dividends to shareholders	(71 747)	(52 175)	(86 875)
Net cash inflow/(outflow) from investing activities	37 983	(15 643)	(250 879)
Acquisition of property, plant and equipment and intangible assets	(25 917)	(33 282)	(82 223)
Proceeds on disposal of property, plant and equipment and intangible assets	189	864	1 664
Investment in equity accounted investees	(11 915)		(255 010)
Prepayment and contingent settlements on investments	(231)		(330)
Net loans received/(advanced)	18 676	(46 254)	(24 432)
Dividends received from equity accounted investees	57 181	63 029	109 452
Net cash inflow from financing activities	31 463	59 097	332 195
Finance lease payments		(257)	(425)
Net borrowings raised	78 931	59 354	58 556
Share capital raised			288 340
Shares repurchased and options issued	(47 468)		(14 276)
Net (decrease)/increase in cash and cash equivalents	(8 281)	(1 968)	19 115
Effect of conversion of foreign operations on cash and cash equivalents	494	393	(151)
Cash and cash equivalents at beginning of period	96 634	77 670	77 670
Cash and cash equivalents at end of period	88 847	76 095	96 634
Make up of balance of cash and cash equivalents			
Cash and cash equivalents	97 633	89 453	98 455
Bank overdraft	(8 786)	(13 358)	(1 821)
Cash and cash equivalents at end of period	88 847	76 095	96 634

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital R'000	Non-distributable reserve R'000	Retained earnings R'000	Equity attributable to ordinary shareholders R'000	Non-controlling interest R'000	Total equity R'000
Balance at 31 July 2016	1 863	(442)	511 630	513 051		513 051
Total comprehensive income for the period		393	67 995	68 388		68 388
- Profit for the period			67 995	67 995		67 995
- Foreign currency translation reserve		393		393		393
Transactions with owners recorded directly in equity						
- Shares issued in terms of share option scheme	31		(31)			
- Dividends paid to equity holders			(52 175)	(52 175)		(52 175)
Balance at 31 January 2017	1 894	(49)	527 419	529 264		529 264
Total comprehensive income for the period		(544)	78 525	77 981	(3 918)	74 063
- Profit for the period			78 525	78 525	(3 918)	74 607
- Foreign currency translation reserve		(544)		(544)		(544)
Transactions with owners recorded directly in equity						
- Share issue - Rights offer	288 713			288 713		288 713
- Share issue - Acquisition shares	183 582			183 582		183 582
- Direct listing costs	(373)			(373)		(373)
- Shares repurchased	(12)		(10 557)	(10 569)		(10 569)
- Shares issued in terms of share option scheme	22		(3 729)	(3 707)		(3 707)
- Share based payment			3 720	3 720		3 720
- Dividends paid to equity holders			(34 700)	(34 700)		(34 700)
Balance at 31 July 2017	473 826	(593)	560 678	1 033 911	(3 918)	1 029 993

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

	Share Capital R'000	Non- distri- butable reserve R'000	Retained earnings R'000	Equity attribu- table to ordinary share- holders R'000	Non- con- trolling interest R'000	Total equity R'000
Balance at 31 July 2017	473 826	(593)	560 678	1 033 911	(3 918)	1 029 993
Total comprehensive income for the period		494	84 585	85 079	274	85 353
– Profit for the period			84 585	84 585	274	84 859
– Foreign currency translation reserve		494		494		494
Transactions with owners recorded directly in equity						
– Shares repurchased	(66)		(47 442)	(47 508)		(47 508)
– Share based payment			(2 370)	(2 370)		(2 370)
– Shares issued in terms of share option scheme	39			39		39
– Dividends paid to equity holders			(71 747)	(71 747)		(71 747)
Balance at 31 January 2018	473 799	(99)	523 704	997 404	(3 644)	993 760

RESULTS OVERVIEW

Phumelela is successfully transitioning to a multiple product betting and media rights Group. Customers can place bets at conveniently located retail betting stores, the internet and on the telephone. We offer our growing customer base an exciting and engaging betting experience that caters for all wallets and preferences.

The revised segmental disclosure presented with these results gives shareholders a more accurate picture of how the Group has transitioned operationally. The segments are Betting Operations, Media Operations and Administrative & Support Services, with the latter segment providing shared services to the Group. It is important to note that this segmental disclosure reflects wholly or majority owned operations on a consolidated basis and equity accounted associates as a single line item which is not reflective of the combined scale of the Group.

The long-term strategic vision of Phumelela to diversify has resulted in considerable additional earnings streams over the years and increased our financial scale. The total asset base is now R1,6 billion and shareholder equity is R1 billion.

During the period under review, we executed on the initiative announced at the full year to modernise and reposition, which included meaningful cost savings. The voluntary retrenchment program was completed within budget. The management structure has been changed to reflect the way the Group is being managed.

The synergistic relationship between our wholly owned fixed odds business Betting World and joint venture partner Supabets, is gaining significant traction. Supabets, with an entrepreneurial culture, is expanding its unique retail footprint in partnership with Betting World. We have established joint ventures equally owned by Betting World and Supabets and are expanding the Supabets mega store retail footprint using Betting World licenses.

Supabets' sports and numbers offering is being integrated into Betting World retail outlets and a new Betting World website which will include the wider Supabets sports betting offering, a state of the art in-play betting offering and a much needed customer loyalty program will be implemented prior to year-end. Supabets in turn, is re-introducing betting on horseracing into its retail and online offering, using Betting World's odds management and software. The TAB website is being converged on to software developed by Interbet, our joint venture online bookmaking business and betting exchange.

These results demonstrate the significance of corporate activity in the 2017 financial year, with normalised headline earnings increasing by 52 and shareholder equity by 88. On a per share basis, allowing for the 33 increase in shares in issue, the growth in normalised headline EPS is 12 and growth in net asset value per share 42. This has been achieved whilst keeping debt to equity at a relatively low level of 22.

Phumelela, Kenilworth Racing, and Gold Circle stage race meetings 364 days a year. It is the live media and data rights to these race meetings that are sold both locally and abroad in our Media Operations. We have an estimated 6 500 horses in training in South Africa.

The Group has embarked on a strategic initiative by offering Betting World franchises and Tab agencies to selected previously disadvantaged individuals. Franchisees need no prior bookmaking or betting experience as the Group provides a turn-key and fully odds managed solution in addition to the well-known brands of the group. The first franchise agreement was concluded some 18 months ago in the North West province with Omphe Tshiamo Investments Proprietary Limited ("OTI"). The Group initially acquired a 5 shareholding and provided R20 million funding for the first 10 of their retail betting outlets. During the course of January 2018 the Group agreed to increase its shareholding in OTI to 35 and to provide funding of up to a further R20 million for the roll-out of additional retail outlets. The new agreement between the Group and OTI has been submitted to the North West Gambling Board for approval. The Franchise initiative will be deployed in other provinces where new betting licenses are issued to local previously disadvantaged individuals.

Phumelela will remain the standard bearer for thoroughbred horseracing in South Africa even as we continue to add complementary revenue sources in other sporting activities and numbers betting. That diversity and migration among different sports is good for horseracing, good for the betting industry, and good for the punter who today has a myriad of alternatives not available a quarter of a century ago.

BETTING OPERATIONS

Phumelela's Betting Operations comprise over-the-counter ("OTC") retail stores and non-OTC. Non-OTC comprises internet and telephone betting in South Africa and internationally. Equity-accounted income from the jointly owned Premier Gateway International ("PGI") tote operator on the Isle of Man is included in the non-OTC segment. Our racing operations are reflected within the new Media segment.

RESULTS OVERVIEW CONTINUED

Gross betting income increased by 5. Betting margin improved somewhat due to changes in product mix and effective odds management.

Non-OTC betting income comprises 26 of total net betting income. Trends globally in betting point to strong momentum in non-OTC betting and we are exploiting smartphone technology to drive growth.

