CONTENTS

2013

SCOPE OF INTEGRATED REPORT AND ASSURANCE

HCI's integrated report provides a summary of the group's financial, social and environmental performance on matters material to the group and those of interest to the group's key stakeholders for the financial year ended 31 March 2013.

This summary of our results includes an executive review of our performance as published on SENS on 23th May 2013 and in the Business Day on 24th May 2013.

HCI is a publicly owned investment holding company listed on the JSE with a diverse investment basis. The company has investments as reflected on pages 4 and 5 of this integrated report.

Business philiosphy

HCI's business philosophy incorporates principles which have been identified through experience and continue to evolve. Our approach is to build long term value for our stakeholders through focused and ethical business management. Wherever possible we take controlling interests in our businesses, we capitalise them adequately and we deploy appropriate management resources. We act in ways that comply with legal and regulatory requirements, and that respect the rights of organised labour. We aim to be good corporate citizens, operating sustainable businesses in a dynamic environment.

In line with the requirements of the King Report on Corporate Governance ("King III"), HCI is aiming for enhanced reporting systems and measures so as to provide increased value-added information to stakeholders. Generally, detailed forward looking information is not provided. In accordance with the stated objectives of integrated reporting, this report focuses on those issues that have a material impact on the group to create and sustain value. The scope of the report does not extend to cover all issues relating to subsidiaries and associates. The scope limitation does not impact on the completeness of the report as separate integrated annual reports for the listed entities are published and can be found on www.oceaniacapital.com.au www.tsogosun.com; www.niveus.co.za; and www.seardel.co.za

This report should be read in conjunction with the following supporting reports available on our website www.hci.co.za:

- Governance register
- Risk report
- Remuneration report
- Annual financial statements

The legal requirements in the Companies Act 2008, as amended, which became effective on 1 May 2011, coupled with the JSE's initiatives, have allowed the company to provide shareholders with summarised printed financial information. This has enabled the company to exclude certain financial reporting requirements, resulting in a shortened report which, ultimately, reduces the company's carbon footprint and promotes the company's sustainability efforts. HCI takes a sustainable approach to its business and has, since 2008, increased its use of green paper in the production of the annual report.

The Group operates principally in South Africa, and generates the majority of its revenue from South Africa. The corporate headquarters of the company is located in Cape Town, South Africa. The geographical footprint of the group is provided on page 6 and 7 of the report.

Where relevant in the report, adjusted comparatives are shown on a like-for-like basis to assist in the understanding of the group's results. The financial information extracted from the audited HCI consolidated annual financial statements for the year ended 31 March 2013 has been correctly quoted in this integrated annual report.

The following items relate to the restatement of results of the prior year:

During the year ended 31 March 2012 Sabido Investments acquired a 100% interest in Powercorp International Limited, a London-based global content distributor of films and television series. The purchase price allocated to certain trade receivables recognised on this acquisition has been restated retrospectively for the year ending 31 March 2012.

The impact of this restatement on the results presented by HCI was that trade and other receivables decreased by R28,4 million and goodwill increased by R28,4 million in the prior year. Opening equity attributable to equity holders of the parent in the current year was not affected.

The notice of the annual general meeting, proxy form and other administrative information also form part of the summarised report and can be found on pages 80 to 84.

The reporting principles which have been applied in this integrated annual report is in accordance with International Financial Reporting Standards (IFRS), the Companies Act of South Africa 2008 (as amended), the JSE Listings Requirements, King III and the guidance provided in the Integrated Reporting Committee of South Africa's Framework for Integrated Reporting and the Integrated Report Discussion Paper (Framework) 2011. The sustainability information included in this report has been guided by the Global Reporting Initiatives (GRI) G3 guidelines.

The board, assisted by the audit and risk committee, is responsible for overseeing the integrity of the integrated report. The directors confirm that they have collectively reviewed the content of the integrated report and believe it addresses the material issues and is a fair representation of the integrated performance of the group. Combined assurance is a work in progress and the group has, as yet, not achieved optimal coordination of the different forms of assurance.

Assurance was provided for different aspects of our reporting from a variety of sources. These include:

- The annual financial statements and related financial information was audited by independent auditors Grant Thornton (Jhb) Inc.

- The South African broad-based black economic empowerment information was verified by Empowerlogic.

- IoDSA Governance Assessment Instrument was applied to gain assurance of compliance with the JSE listing requirements in respect of King III.

- The sustainable development information in respect of the Global Reporting Initiative and the Carbon Disclosure Project was verified by CoZero.

The board approved this integrated annual report on 28 August 2013.

We welcome any feedback on the integrated report at info@ hci.co.za

Forward-looking statements

This integrated report contains certain forward-looking statements which relate to the financial position and results of the operations of the Group and its underlying investments. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances that may occur in the future. These forward looking statements have not been reviewed or reported on by the Group's external auditors.