Retail stores remain popular with our customers and they are a place to congregate and enjoy a convivial time with fellow punters. OTC will continue to contribute an important share of betting income for the foreseeable future. This is underscored by the popularity of the Supabets mega store concept.

Two Supaworld joint venture mega stores, Kempton Park and Bloed Street, Pretoria, opened in December 2017 and turnovers are in line with our expectations. Commissioner Street, Johannesburg, should be trading by April this year. A further 8 stores have been identified and will be opened in due course.

Supabets' non-OTC betting income comprises 23 of Supabets' total net betting income.

PGI had a slow start to the year in a more competitive betting environment. Equity accounted income was down by 3. The relative strength of the rand, which was barely changed on average against foreign currencies, meant there was no foreign exchange benefit in the result. PGI is well placed to end the year on a firmer note.

Tight expense control assisted with a 8 increase in EBITDA and the same percentage increase in pre-tax profit. Equity accounted income from both local and international sources increased by 46. Betting pre-tax profit increased by 16.

MEDIA OPERATIONS

Media Operations comprise the selling of media and data rights of South African horse racing locally and internationally. Administering horse racing therefore remains a fundamental part of our Media Operations. We continue to enjoy strong demand from international betting operators for the media and data rights of South African thoroughbred horse racing. The Group continues to prosecute local bookmakers who are displaying South African and International horse racing illegally in their betting shops.

Commingle media and data rights fees from countries outside South Africa were in line with the prior period. Satisfactory increases were recorded from Cyprus, Denmark, Germany, Hungary, and the USA.

Stand-alone media and data rights fees increased by 10, boosted by good growth out of Australia, exceptional growth in Singapore, and a very good first-time contribution from both Hong Kong and Mali.

GROUP FINANCIAL ANALYSIS

Consolidated net income increased by 4 to R808,7 million of which local income accounted for 80, in line with the prior period. Betting Operations are the largest contributor at 68 with Media at 29.

Operating expenses increased by 5 to R752,2 million, including the R27,1 million voluntary retrenchment program expense.

Intellectual property rights fees of R101,5 million are appropriately allocated between Betting Operations and Media.

Operating expenses in Betting Operations increased by a minimal 2, whilst operating expenses in Administrative & Support Services reduced by 15 and total operating expenses increased marginally on the prior period. The right sizing of the cost base that includes the voluntary retrenchment program accounts for this expense saving.

Depreciation and amortisation increased by 2 to R36,2 million, of which 55 is allocated to Betting Operations, 35 to Media, and the balance to Administrative & Support Services. The Group continues to reinvest in its estate with R25,9 million spent during the period.

Operating profit of R20,2 million, a decrease of 19, includes the effect of the voluntary retrenchment program.

Finance costs of R17,2 million have doubled due to the higher borrowings that have arisen from corporate investment activity.

Profits from equity accounted investees increased by 46 and comprises the Group's share of profits from Supabets, Interbet and PGI.

RESULTS OVERVIEW CONTINUED

Attributable income increased by 24 to R84,6 million, assisted by a lower income tax expense. This includes a small but positive non-cash fair value adjustment relating to the Group's investment Automatic Systems Limited in Mauritius.

Headline earnings increased by 23 to R83,1 million. Normalised, to take account of the after-tax costs of the voluntary retrenchments, headline earnings increased by 52 to R102,5 million.

No constant currency earnings numbers are provided as currency effects for the six months were negligible overall.

The weighted average number of shares in issue increased by 36 to 101,7 million and on a fully diluted basis there was a 29 increase in weighted average shares, also to 101,7 million.

During the period, the Group bought back 2,6 million shares for R47,4 million at an average price of R17,93 per share. In terms of the share option scheme, 1,6 million shares were issued at a value of R19,21 per share. The net effect of these transactions was to reduce the net issued share capital as at 31 January 2018 to 1 below the net issued share capital as at 31 July 2017.

Earnings per share decreased by 8 to 83,17 cents and headline earnings per share decreased by 9 to 81,66 cents. Normalised headline earnings per share increased by 12 to 100,82 cents.

A 29 reduction in cash applied to working capital resulted in cash flow from operating activities improving to R12,8 million. Dividends paid to shareholders amounted to R71,7 million. Net loans received of R18,7 million compares to a net advance previously. Net dividends received from equity accounted investees amounted to R57,2 million.

The statement of financial position reflects the material corporate activity in the 2017 financial year, with a considerable addition of cash generating assets.

Total assets increased by 61 to R1,6 billion, long term assets increased by 92 to R1,3 billion due to the increase in the value of equity accounted investments to R671,4 million, and equity attributable to ordinary shareholders increased by 88 to R1,0 billion relative to the position on 31 January 2017. Arlington Racecourse in Port

Elizabeth was reclassified at year-end from assets held for sale to investment property and reflects at R18,7 million. Net asset value per share is 989,12 cents, an increase of 42.

Gross debt of R318,4 million and cash of R97,6 million, resulting in a net debt position of R220,8 million compared with R49,8 million in the corresponding period last year and R129,2 million as at 31 July 2017. The debt to equity ratio of 22 is modest. Included in debt is a contingent consideration payable in respect of Supabets of R106,3 million that will be paid in due course.

The Group therefore retains a strong financial position and has sufficient cash flow and borrowing capacity to meet its ongoing operational needs.

Return on average equity has been temporarily affected by the substantially changed capital structure, decreasing to an annualised 17 but remaining above cost of capital. The strong earnings performance of Supabets and Interbet suggests these investments will contribute handsomely to future returns.

SHARE CAPITAL

There has been no change in the authorised share capital of the Company during the period.

Issued share capital increased by 24 696 995 relative to the position as at 31 January 2017 and decreased by 1 090 422 relative to the position as at 31 July 2017.

Issued share capital increased by 16 602 230 rights offer shares in the 2017 financial year, issued in part to fund the purchase of Supabets SA Holdings Proprietary Limited, whilst a further 8 796 443 shares were issued to the seller in terms of the Supabets purchase consideration.

During the period, 2 646 330 shares were purchased as treasury shares and 1 555 908 shares were issued in terms of the share option scheme.

At 31 January 2018, issued share capital amounted to 100 469 347 shares, net of 2 013 311 treasury shares.

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

The Group offers betting opportunities on South African and international sports and numbers, and sells live media and data of South African horseracing content locally and internationally. Reporting disclosure corresponds to management reporting lines.

RESULTS OVERVIEW CONTINUED

Condensed consolidated segmental analysis

	Change	Total		
		Jan 2018 R'000	Jan 2017 R'000	Jul 2017 R'000
Net betting income	5	504 415	479 522	948 603
Other operating income	2	296 293	291 060	588 498
Investment income	5	7 950	7 581	15 846
Total income	4	808 658	778 163	1 552 947
Intellectual property rights fees	7	101 527	94 631	187 140
Operating expenses		623 579	622 939	1 245 571
Voluntary severance program expense		27 071		
Total expenses	5	752 177	717 570	1 432 711
Profit/(loss) before depreciation and amortisation and finance costs	(7)	56 481	60 593	120 236
Depreciation and amortisation	2	36 214	35 444	71 207
Finance costs	102	17 236	8 530	20 323
Fair value adjustment to investment	(180)	(274)	341	(946)
Profit/(loss) before share of equity accounted income	(80)	3 305	16 278	29 652
Share of profit of equity accounted investees	46	82 063	56 189	122 591
Profit before income tax expense	18	85 368	72 467	152 243
Local operations	(26)	(13 726)	(18 510)	(30 990)
International operations	9	99 094	90 977	183 233
Profit before income tax expense	18	85 368	72 467	152 243

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure approved by directors.

	2018 R'000	2017 R'000
Contracted for	7 880	4 364
Not contracted for	90 460	108 222

Capital commitments will be financed out of cash and cash equivalents on hand or borrowing facilities as and when required.

Betting operations				Media				Administration and Support Services			
% Change	Jan 2018 R'000	Jan 2017 R'000	Jul 2017 R'000	% Change	Jan 2018 R'000	Jan 2017 R'000	Jul 2017 R'000	% Change	Jan 2018 R'000	Jan 2017 R'000	Jul 2017 R'000
5	504 415	479 522	948 603								
3	44 832	43 686	89 753	4	236 916	228 889	457 128	(21)	14 545	18 485	41 617
								5	7 950	7 581	15 846
5	549 247	523 209	1 038 356	4	236 916	228 889	457 128	(14)	22 495	26 066	57 463
2	60 863	59 381	110 620	15	40 664	35 250	76 520				
2	232 472	227 674	463 565	2	333 499	327 106	638 118	(15)	57 608	68 159	143 888
									27 071		
2	293 335	287 055	574 185	3	374 163	362 356	714 638	24	84 679	68 159	143 888
8	255 911	236 154	464 171	3	(137 247)	(133 467)	(257 510)	48	(62 184)	(42 094)	(86 425)
8	19 949	18 472	38 030	(1)	12 510	12 634	24 419	(13)	3 755	4 338	8 758
								102	17 236	8 530	20 323
								(180)	(274)	341	(946)
8	235 962	217 682	426 140	3	(149 757)	(146 101)	(281 929)	50	(82 900)	(55 303)	(114 560)
46	82 063	56 189	122 591								
16	318 025	273 871	548 731	3	(149 757)	(146 101)	(281 929)	50	(82 900)	(55 303)	(114 560)
19	287 337	242 176	494 572	6	(217 271)	(205 083)	(409 411)	51	(83 792)	(55 603)	(116 152)
(3)	30 688	31 695	54 159	14	67 514	58 982	127 482	197	892	300	1 592
16	318 025	273 871	548 731	3	(149 757)	(146 101)	(281 929)	50	(82 900)	(55 303)	(114 560)

INVESTMENTS

Further to the audited annual financial statements dated 6 October 2017, there has been no further movement with respect to investments.

MATTERS OF CORPORATE INTEREST AND LITIGATION

In terms of disclosure contained in the annual financial statements for the year ended 31 July 2017 there are no further developments in this regard.

Shareholders are reminded that the outcome of the relevant actions noted under Corporate Interests and Litigation, as described in the annual financial statements, remains uncertain and may have an impact on future earnings.

RESULTS OVERVIEW CONTINUED

REPORTING ENTITY

Phumelela Gaming and Leisure Limited is a company domiciled in South Africa. The condensed consolidated interim financial statements as at 31 January 2018 comprises of the company and its subsidiaries and the Group's interests in equity accounted investees and joint operations.

BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and include disclosure as required by IAS 34 Interim Financial Reporting and the Companies Act of South Africa. They do not include all the information required for a complete set of IFRS financial statements. In preparing these interim condensed consolidated financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2017.

Mr B. McLoughlin CA (SA) Chief Financial Officer was responsible for supervising the preparation of the interim condensed consolidated financial statements and preparing the summarised financial statements.

SUBSEQUENT EVENTS

There are no significant subsequent events that have an impact on the financial information at 31 January 2018.

RELATED PARTIES

During the period Betting World Proprietary Limited sold two fixed odds licenses to Supaworld Proprietary Limited, a company jointly owned by Betting World and Supabets.

Other than in the normal course of business, there have been no significant transactions during the period with equity accounted investees, joint operations, and other related parties.

SOCIAL RESPONSIBILITY

Empowerdex has audited the Group as a level 4 with Empowering Supplier status. The Group continues to identify areas for improvement.

The Group recognises that it has a responsibility to the broader community to act in a socially responsible manner, for the benefit of all South Africans. Contributions to selected training, sports and community service related projects continue. The Group has adopted appropriate BEE and employment equity, training, and procurement policies.

DIRECTORS

With effect from:

- 25 August 2017, Mr Brian Finch resigned from the Board as a non-executive director;
- 6 December 2017, Mr Markus Jooste resigned from the Board as a non-executive director;
- 12 December 2017, Mr Peter Malungani retired from the Board after twenty years of service;
- 13 December 2017, Mr Bernard Kantor, an independent non-executive director, assumed the role of Chairman;
- 24 January 2018, Mr Steve Muller was appointed to the Board as a non-executive director; and
- There are no other changes to the composition of the Board.

The board wishes to thank Mr Malungani for his valued contribution and 20 years' loyal service to the company as chairman. The board also wishes to thank Messrs Finch and Jooste for their contribution to the company and wishes the three of them all of the best for the future. The board further welcomes the appointment of Mr Kantor as chairman and Mr Muller to the board.

PROSPECTS

The increase in VAT announced in the budget will have a negative financial impact on the Group with effect from 1 April 2018. The annualised impact is estimated at R10 million and the impact on the Group's 2018 financial year is therefore estimated at R3,3 million.

Phumelela will enjoy the benefit of a full year of a 50 share of both Supabets and Interbet earnings. These businesses are proving to be excellent investments with positive operational learnings for the Group as a whole.

Despite a difficult macroeconomic backdrop, our Betting Operations locally are performing satisfactorily in a competitive market place. Our international Betting Operations continue

RESULTS OVERVIEW CONTINUED

to make good progress and further initiatives are in the pipeline. Demand for quality South African horseracing content abroad is positive for the Media business.

Although the local economy and discretionary income is under pressure, recent political developments in South Africa are positive for business and investor confidence. Arising from this positive turn of events is a much stronger rand, with the currency appreciating in recent months by approximately 20. This will be a headwind for international earnings translated to rand; however, we measure our business in local currencies and strive to record real growth in constant currency terms.

The Group will give consideration to buying further shares, as it is authorised to do.

Any forward-looking statements or forecasts contained in these results have not been reviewed or reported on by the Group auditors.

CASH DIVIDEND TO SHAREHOLDERS

Notice is hereby given that the Board has declared an interim gross cash dividend from income reserves of 42,00 cents per share (33,60 cents per share net of dividend withholding tax at a rate of 20) payable to shareholders recorded in the register on Thursday, 26 April 2018. The issued share capital at the declaration date is 102 500 558 ordinary shares. Shareholders are advised that the last date to trade "*cum dividend*" will be Monday, 23 April 2018. As from commencement of business on Tuesday, 24 April 2018 all trading in Phumelela shares will be "*ex dividend*". Payment will be made on Monday, 30 April 2018. Share certificates may not be dematerialised or rematerialised between Tuesday, 24 April 2018 and Thursday, 26 April 2018, both days inclusive. The Company's tax reference number is 9171/393/84/7.