OPERATING STRUCTURE
AS AT 28 AUGUST 2013

GROUP OF C

LISTED COMPANIES

TSOGO SUN HOLDINGS
41.5%

NIVEUS INVESTMENTS
52.4%

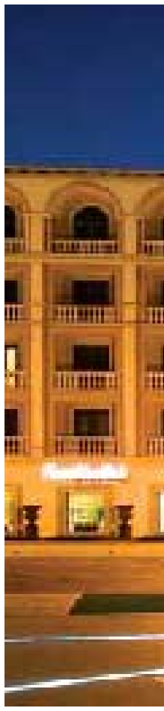
SEARDEL INVESTMENT CORPORATION
76.3%

OCEANIA CAPITAL PARTNERS
67.7%

2013

OMPANIES


UNLISTED COMPANIES
SABIDO INVESTMENTS
63%
GOLDEN ARROW BUS SERVICES
100%
HCI COAL
100%
HCI PROPERTIES
100%
(DIVISION)
MONTAUK ENERGY HOLDINGS
90%
SYNTELL
55%
BUSINESS SYSTEMS GROUP (AFRICA)
40%
FORMEX ENGINEERING
100%
LIMTECH BIOMETRIC SOLUTIONS
58%



TSOGO SUN HOLDINGS LIMITED ("TSOGO SUN")
www.tsogosun.com

• Income R9.9 billion	↑ 10%
• Ebitdar R3.9 billion	↑ 11%
• Adjusted earnings R1.6 billion	↑ 24%
• Adjusted HEPS 150.3 cents	↑ 24%
• Final dividend per share 51.0 cents	↑ 28%

Tsogo Sun is separately listed on the JSE Securities Exchange, and more information can be found at www.tsogosun.com.

Trading during the financial year continued to reflect a recovery in macro-economic conditions, as experienced in the second half of the prior year. Year-on-year growth was achieved in both casino and hotel revenues assisted by the merger and acquisition activity undertaken as part of the group's stated growth strategy.

Tsogo Sun has continued to allocate capital during the 2013 financial year in terms of this strategy and accordingly:

- concluded the acquisition of Southern Sun Hyde Park for R130 million from Hyprop Limited, which was previously operated under a management agreement. R65 million was paid on 1 September 2012 when the group began trading at the hotel for its own account and the balance was paid on 17 May 2013 on transfer of the property;
- completed the refurbishment of 54 on Bath and opened the hotel on 8 August 2012;
- acquired the hotel at the Garden Route casino which was transferred on 10 August 2012 and has been branded Garden Court Mossel Bay;
- commenced phase one of the refurbishment, consolidation and repositioning of the Southern Sun Elangeni and Maharani hotels on the Durban beachfront;
- spent R231 million during the year on the redevelopment of the Hemingways casino in East London. The total spend on this R400 million project to the end of March 2013 is R329 million, the work has largely been completed and the residual payments due will be made during the 2014 financial year;
- commissioned an additional 96 slot machines at the Suncoast Casino and Entertainment World;
- spent R18 million during the year on the R200 million expansion of the Emnotweni casino, which includes the construction of an expanded casino floor, additional gaming positions, additional covered parking, a conference and eventing area and restaurants; and
- commenced an expansion programme for the three Gauteng-based casinos, including an additional 1 500 gaming positions to be rolled out over the medium term. The group has committed R750 million in capital expenditure at Silverstar and Gold Reef City and paid an amount of R150 million to the Gauteng Gambling Board to be allocated to charitable or socio- economic infrastructure projects.

In addition to these acquisitions and expansion projects, the group also invested over R500 million on maintenance capex group-wide ensuring our assets remain best in class.

Total income for the year of R9.9 billion ended 10% above the prior year with a 6.8% growth in gaming win assisted by a 19% growth in hotel rooms revenue and a 16% growth in food and beverage revenue.

Earnings before interest, income tax, depreciation, amortisation, property rentals, long-term incentives and exceptional items ("Ebitdar") at R3.9 billion for the year reflected an 11% increase on the prior year. The overall group Ebitdar margin of 39.2% is 0.4 percentage points ("pp") above the prior year.

As previously reported, the underlying operations of the group remain highly geared towards the South African consumer (in gaming) and the corporate market (in hotels) with both sectors still experiencing difficult economic conditions and increased

Montecasino - Johannesburg

Elangeni Hotel - Durban

administered costs (electricity, water and property rates). The results for the year continue to reflect the growth potential of the group should these sectors of the South African economy continue to improve.

Overall revenue for the Gaming division increased 8% on the prior year to R7.6 billion. Ebitdar improved 9% to R3.1 billion at a margin of 41.0%, 0.4pp above the prior year.

The hotel industry in South Africa is experiencing a recovery from the dual impact of depressed demand and oversupply. Overall industry occupancies have improved to 60.9% (2012: 57.1%) for the year ended 31 March 2013. As a result of the strong sales and distribution channels and the superior product and service quality available within the group, Tsogo Sun Hotels continues to achieve an occupancy and rate premium in the segments in which the group operates.