For and on behalf of the Board

B Kantor

Chairman

Turffontein, Johannesburg

28 March 2018

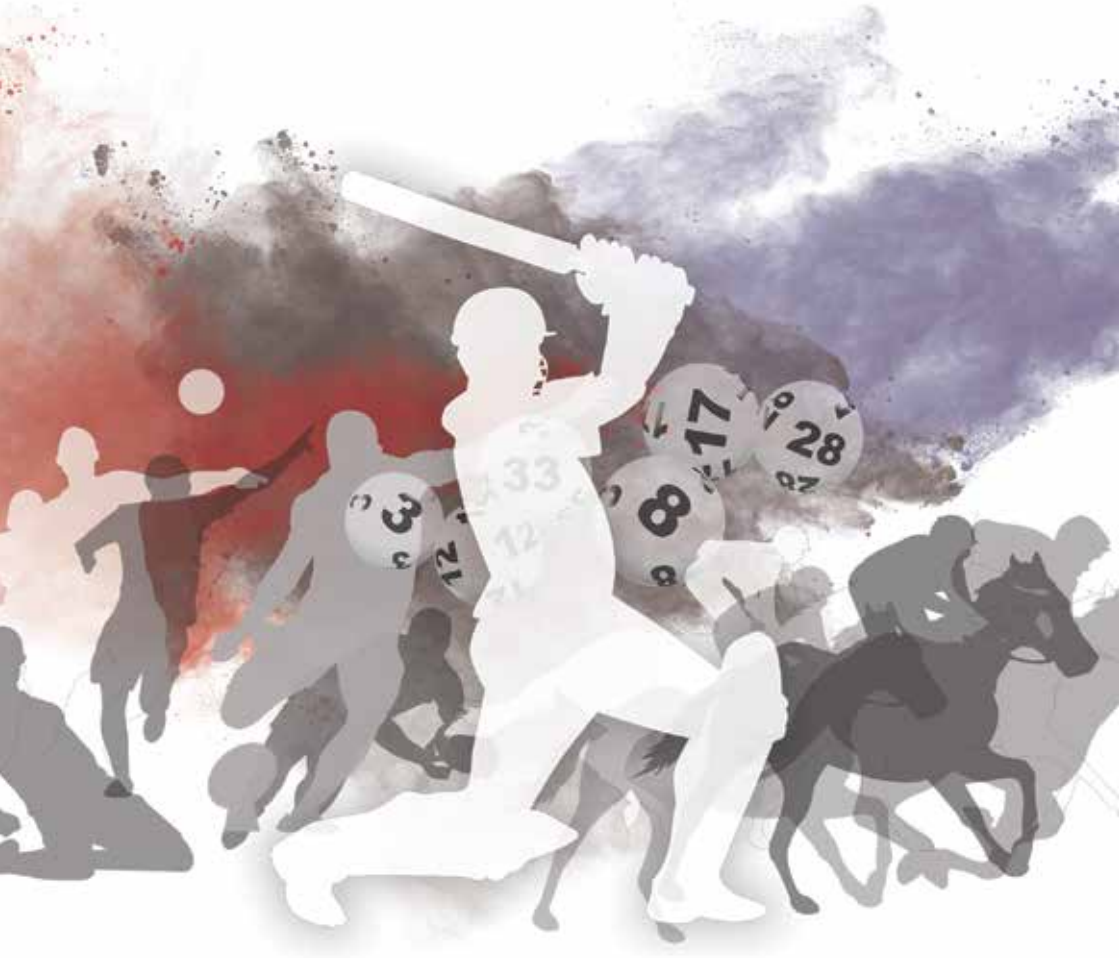
WA du Plessis

Chief Executive Officer



Phumelela Gaming

Phumelela Gaming and Leisure Limited



**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL RESULTS**

**FOR THE SIX MONTHS ENDED 31 JANUARY 2018
AND DIVIDEND DECLARATION**

Phumelela Gaming and Leisure Limited (Incorporated in the Republic of South Africa)
(Registration number: 1997/016610/06) Share Code: PHM ISIN: ZAE000039269





Results presentation
Unaudited results for the six months ended 31 January 2018
Presented by Rian du Plessis, CEO

Notes

Agenda topics

- **Strategy**
- **Financial**
- **Operational**
- **Growth initiatives**
- **Outlook**
- **Q&A**
- **Supplementary data**

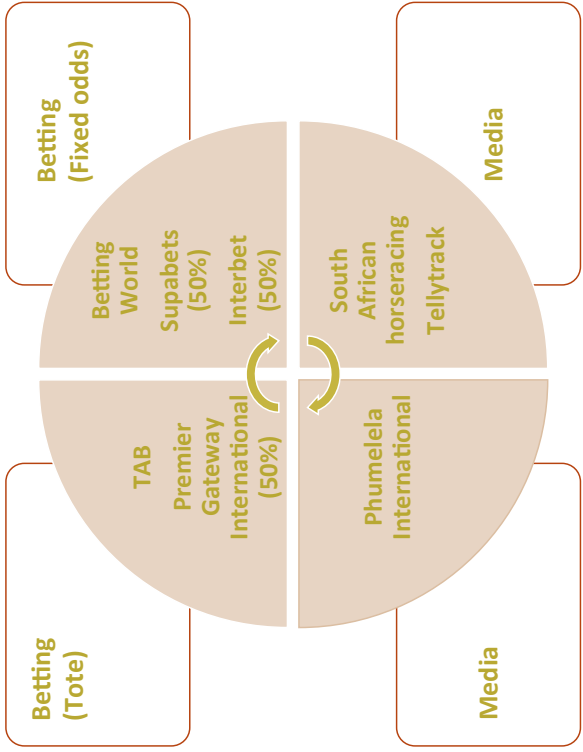


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Financial results for the six months ended 31 January 2018

Notes

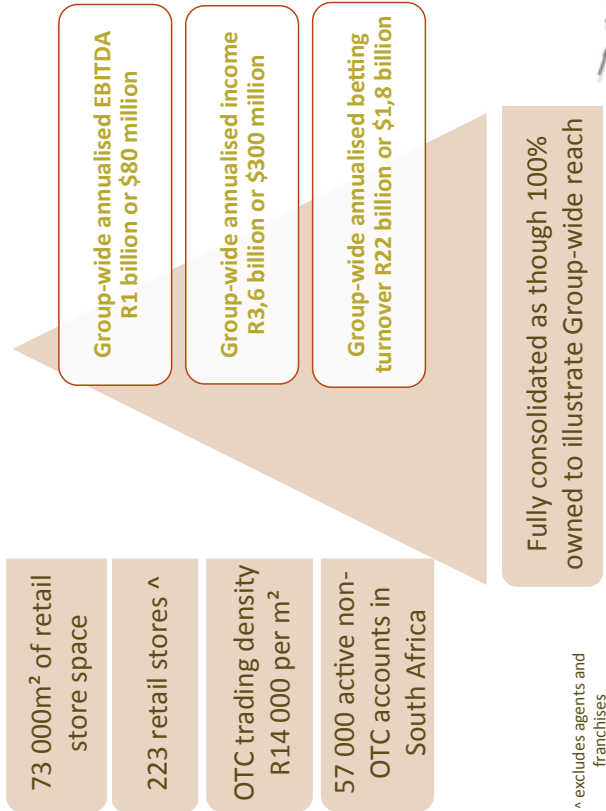
Phumelela is a betting and media rights Group offering a full-spectrum of betting opportunities for customers in South Africa and internationally



Financial results for the six months ended 31 January 2018

Notes

Significant progress in strategically repositioning for long-term sustainable growth by building scale and depth



[^] excludes agents and franchisees

Financial results for the six months ended 31 January 2018



Contextualising the financial reach of Group-wide betting

Annualised Data	Betting World & TAB	Supabets	Interbet	PGI *	Group
Betting turnover	R5,3 billion	R2,2 billion	R0,5 billion	R14 billion	R22 billion
Total income	R1,6 billion	R500 million	R60 million	R1,4 billion	R3,6 billion
EBITDA	R115 million	R160 million	R44 million	R600 million	R1,0 billion

Fully consolidated as though 100% owned to illustrate Group-wide reach

* Not a 100% Group flow through
Share of profits determined by:
100% of profit originating from the shareholders' home market
50% of profits from international markets