Trading for the group's South African hotels for the year has been more buoyant recording a system-wide revenue per available room ("RevPar") growth of 10.6% on the prior year due mainly to an increase in occupancies to 64.1% (2012: 60.9%). Average room rates remain constrained with limited yielding opportunities and increased by 5% to R814. Overall revenue for the South African Hotel division increased 19% on the prior year to R1.9 billion assisted by the inclusion of

Formula 1, 54 on Bath and Southern Sun Hyde Park offset by the closure of Southern Sun Grayston. Ebitdar improved 20% to R615 million at a margin of 31.8%.

The Offshore division of hotels achieved total revenue for the year ended 31 March 2013 of R361 million representing an 11% improvement on the prior year, driven by the weakening of the Rand against both the US$ and the Euro. Ebitdar (pre-foreign exchange gains) of R93 million was achieved. The Rand weakness resulted in a R37 million (2012: R13 million) foreign exchange gain on the translation of offshore monetary items.

Prospects

The continued improvement in trading performance across the group's operations during the year remains encouraging. However, the ongoing sustainability of this growth is uncertain due to the inconsistent monthly results during the year. Nevertheless, the group remains highly cash generative and continues to pursue significant opportunities to invest capital in its growth strategy.

Agreement has been reached with 89% of the outstanding shareholders in Durban Add-Ventures Limited ("DAV") and 100% in Adventure World Management Proprietary Limited for the acquisition of the remaining outstanding 10% effective interest in Tsogo Sun KwaZulu-Natal Proprietary Limited. The transaction was implemented as a buy-back of shares, via a scheme of arrangement in DAV, in accordance with the Companies Act of South Africa at a cost of around R400 million. All required shareholders' resolutions were passed at a general meeting of DAV and the transaction approved by the KwaZulu-Natal Gambling Board on 10 May 2013.

Following the approval by the Gauteng Gambling Board of the additional gaming positions at Montecasino, Gold Reef City and Silverstar, the group will commence with the R480 million expansion and redevelopment of the Silverstar casino and the R270 million refurbishment and expansion of the Gold Reef City casino and Theme Park. The Silverstar casino redevelopment includes additional dining options, an outdoor events area, cinemas, ten-pin bowling alley, laser tag games, an expanded and enhanced casino floor and parking. The Gold Reef City expansion includes an increased casino offering, cinemas and additional restaurants at the casino and additional food and beverage outlets and improved access systems at the Theme Park with an improved linkage to the casino complex.

The KwaZulu-Natal Gambling Board has granted an application for an additional 50 slot machines and three tables at Blackrock casino. The group will also be expanding the Garden Court Blackrock hotel by an additional 40 rooms.

The group continues with its African expansion strategy and has entered into an agreement to acquire an approximate 75% stake in Ikoyi Hotels Limited for US$70 million. The property was managed by the group on behalf of the third-party owners. The acquisition closed in July 2013. In addition, the group is investing US$30 million in the expansion of Southern Sun Maputo including the addition of 110 rooms and conference facilities, the expansion of the existing restaurant, lobby and back-of-house facilities and the refurbishment of the existing rooms.

The group is also exploring a variety of projects, including the expansion of the Suncoast casino and related entertainment facilities, as well as a number of potential acquisitions which are at various stages. The potential to bid for the relocation of one of the smaller casinos in the Western Cape to the Cape Metropole remains an opportunity for the group. In February 2013 the group submitted a bid for the fourth casino licence in Mpumalanga in accordance with the process being run by the Mpumalanga Gambling Board. Further announcements in this regard will be made as the bidding process progresses.

The ability to continue to pursue the group's investment strategy will depend on the final outcome and impact of the variety of proposed regulatory and tax changes considered by government and will require the successful interaction with various regulatory bodies including gaming boards, city councils, provincial authorities and national departments. The group continues to constructively engage with the various spheres of government in this regard.

SABIDO INVESTMENTS PROPRIETARY LIMITED

www.etv.co.za

The Sabido Group performed according to expectations over the period under review despite aggressive growth in pay-television which has impacted negatively on free-to-air television in South Africa.

e.tv viewership grew, reaching over 17 million viewers in 2012 according to AMPS figures released in December 2012. However, instability in audience ratings research as a result of certain shortcomings in the Television Audience Measurement System (TAMS) Panel affected audience share in key timeslots, particularly in lower and middle income households. At the time of this report, initial corrections made to the TAMS Panel resulted in an improvement of these ratings. The continued delays in Digital Terrestrial Television (DTT) have, however, resulted in increasing pressure on e.tv as viewers turn to multi-channel pay-television offerings in the absence of any free-to-air alternative.

For e.sat tv, the holding company of 24-hour news channel eNews Channel Africa (eNCA), the growth in pay-television has been beneficial. eNCA remains the most-watched news channel in South Africa. In August 2012, eNCA extended its presence to the Sky digital platform in the United Kingdom, giving it a presence in over 10 million UK households.

Yfm – the Gauteng-based youth radio station – experienced a tough trading year but audiences remained stable year-on-year at just over 1.4 million.

On the rest of the continent, Sabido's investment in Ghana did not perform according to target while eBotswana's performance remained steady. e.tv Africa continued to broadcast in 49 countries across the continent via direct-to-home satellite as well as via syndicated partners in East, West and Southern Africa.

Equipment leasing and post-production subsidiary, Memar, delivered disappointing results for the fiscal prompting management to implement significant cost cutting drives. The poor performance is mostly attributable to The Refinery which experienced higher than expected cost of sales and operating costs in circumstances where post-production revenues have significantly declined. Memar's performance was also affected by asset impairments as a result of the imminent closure of the FilmLab as a result of the conversion of South African cinema theatres to digital format.

The studios business performed well in the period under review, with Sasani Studios achieving outstanding results and attracting two additional daily soaps to the Highlands North facilities. Overall performance by the Group has been satisfactory and provides a solid base for further growth and expansion in the next fiscal.

SEARDEL INVESTMENT CORPORATION LIMITED ("SEARDEL")
www.seardel.co.za

Seardel took a few big steps forward in the year ended 31 March 2013. Ignoring the once-off income relating to the settlement of the various litigation proceedings with former directors and officers in the prior financial year, this year's results represent a R96 million improvement year on year.

Turnover, at R2.5 billion, was flat year on year but significantly turnover from our manufacturing entities was down 10% whilst turnover from non-manufacturing entities was up 22%. This turnover shift has resulted in the Branded Product Distribution segment now being the largest individual segment by turnover. The shift in turnover to higher margin areas and improved margins in the Clothing segment drove overall margin improvement, up 240 basis points to 21.7%. The improved margins were reinforced by strict cost controls which saw all major cost lines coming in below the previous year's levels.

Branded product distribution segment

The performance of this segment is key to the revitalisation of Seardel's overall performance and remains an area of strategic focus. The businesses within this segment recorded revenue growth of 20% to R795 million which has resulted in this segment now being the largest by turnover.

The operating results were negatively affected by a R7 million foreign exchange loss in the current period whilst the prior year's figures contained a R13 million foreign exchange gain. Excluding the currency fluctuations, the underlying operating profit was up 12% year on year.

We continue to invest in marketing and building our distribution platforms in this segment with much of this investment being ahead of expected future revenue growth.

This segment includes the results from our start-up Brand-ID business which is still in an investment phase and we remain at least 12 months away from a breakeven position within this business.

Textile segment

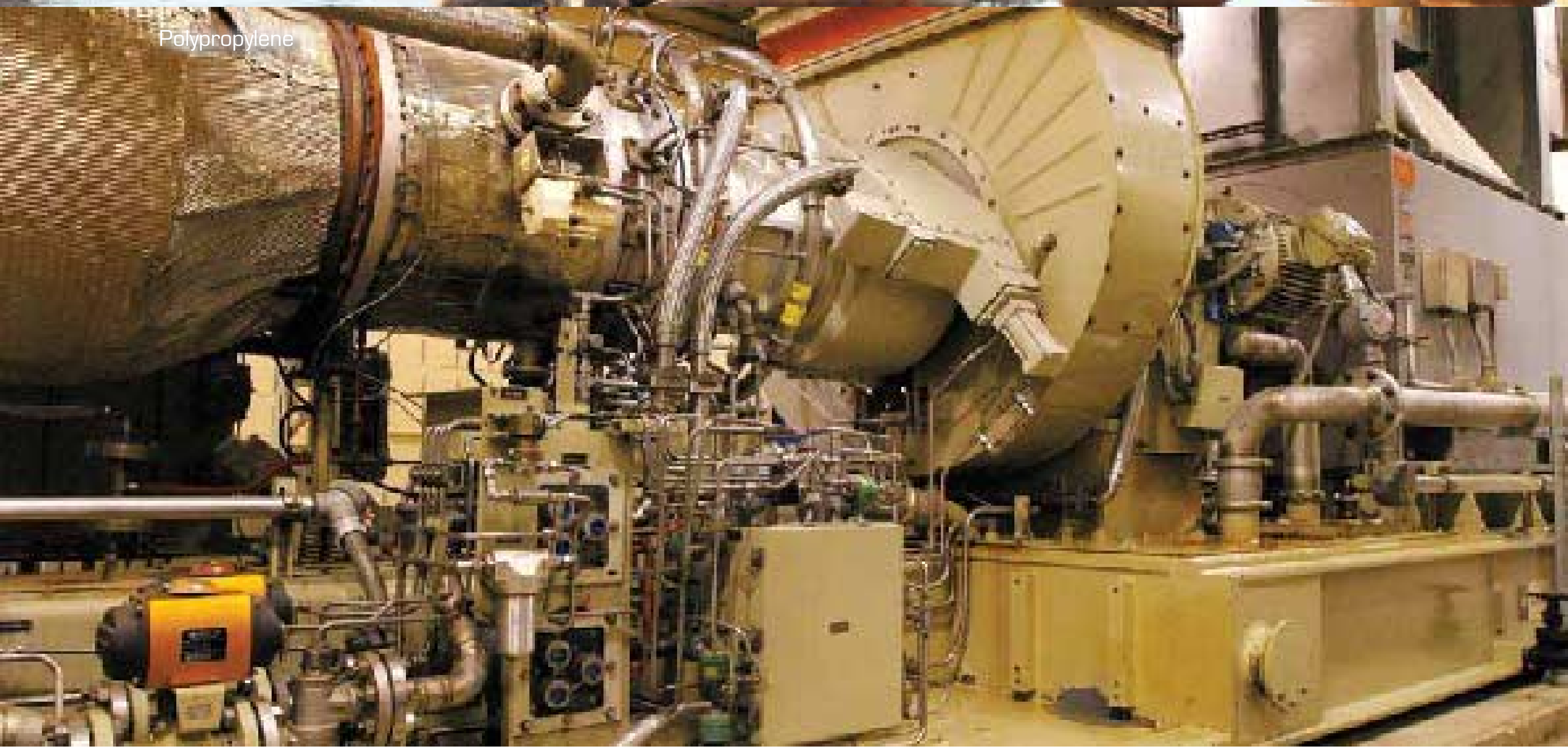
Tough trading conditions, particularly in the first half of the financial year, saw turnover down 4% to R689 million. Operating profit is up 13% to R32 million but the current year's operating profit includes impairment reversals of R23 million due to previous loss making businesses returning to profitability. Excluding this impairment reversal, the underlying operating profit is R9 million, a R19 million reduction from the R28 million recorded in the prior period.