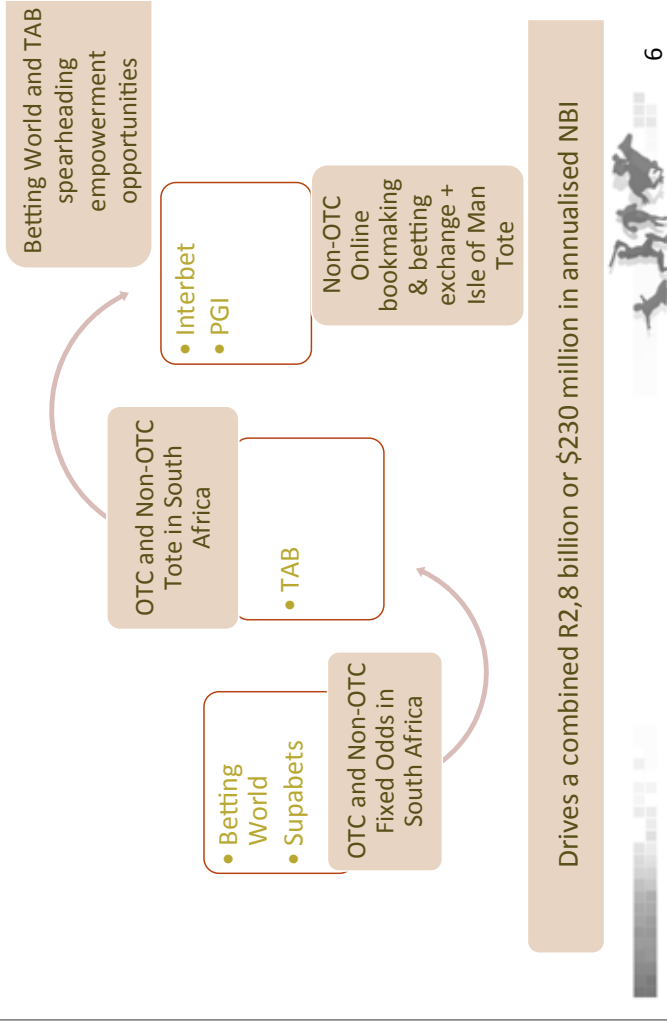


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Financial results for the six months ended 31 January 2018

Notes

Complementary betting offerings



Financial results for the six months ended 31 January 2018

Notes

Strategic highlights

<p>Disclosure</p>	<ul style="list-style-type: none"> ▪ Revised segmental disclosure to reflect operational transition ➢ Betting Operations (wholly owned and joint ventures) ➢ Media (horseracing and international broadcast) ➢ Administration & Support
<p>Modernisation and repositioning</p>	<ul style="list-style-type: none"> ▪ Meaningful cost savings ▪ Voluntary retrenchment program completed within budget ▪ Management structure in alignment
<p>Exploiting synergies</p>	<ul style="list-style-type: none"> ▪ Identifying opportunities to deploy Betting World licenses as Supabets mega stores through best of both strategy ▪ 3 mega store joint ventures in Kempton Park, Pretoria, and Johannesburg with more planned ▪ Technology and best practice is being shared across the estate ▪ Trends globally point to strong momentum in non-OTC betting and we are exploiting smartphone technology to drive growth



Financial results for the six months ended 31 January 2018

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Notes

Financial features

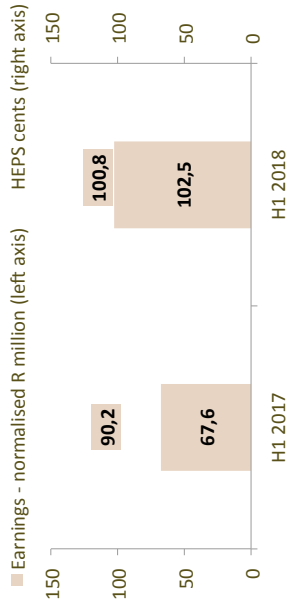
Headline earnings

- Up 23% to R83,1 million
- HEPS decreases by 9% to 81,66 cents

Normalised headline earnings

- R19,5 million after-tax effect of voluntary retrenchment
- Up by 52% to R102,5 million
- HEPS up 12% to 100,82 cents

Interim gross dividend up by 24% to 42 cents
2,4x cover on normalised HEPS



Financial results for the six months ended 31 January 2018

Notes

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Revised segment disclosure presents a more accurate picture of how the Group has transitioned operationally

Wholly or majority owned operations are on a consolidated basis and equity accounted associates reflect as a single line item

	Total		% Betting operations		Media		Admin & Support	
	Jan-18 R'000	Jan-17 R'000	Jan-18 R'000	Jan-17 R'000	Jan-18 R'000	Jan-17 R'000	Jan-18 R'000	Jan-17 R'000
	% change	% change	% change	% change	% change	% change	% change	% change
Net betting income	5%	5%	504 415	479 522	5%	504 415	479 522	
Other operating income	2%	2%	296 293	291 060	3%	44 832	43 686	-21%
Investment income	5%	5%	7 951	7 581		236 916	228 889	-21%
Total income	4%	4%	808 658	778 164	5%	549 247	523 209	-14%
Intellectual property rights fees	7%	7%	101 527	94 631	2%	60 863	59 381	
Operating expenses			623 580	622 939	2%	232 472	227 674	-15%
Voluntary severance program expense			27 071					27 071
Total Expenses	5%	5%	752 178	717 570	2%	293 335	287 055	24%
EBITDA (loss)	-7%	8%	56 480	60 594	8%	255 911	236 154	48%
Depreciation and amortisation	2%	2%	36 214	35 444	8%	19 949	18 472	-13%
Finance costs	102%		17 236	8 530				102%
Fair value adjustment to investment	-180%		(274)	341				-180%
Profit (loss) before share of equity a/c income	-80%	8%	3 305	16 278	8%	235 962	217 682	50%
Share of profit of equity accounted investees	46%	46%	82 063	56 189	46%	82 063	56 189	
Profit before income tax expense	18%	18%	85 368	72 467	16%	318 025	273 871	59%
Local operations	-26%	19%	(13 726)	(18 510)	19%	287 337	242 176	51%
International operations	9%	-3%	99 094	90 977	-3%	30 688	31 695	49%
Profit before income tax expense	18%	18%	85 368	72 467	16%	318 025	273 871	59%

	Jan-18 R'000	Jan-17 R'000	% change	Jan-18 R'000	Jan-17 R'000	% change
Profit before income tax expense	82 901	55 302	50%	82 901	55 302	
Income tax expense	(146 101)	(146 101)		(146 101)	(146 101)	
Profit after income tax expense	(63 199)	(90 799)	31%	(63 199)	(90 799)	

Financial results for the six months ended 31 January 2018

Notes

Financial features

- Considerable addition of cash generating assets due to corporate activity in the 2017 financial year
- Total assets increase by 61% to R1,6 billion
- Shareholder equity increases by 88% to R1,0 billion
- Shares in issue increase by 33% to 100,5 million
- Net asset value per share increases by 42% to 989,12 cents
- Debt to equity ratio a modest 22%
- Buy-back of 2,6 million shares for R47,4 million at an average value of R17,93 per share

Balance sheet

- Positive impact of joint venture investments
- Supabets and Interbet both 50% owned
- Equity a/c income increases by 46% to R82,1 million
- Negligible FX effects on relatively stable rand on average

Income statement



Financial results for the six months ended 31 January 2018



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Notes

Betting operations

OTC bricks and mortar stores, non-OTC web and mobile betting, Premier Gateway International

- A solid result from Betting World and TAB
- Improved betting margin - product mix and odds management
- Tight expense control locally
- Exceptional Supabets result
- Interbet continued to perform well
- Supaworld (Pty) Limited formed, jointly owned by Betting World and Supabets
- PGI faced a more competitive environment, well placed for H2
- Equity accounted income increased by 46% and total segment pre-tax profit by 16%

Financial results for the six months ended 31 January 2018

Notes

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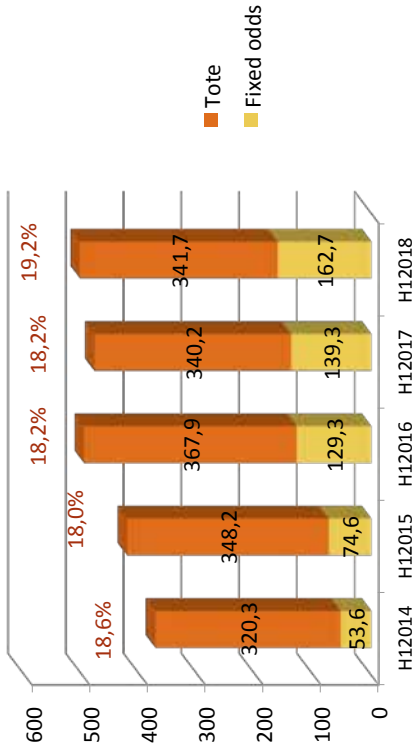
Net betting income per company H1 F2018