The second half of the financial year saw a much stronger performance from this segment with an operating profit, excluding the impairment reversal, of R16 million being recorded.

Industrial segment

Revenue in this segment was down 2% to R335 million reflecting the tough trading environment for local manufacturing concerns. Despite the reduction in turnover, the improved gross margins realised saw operating profit climb 61% to R17 million.


BrandID - 466/64 clothing


Polypropylene

Clothing segment

Turnover within the segment was down 19% to R695 million. This reduction was anticipated and was in line with the restructuring completed in the prior financial year. The reduced capacity allowed us to eliminate lower margin product thereby raising overall gross margins. In addition, the streamlined overhead structures resulted in improved efficiencies.

The above actions saw operating losses reduce by R67 million from a prior year loss of R101 million to a R34 million loss in the current period. Although the improvement is substantial we recognise that continued losses in any business is unsustainable. We are considering a number of strategies to further improve the situation and we anticipate that the next financial year will remain challenging as these strategies are implemented.

Property segment

Revenue increased 40% to R93 million due to the various phases of the property development being completed and let. Of significance is that revenue from external tenants increased by 93% to R47 million and now represents more than 50% of the total revenue.

Operating profit before finance costs increased by 43% to R64 million up from R45 million in the prior period.


KWV Cellar

NIVEUS INVESTMENTS LIMITED
www.niveus.co.za

The listing of Niveus on the JSE was well received by the market with the share price appreciating from a listing price of R7 to R15 in a short period of time. The listing was motivated by an under-appreciation of the value of Niveus assets in the greater HCI group valuation. The group consists of Vukani, Galaxy Bingo and a 51.6% interest in KWV Holdings ("KWV").

Vukani

Vukani is the largest contributor to EBITDA in the Niveus gaming segment. Of the gaming EBITDA of R195 million, Vukani contributed R177 million (2012:R133 million). The EBITDA growth year-on-year is in line with our forecast even though the machine roll-out is behind expectations due to continued difficulties in getting new machines approved by the respective gaming boards. During the period management increased the gross gaming revenue ("GGR") per machine by 10%.

Fortunately the Gauteng Gaming Board is now operational again and we expect to see approval of new site applications from that province. We continue to engage the other provincial gaming boards to approve new site applications but the process remains slow.

The closing number of machines amounted to 4 404 (4 293 Sept 12 and 3963 March 12). The average GGR per machine per month amounted to R15 632 (R15 679 September 12 and R14 159 March 12).

Operational costs increased by R26 million to R157 million, a 20% year-on-year increase. Of this increase, R12,5 million relates to once-off items which we do not expect to occur in the following year.

Bingo

The business growth remains impressive with all the Gauteng sites growing significantly faster than the provincial gaming growth rate. This growth enabled the Bingo business to become profitable with a profit before tax of R5 million. The Gauteng sites are now refurbished and the impact on GGR has been positive.

The group has submitted applications for bingo sites in the Eastern Cape following the release of a RFP by the Eastern Cape Gaming Board. We expect the results to be announced by the end of July.

We also opened a Bingo site in KwaZula-Natal where we are limited to paper bingo. The KwaZula-Natal Gaming Board has not made an announcement on Electronic Bingo Terminals ("EBT's") as they await the finalisation of the National Gaming Board's review of gaming in South Africa. This appears to be the approach adopted by all the gaming boards, other than Gauteng.

KWV

The acquisition by Niveus of a controlling interest in KWV provides KWV with a stable controlling shareholder with a longer term investment horizon. While the acquisition was made at a substantial discount to NAV the upside in the business remains leveraging its brands and international presence. For the nine months ended 31 March 2013, KWV's profit after tax amounted to R7,4 million, which is a substantial turn-around from the R49,6 million loss for the 12 month period ended 30 June 2012.

The return to profitability is pleasing as it resulted from operating profits but remains tenuous if the group does not continue to execute its strategic plans. The year on year improvement is also impacted by the change in year-end which is seasonally skewed for 9 months and by substantial once-off costs in the prior period. The current nine month results included exchange rate losses on the currency hedge book of R16 million of which R11 million relates to future periods. The group is expected to continue with its hedging policy which will result in mark-to-market losses if the rand continues to depreciate. However, the long-term expectation is that the group will be a net beneficiary in the event of the currency weakening further.

As indicated, the future profitability of the group is predicated on volume growth rather than cost reduction, which is particularly difficult given the world economic conditions.

The Bus For Us

1 5 0 YEARS
1861 - 2011
MOVING FORWARD RESPONSIBLY

GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED ("GABS")
www.gabs.co.za

During the year the company experienced a 7% passenger growth underscoring the inherent potential of the scheduled commuter sector as people moved from private vehicles to public transport as a result of high fuel prices. Total revenue was up by 8,1%, particularly creditable in light of the fact that Government funding received in terms of the current Interim Contract only escalated by 4,2%. Profit after tax of R95,8 million was 2,7% less than last year – largely a reflection of the 15,8% increase in fuel costs over the year.

In an operating environment exposed to the vagaries of the fuel price, the company embarked upon focused programmes to control operating costs in other areas of the company. In this regard, overtime costs in both the technical and operating divisions were meticulously managed and a commendable reduction of 7,5% was realised. Operating efficiencies were significantly enhanced through reducing vehicle breakdowns by 19% providing a solid foundation for passenger growth.

With diesel fuel making up a large component of operational costs, fuel consumption on the total fleet is being micro managed to ensure the highest possible level of efficiency. This includes the testing of new electronic fuel saving programs on new buses.

During the financial year, 120 new buses at a cost of R190 million were purchased, while 87 buses were scrapped. The strategically focused fleet recapitalisation programme and concurrent scrapping of old buses have contributed to the reduction in breakdowns and the age of the fleet now boasts an industry best practice benchmark of 9,6 years.

Negotiations with the City of Cape Town regarding the market share of our participation in the new MyCiti environment reached a stalemate and GABS applied to the court to compel the City to enter into a mediation and arbitration process around areas of dispute. The application was dismissed but GABS has been granted permission to appeal the judgement.

Crucial factors influencing the decision to appeal the judgement were the precedent that would be set with regard to the way in which the City could conduct "negotiations" and the failure of the Court to recognise that existing operators such as GABS are not in the same position as new entrants into the scheduled commuter market. The outcome of the appeal will largely determine the manner in which GABS can expect to be treated when further phases of the IRT system are implemented in the future.

GABS remains concerned that the current IRT model is economically unsustainable as the operational subsidy requirement is approximately R4.5 million per bus per annum compared to the R0.67 million per bus for the conventional GABS operated system.

To date, R4.6 billion has been spent on the IRT system and a further R850 million is earmarked for 2013/14. This expenditure has to date only realised 42 conventional and 29 midi buses on the road with the potential of a further 100 midi buses and 40 conventional buses during the rest of 2013. In the light of these exorbitant costs and the recurrent operational support required, it would be in the public interest if an independent Transport Economist is appointed to interrogate the cost of the IRT roll-out before it becomes an unsustainable public liability.

"Our pedigree to adapt to changing conditions has stood us in good stead over the past 150 years and our approach and strategies to deal with all of these will be done in the future with the best interests of the company and all its stakeholders at heart"

HCI Coal (Pty) Ltd

HCI COAL PROPRIETARY LIMITED ("HCI COAL")

The business performed satisfactorily for the year under review with Palesa Colliery achieving sales of 1 928 344 tons. Post year end the mining right application on the Rooipoort property which is contiguous to Palesa has been granted by Department of Mineral Resources ("DMR"). This approval has increased the Palesa resource by 32 million tons of probable resource. Palesa Colliery is currently conducting a trial to produce a higher Calorific Value product in addition to its current contracted production. If successful this will increase sales by approximately 300 000 tons per annum. Subsequent to the year-end a 3 year Substantive Agreement was concluded with the National Union of Mine Workers in respect of wages and terms of conditions of employment for employees. This agreement was concluded with negligible disruption to production.

Delays in the processing of various regulatory steps in terms of the Court order granted in favour of HCI Coal have delayed the start up of production at Mbali Colliery. All the necessary approvals have now been received and all the ancillary infrastructure to the washplant have been completed on budget. It is anticipated that production will now commence towards the end of August 2013. This mine will produce coal suitable for both the export and local markets.

The approval of the Nokuhle mining right has not been received from the DMR but management is optimistic that this right will be granted in the near future. The mineral resource at Nokuhle is made up of 28 million inferred tons not included in the resource and reserve statement below.

Revenue for the year increased by R43 million to R556 million and EBITDA from R76 million to R86 million for the year under review. Management continues to assess additional coal reserves which will enhance the asset.