	% Change	Jan-18 R'000	Jan-17 R'000
Phumelela Group			
Proforma split of net betting income per OTC and Non-OTC			
Phumelela	5%	504 415	479 522
- Over the counter	5%	373 860	356 941
- Non over the counter	7%	130 555	122 582
Supabets	55%	220 472	141 804
- Over the counter	56%	169 430	108 795
- Non over the counter	55%	51 042	33 009
Premier Gateway	(3%)	669 128	693 343
- Over the counter	(3%)	669 128	693 343
- Non over the counter	19%	18 812	15 758
Interbet	19%	18 812	15 758
- Over the counter			
- Non over the counter			
Group total	6%	1 412 827	1 330 427
- Over the counter	17%	543 290	465 736
- Non over the counter	1%	869 537	864 692
% Over the counter	38%		35%
% Non over the counter	62%		65%

Financial results for the six months ended 31 January 2018

Notes

Net betting income per company H1 F2018



Financial results for the six months ended 31 January 2018

Notes



Media operations

Sale of media and data rights of South African horseracing locally and internationally
+
Administering of South African horseracing

- Strong demand from international betting operators for the media and data rights of South African thoroughbred racing
- Phumelela, Kenilworth Racing, and Gold Circle stage race meetings 364 days a year
- Commingled media and data rights fees from countries outside South Africa in line with the prior period - pleasing increases from Cyprus, Denmark, Germany, Hungary, USA
- Stand-alone media and data rights fees increased by 10%, with Australia, Singapore, Hong Kong and Mali performing strongly

Horseracing industry update

- Group continues to prosecute bookmakers in South Africa who display horseracing visuals illegally in their betting shops
- The sport continues to face challenges on several fronts but the industry remains truly world-class and has adapted over decades to changing dynamics
- An estimated 6 500 horses in training in South Africa



Financial results for the six months ended 31 January 2018



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Notes

Growth Initiatives

- Supabets' sports and numbers is being integrated into Betting World outlets
- Betting World website will include the wider Supabets sports and in-play offering
- Customer loyalty program at Betting World
- Supabets introducing retail and online betting on horseracing using Betting World's odds management and software
- TAB website converging on to software developed by Interbet
- Launched a turn-key and fully odds managed solution within Betting World and TAB for previously disadvantaged individuals
- Shareholding in Omphe Tshiamo Investments in North West with a substantial capital commitment
- Franchise initiative can be rolled out nationally

Betting Operations

Ongoing investment in empowerment

Media

- Exciting pipeline of additional business internationally

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Financial results for the six months ended 31 January 2018

Notes

Outlook

- A full year of a 50% share of Supabets and Interbet earnings
- Tangible synergies and positive operational learnings
- Further Supaworld joint venture mega stores planned
- Despite a difficult macroeconomic backdrop, local operations performing satisfactorily in a competitive market place
- Increase in South African VAT to 15% wef 1 April 2018
- International operations continue to make good progress

Betting Operations

Media

- Striving for real growth in local currencies abroad

Group

- Weighted average number of shares to be approximately 16% higher for the full year vs. 36% for the interim
- Positive earnings momentum across all operations post January
- Recent political developments in South Africa encouraging for business and investor confidence
- Authorised to buy back shares



Financial results for the six months ended 31 January 2018



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Notes



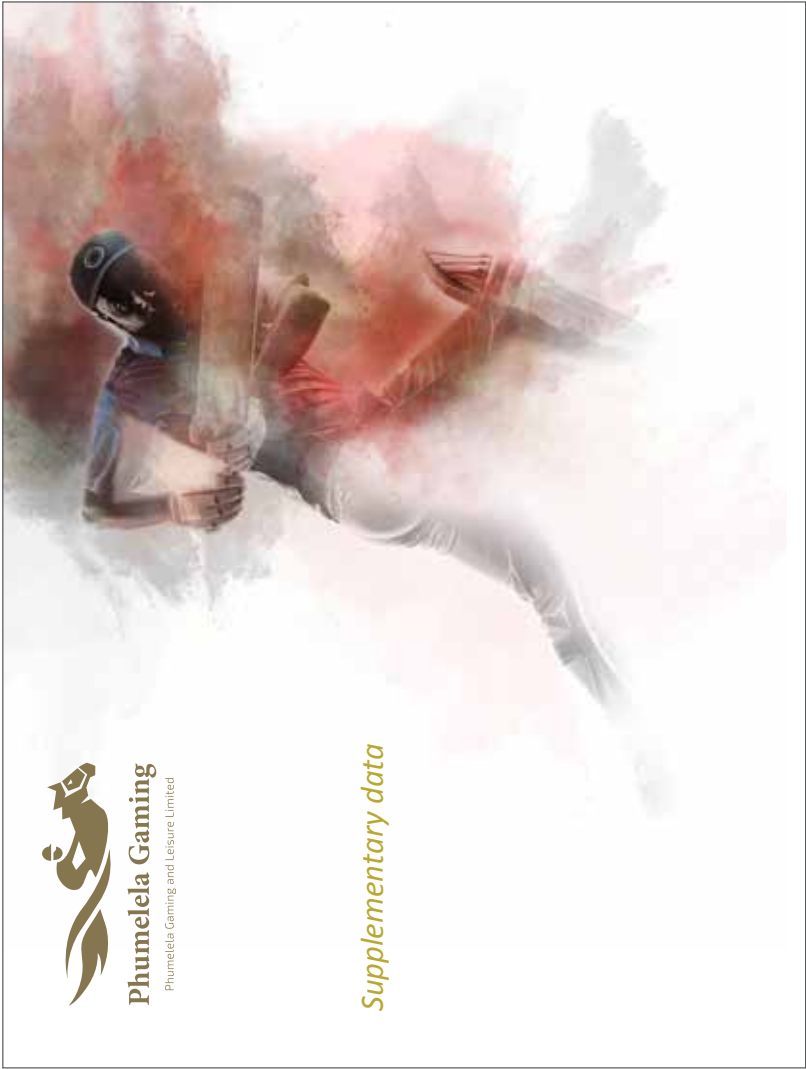
Q&A

Financial results for the six months ended 31 January 2018



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Notes



Phumelela Gaming

Phumelela Gaming and Leisure Limited

Supplementary data

Notes

Group result

R'000	H12018	H12017	% chg
Income			
Income from local operations	643 695	640 679	-
Income from international operations	154 055	172 960	(11%)
Total income	797 749	819 056	(3%)
PBITDA	56 480	60 593	(7%)
Equity accounted profit	82 063	56 189	46%
Attributable profit	84 585	67 995	24%
Headline earnings	83 050	67 554	23%
Adjusted headline earnings*	102 541	82 236	52%
HEPS – cents	81,66	90,19	(9%)
Adjusted HEPS – cents*	100,82	90,19	12%
Ordinary dividend - cents	42,00	34,00	24%
Financial position			
Total assets	1 605 368	994 138	61%
Equity	993 760	529 264	88%
Net debt	(220 770)	(49 787)	343%
Net asset value per share – cents	989,12	698,49	42%