	Palesa Colliery	Mbali Colliery	Nokuhle Colliery	Total
	Tons	Tons	Tons	Tons
Mineral reserve: proven	65 154 686	8 445 214	-	73 599 900
Mineral reserve: probable	32 721 175	-	9 858 718	42 579 893
	97 875 861	8 445 214	9 858 718	116 179 793

HCI PROPERTIES

Existing property portfolio

Across our current investments, the Gallagher precinct in Midrand, Alexander Forbes Natal Regional Office and Protea Place in Claremont Cape Town are performing well. The Gallagher precinct vacant land is being serviced and regularised to allow us to start developing it accordingly. The large property developments in and around Midrand, along with the road interchange and upgrades implemented, will benefit our precinct.

As previously reported in last year's results, the PAN African Parliament chamber and office complex was sold. This capital profit together with attributable rental received prior to disposal is the reason for the drop of PBT from R67 million in 2012 to R33 million reported this year.

Development property portfolio

Both our current developments, Upington (a joint venture with Group Five Construction and Retail Africa) and Sea Point (a joint venture with the Berman Bros) are progressing. Upington, a 30 000 sqm (GLA) retail shopping centre, is scheduled to open during the first week of December 2013. It was over 90% pre-let at reporting date of which 85% are national tenants.

Our Sea Point development, which is a 21 000 sqm (GLA) development is split 12 500 sqm and 8 500 sqm across retail and offices respectively. The retail phase (anchored by Shoprite Checkers) is scheduled to open December 2013 while the office component is set to be completed by April 2014.

Further to the above, a joint venture between HCI/Tsogo, Standard Bank Properties and Abland Construction was concluded for a mixed use, phased office, retail and hotel precinct in Fourways, Sandton.

HCI will continue to actively seek to source and implement the requisite property developments while adhering to our investment criteria.

OCEANIA CAPITAL PARTNERS LIMITED
www.oceaniacapital.com.au

Oceania Capital Partners Limited ("OCP") is separately listed on the Australian Securities Exchange (ASX). HCI holds 67.7% of the total issued capital. OCP is a diversified investment vehicle with a broad investment mandate, much like HCI itself. We focus on the Australian and New Zealand regions, although will look at businesses with a broader geographic reach. Our investment philosophy is to invest in good quality businesses which have resilience through different economic circumstances.

With a view to increasing investible capital OCP undertook a rights offer, to raise approximately AUD 15 million, in December 2012. The offer was fully subscribed with HCI participating in full for its 67.7% holding in OCP. The investible capital of OCP is around AUD 85 million, with around one quarter of that currently sitting in cash.

In March 2013 OCP acquired a 95% interest in EON Broadcasting Proprietary Limited, the operator of two commercial FM radio stations on the Queensland Sunshine Coast – 92.7 Mix FM and 91.9 Sea FM. Mix FM targets a demographic of 35 plus and plays a mixture of classic and recently released music. Mix FM is number one on the Sunshine Coast for listeners over the age of 35. Sea FM targets an 18-39 demographic and plays predominantly modern and recently released rock music. It commands a cumulative audience of people over the age of 10 greater than any other radio station on the Sunshine Coast. Financially speaking regional FM radio stations in Australia tend to be less volatile and more predictable than their capital city counterparts, with a considerable part of their revenue being derived from the local area. This is especially the case where the relevant region is growing and economically strong, as is the case with the Sunshine Coast in Australia.

OCP's largest investment is an approximate 53% interest in a business that specialises in debt recovery and credit management in Australia and New Zealand, known as Baycorp. The investment thesis here is to be a leading participant in the professionalisation of the debt collection industry in Australia and New Zealand as governmental regulation of the industry increases to protect consumers against unscrupulous operators. The increasing regulation and professionalisation correspondingly sees the barriers to entry to the industry increasing. As one of the three major players across both countries, we expect that Baycorp will be a beneficiary of the new competitive dynamic.

Additionally, over the year OCP increased its holding in the ASX listed investment company Keybridge Capital Limited ("KBC") to 19.99% and gained representation on the KBC board of directors. Keybridge Capital Limited is a financial services company that has invested in, or lent to, transactions backed by real assets, financial assets or cashflow in the asset classes of property, aviation, shipping and infrastructure.

With an ungeared balance sheet and approximately AUD23 million of cash OCP remains well positioned to seek out further investments to expand its investment portfolio with the objective of adding value over time.

MONTAUK ENERGY HOLDINGS, LLC
www.montaukenergy.com

Fiscal 2013 proved to be challenging from an earnings perspective as a result of the continued depressed pricing of natural gas experienced in the US during much of the year. Consistent with prior years, a significant portion of Montauk's High-Btu facilities and Viridis electric generation portfolio's revenues are based on the current market price for natural gas and are directly impacted by fluctuations in pricing.

Given the slow growth of the US economy and abundance of available supply of natural gas from shale formations in recent years has continued to subject natural gas prices to remain highly volatile in the short term as a result of changes in fundamentals, such as abnormal weather, that impact current storage levels of natural gas in the US. Given the high demand during the winter heating season (November through March) natural gas storage levels are reduced and for the balance of the year storage levels are generally increased especially in the spring and fall periods when heating and cooling demand are at their lowest. Therefore the winter heating season (November through March) typically provides pricing support through the spring shoulder months, through summer and into fall.