* Excluding non-recurring voluntary severance costs

Financial results for the six months ended 31 January 2018

Notes



Group result

	H12018	H12017	% chg
R'000			
Income	797 749	813 639	(2%)
Net betting income	504 415	479 522	5%
Other income	296 293	291 061	2%
Investment income	7 951	7 581	5%
Net income	808 659	778 164	4%
Stakes (prize monies)	97 521	98 220	(1%)
Intellectual property rights fees	60 284	55 514	9%
Operating expenses*	594 373	563 837	5%
PBITDA	56 480	60 593	(7%)
Depreciation & amortisation	36 214	35 444	2%
PBIT	20 266	25 149	(19%)
Interest expense	17 236	8 530	102%
Pre-tax profit	3 031	16 619	(49%)
Equity accounted profit	82 063	56 189	46%
Profit before tax	85 094	72 808	17%
Fair value adjustment	274	(341)	
Group profit before tax	85 368	72 466	18%

* Includes R27m voluntary severance cost

Financial results for the six months ended 31 January 2018



Notes

Betting World key performance indicators appendix

KPI	Statistic
Retail stores	73 (as at January 2018)
Retail trading space	23 230m ²
Non-OTC active accounts	13 540
Annualised OTC NBI	R285 million
Annualised Non-OTC NBI	R40 million
OTC trading density	R12 300/m ²
Non-OTC NBI per account	R3 000

* Figures exclude agents



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Financial results for the six months ended 31 January 2018

Notes

TAB key performance indicators

KPI	Statistic
Retail stores	139 (as at January 2018)
Retail trading space	37 741m ²
Non-OTC active accounts	13 128
Annualised OTC NBI	R380 million
Annualised Non-OTC NBI	R220 million
OTC trading density	R10 100/m ²
Non-OTC NBI per account	R17 000
* Figures exclude agents	



Financial results for the six months ended 31 January 2018



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Notes

Supabets key performance indicators

KPI	Statistic
Retail stores	11 (as at January 2018)
Retail trading space	11 779m ²
Non-OTC active accounts	30 659
Annualised OTC NBI	R340 million
Annualised Non-OTC NBI	R100 million
OTC trading density	R28 769/m ²
Non-OTC NBI per account	R3 300



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Financial results for the six months ended 31 January 2018

Notes

Group presented as though 100% consolidated and reclassified back to IFRS reporting

R000	Phumelela		Supabets		Interbet		Premier Gateway		Group total		Consolidation/reclassification to Equity a/c share		Group as reported in terms of IFRS		
	Jan-18	Jan-17	Jan-18	Jan-17	Jan-18	Jan-17	Jan-18	Jan-17	Jan-18	Jan-17	Jan-18	Jan-17	Jan-18	Jan-17	Jan-18
Equity Holding	100%		50%		50%	26%									
Betting turnover	2 626 140	2 639 911	1 100 704	758 090	270 214	265 303	6 795 445	6 246 753	10 792 203	9 898 058	(8 166 365)	(7 258 146)	2 626 140	2 639 911	
Income															
Net betting income	504 415	479 522	220 472	341 804	18 812	15 758	669 128	693 343	1 412 827	1 330 427	(908 412)	(850 905)	504 415	479 522	
Other income	296 293	291 061	28 749	22 777	10 829	11 667	10 321	12 305	346 192	337 810	(49 900)	(46 749)	296 293	291 061	
Investment income	7 950	7 581	5 999	6 775	687	237	1 200	1 225	15 836	15 819	(7 886)	(8 238)	7 950	7 581	
Total income	808 658	778 164	255 220	371 357	30 329	27 662	680 649	706 873	1 774 855	1 684 056	(966 197)	(906 882)	808 658	778 164	
Expenses															
Operating expenses	(752 177)	(717 571)	(175 349)	(112 172)	(8 661)	(7 437)	(387 680)	(390 272)	(1 323 866)	(1 227 452)	571 689	509 881	(752 177)	(717 571)	
EBITDA	56 481	60 593	79 871	59 185	21 668	20 225	292 969	316 601	450 989	456 604	(394 508)	(396 011)	56 481	60 593	
Depreciation and amortisation	(36 214)	(35 444)	(7 034)	(5 590)	(394)	(392)	(988)	(648)	(44 630)	(42 073)	8 416	6 629	(36 214)	(35 444)	
Finance costs	(17 236)	(8 530)	(1 885)	(2 075)					(19 121)	(10 605)	1 885	2 075	(17 236)	(8 530)	
Revaluations of investments	274	(341)							274	(341)	-	-	274	(341)	
Equity accounted profits	39	517							39	517			39	517	
Profit before tax	3 344	16 795	70 952	51 520	21 274	19 834	291 981	315 953	367 551	404 102	(302 184)	(331 635)	85 368	72 867	

* Not a 100% Group flow through
Share of profits determined by:
100% of profit originating from the shareholders' home market
50% of profits from international markets



Local excluding fixed odds as per previous disclosure

SEGMENTAL ANALYSIS (PREVIOUSLY REPORTED)

		Unaudited 6 months 31-Jan 2018	Unaudited 6 months 31-Jan 2017	Audited 12 months 31-Jul 2017
	%	R'000	R'000	R'000
LOCAL				
Excluding fixed odds				
Income	(-6%)	444 053	470 945	856 104
Net betting income	0%	341 708	340 177	655 792
- Horseracing	(-6%)	206 689	219 151	427 976
- Other sports	12%	135 019	121 026	227 816
Other income	0%	117 308	116 924	241 297
Investment income	(-11%)	4 625	5 202	11 706
Net income	0%	463 641	462 303	908 795
Stakes	(-1%)	(97 521)	(98 220)	(208 756)
Operating expenses	9%	(431 229)	(395 602)	(790 579)
Profit before depreciation and amortisation	107%	(65 109)	(31 519)	(90 540)
Depreciation and amortisation	(-10%)	(22 389)	(24 949)	(48 078)
Loss before finance costs and income tax expense	55%	(87 498)	(56 468)	(138 618)
Finance costs	101%	(16 214)	(8 052)	(19 233)
Loss from operations		(103 712)	(64 520)	(157 851)
Share of profit on equity-accounted investee	61%	31 754	4 230	33 805
Profit before fair value adjustment	19%	(71 958)	(60 290)	(124 046)

Financial results for the six months ended 31 January 2018

Notes

Local fixed odds as per previous disclosure

SEGMENTAL ANALYSIS (PREVIOUSLY REPORTED)

		Unaudited 6 months 31-Jan 2018 R'000	Unaudited 6 months 31-Jan 2017 R'000	Audited 12 months 31-Jul 2017 R'000
Fixed odds				
Income	18%	199 642	169 734	356 921
Net betting income	17%	162 706	139 345	292 811
- Horsereading	(-5%)	37 219	39 142	77 725
- Other sports	26%	40 649	32 261	66 799
- Other	25%	84 839	67 942	148 287
Other income	9%	19 410	17 762	40 357
Investment income		2 707	1 738	3 494
Net income	16%	184 824	158 845	336 662
Operating expenses	5%	(111 767)	(106 101)	(219 460)
Profit before depreciation and amortisation		73 057	52 744	117 202
Depreciation and amortisation	39%	(13 804)	(10 486)	(23 056)
Profit before finance costs and income tax expense		59 253	42 258	94 146
Finance costs	11.4%	(1 022)	(478)	(1 090)
Profit before fair value adjustment	39%	58 231	41 780	93 056

Financial results for the six months ended 31 January 2018

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International as previously reported

SEGMENTAL ANALYSIS (PREVIOUSLY REPORTED)

			Unaudited 6 months 31-Jan 2018 R'000	Unaudited 6 months 31-Jan 2017 R'000	Audited 12 months 31-Jul 2017 R'000
INTERNATIONAL					
Income	(-11%)		154 055	172 960	307 490
Other income	2%		159 575	156 375	306 844
Investment income	(-4%)		618	641	646
Net income	2%		160 193	157 016	307 490
Intellectual property rights fees	9%		(60 284)	(55 514)	(111 146)
Operating expenses	(-17%)		(51 376)	(62 134)	(102 770)
Profit before depreciation and amortisation	23%		48 533	39 368	93 574
Depreciation and amortisation	136%		(21)	(9)	(72)
Profit from operations	23%		48 511	39 359	93 502
Share of profit on equity-accounted investee	(-3%)		50 309	51 959	88 785
Profit before fair value adjustment	8%		98 820	91 318	182 287

Financial results for the six months ended 31 January 2018

Notes



Group as previously reported - consolidated and equity accounted investments

SEGMENTAL ANALYSIS (PREVIOUSLY REPORTED)

		Unaudited 6 months		Unaudited 6 months		Audited 12 months	
	%	31-Jan 2018	31-Jan 2017	31-Jan 2018	31-Jan 2017	31-Jul 2017	31-Jul 2017
	Change	R'000	R'000	R'000	R'000	R'000	R'000
TOTAL FOR THE GROUP							
Income	(-2%)	797 749	813 639	1 520 515			
Net betting income	5%	504 415	479 522	948 603			
- Hoiseraing	(-6%)	243 908	258 293	505 701			
- Other sports	15%	175 668	153 287	294 615			
- Other	25%	84 839	67 942	148 287			
Other income	2%	296 293	291 061	588 498			
Investment income	5%	7 951	7 581	15 846			
Net income	4%	808 659	778 164	1 552 947			
Stakes	(-1%)	(97 521)	(98 220)	(208 756)			
Intellectual property rights fees	9%	(60 284)	(55 514)	(111 146)			
Operating expenses	5%	(594 373)	(563 837)	(1 112 809)			
Profit before depreciation and amortisation	(-7%)	56 480	60 593	120 236			
Depreciation and amortisation	2%	(36 214)	(35 444)	(71 206)			
Profit before finance costs and income tax expense	(-19%)	20 266	25 149	49 030			
Finance costs	102%	(17 236)	(8 530)	(20 323)			
Profit before share of equity-accounted investees	(-82%)	3 031	16 619	28 707			
Share of profit of equity-accounted investees	46%	82 063	56 189	122 590			
Profit before fair value adjustment	17%	85 094	72 808	151 297			
Fair value adjustments in respect of assets held for sale	(-180%)	274	(341)	946			
Profit before tax expense	18%	85 368	72 466	152 243			

Financial results for the six months ended 31 January 2018

Notes

Net betting income – tote and fixed odds H1 F2018

R'000	OTC	Non-OTC	Total
Income	477 042	150 300	627 342
Net betting income	373 860	130 555	504 415
- Totalisator	230 899	110 810	341 708
- Horseracing	132 704	73 984	206 687
- Other sports	98 195	36 826	135 021
- Fixed odds	142 961	19 745	162 706
- Horseracing	24 281	12 937	37 219
- Other sports	35 617	5 031	40 649
- Other	83 063	1 776	84 839

Financial results for the six months ended 31 January 2018

Notes



TAB and Betting World net betting income South Africa

Tote H12018



■ Racing
■ Sport

Tote H12017



■ Racing
■ Sport

Fixed Odds H12018



■ Racing
■ Sport
■ Numbers

Fixed Odds H12017



■ Racing
■ Sport
■ Numbers

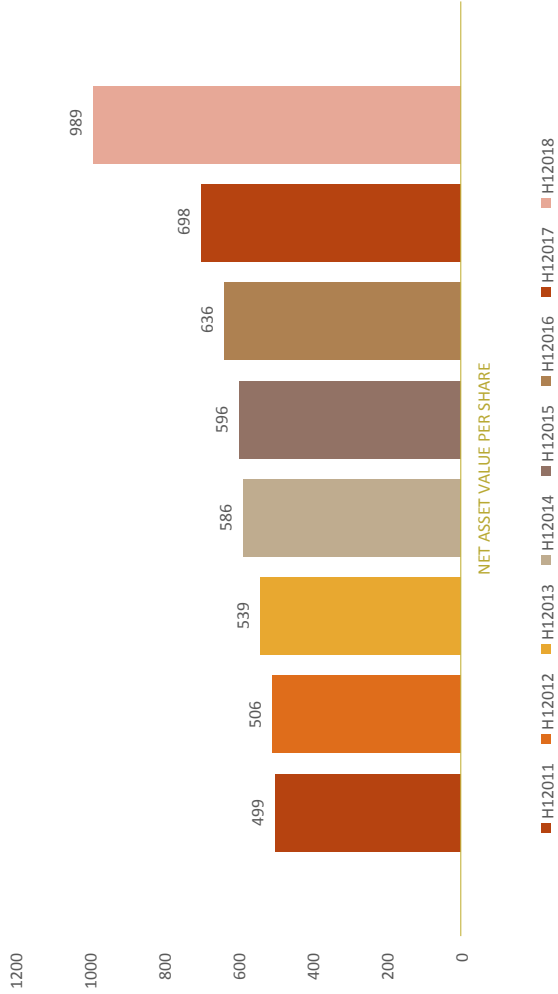


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Financial results for the six months ended 31 January 2018

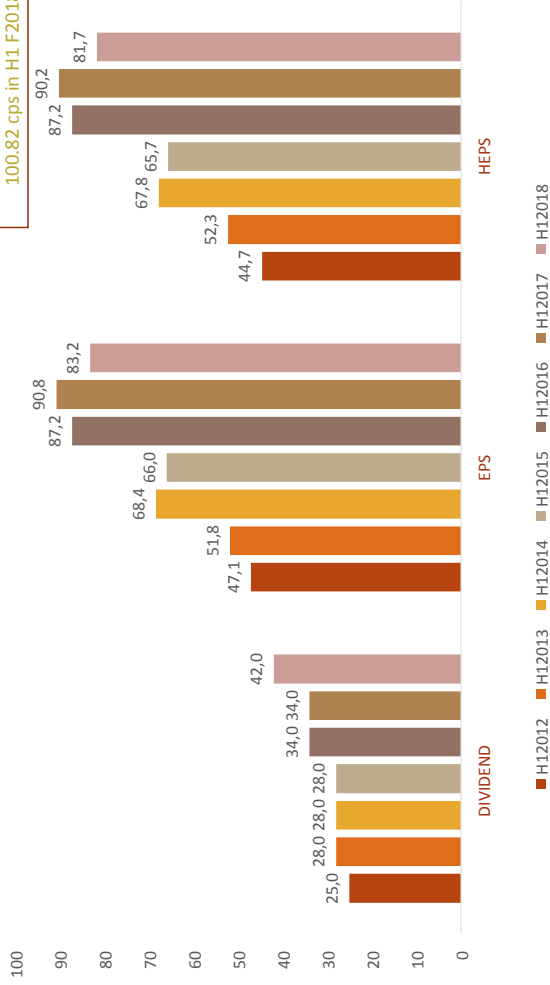
Notes

NAV positively affected by equity interest in Supabets in 2017



Dividends and earnings per share in cents – H1 2012 to H1 2018

Normalised HEPS up 12% to 100.82 cps in H1 F2018





Phumelela Gaming

Phumelela Gaming and Leisure Limited

Results presentation
Unaudited results for the six months ended 31 January 2018

Notes

Directors:	B Kantor (Chairman), WA du Plessis* (Group Chief Executive), AW Heide* (Finance Director and COO), P Anastassopoulos, R Cooper, SKC Khampepe, NJ Mboweni (Mrs), VJ Moodley*, S Müller, Dr E Nkosi, JA Stuart*, CJH van Niekerk, JB Walters (<i>*Executive</i>)
Company Secretary:	F Moloi (Mrs)
Sponsor:	Investec Bank Limited
Registered Office:	Turffontein Racecourse, 14 Turf Club Street, Turffontein
Transfer Secretaries:	Computershare Investor Services Proprietary Limited
Share code:	PHM
ISIN:	ZAE000039269
Website:	www.phumelela.com

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