As we began fiscal 2013 the US had just come out of the warmest winter heating season (November through March) in 63 years and the 4th warmest on record which left storage levels at a record high, approximately 60% above the 5 year average. The excessive storage levels heading into the injection season caused prices to hit a 10 year low of $1.87 per MMBtu in April of 2012. However, the lower pricing resulted in both significant cutbacks in natural gas drilling rig counts and prompted dual fired electric generation facilities to switch from coal to natural gas in the summer of 2012. This narrowed the gap in current year storage levels compared to the 5 year average heading into the heating season. In addition, a late winter cold stretch resulted in the heating season of 2012 – 2013 being considered average and returned storage levels to the 5 year average levels which ultimately returned near term pricing to pre 2011- 2012 winter levels.

Although returning to pre 2011 – 2012 winter pricing by the end of the 2013 fiscal year, the average price of natural gas in fiscal 2013 decreased by 21% as compared to fiscal 2012. This resulted in a $4.4 million decrease in fiscal 2013 EBITDA to $2.9 million from $7.3 million in the prior year. These decreases offset overall operational improvements through continued focus on preventative maintenance and operational efficiencies experienced throughout the portfolio as evidenced by an overall 6% increase in fiscal 2013 volumes from the Viridis portfolio while reducing the per unit cost of production by 2.5% from the prior year.

Management maintains a long term stabilised view of natural gas prices in the US, given the continuing development of the US Environmental Protection Agency (EPA) regulation of hydraulic fracking used in shale gas production, tightening emission restrictions which will cause the permanent replacement of significant capacity of coal fired electric generation with natural gas during the next several years as well as the continued development of a LNG export infrastructure in the US. With that stabilisation Montauk will continue to utilise its short term hedging strategy to capture perceived value in the near term markets while continuing to drive operational efficiencies to maximise margins on our portfolio.

Having weathered the storm on the historic low pricing Montauk is focusing on developing projects with fixed price off-take agreements, which we have successfully commissioned 2 projects with a capacity of 6 MW in the 18 months leading up to March of 2013, as well as looking for strategic acquisitions of asset portfolios impacted by the recent volatility in commodity pricing. Also, the continued development of the natural gas and electric vehicle market in the US presents opportunities for producers of renewable fuels to participate in supplying mandated volumes of alternative fuels to importers and refiners of fossil fuels as required by the EPA's Renewable Fuel Standard (RFS). Management believes Montauk, as the largest producer of High-Btu gas in the US, is in a prime position to capitalise on these opportunities in the coming years.

SYNTELL (PROPRIETARY) LIMITED
www.syntell.co.za

Profit before tax increased by 28% to R59.5 million due mainly to the resolution of the dispute that we had with the Free State Province and the collection of all outstanding debt. We were successful with winning both the Cape Town and JMPD Road Safety contracts during the year and this provides a good platform for the business for the next 3 years.

The Traffic Management business overall performed well due mainly to the traffic counting contract that we have with SANRAL. Sales of traffic controllers and related equipment was steady and we do expect good growth from this business in the next few years as additional municipal budget is directed to this area.

The Revenue business had a difficult year with delays in awards of new contracts as well as well as the lack of access to AARTO fines from www.paycity.co.za. We are forescasting significant growth for this business for the year ahead due to a growing list of opportunities and the resolution of the access problem.

We have managed to improve our competitive position across almost all businesses in South Africa and our focus over the next years will be to replicate our success in other African countries.

Syntell Bike Safety Awareness Campaign

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FORMEX INDUSTRIES PROPRIETARY LIMITED ("FORMEX")
www.formex.co.za

In line with our previous report this past year has been a challenging period for this business. The Automotive sector remains highly competitive with continued pressure on margins being the order of the day. The newly constituted Automotive Production Development Program which replaced the Motor Industry Development Program is of little benefit to the auto parts component producers meaning an important benefit we directly received now goes directly to the Original Equipment Manufacturer.

The consolidation of what were previously 3 manufacturing sites into one has progressed well and will be completed by the end of September 2013. This will significantly improve the operational performance of the business once complete and will ensure that we minimise logistical costs and improve overall efficiencies.

The tubing part of this business remains very difficult with low margins and volumes. We are constantly reviewing this area of the business and are confident that once it is relocated to Port Elizabeth the performance will improve.

The pressing division continues to perform well and has a good order book going forward. The product is well accepted in the market by our customers with a positive view of its capability and quality on all fronts. We are reasonably confident that a number of new programs we have tendered for will come through later this year further enhancing the sustainability of this division.

The positive effects of the factory consolidations will be fully realised in the latter part of the coming financial year.

BUSINESS SYSTEMS GROUP (AFRICA) PROPRIETARY LIMITED ("BSG")
www.bsg.co.za

BSG posted a 12% increase in turnover, as well as achieving an EBITDA that was up 15% on prior year. BSG continued driving strategic investment into its software product business, which it sees as an important long term source of annuity revenue to complement its Professional Services division which offers business operational improvement consulting services to large corporates through programme and project based change.

2012 saw BSG develop a software-as-a-service (SAAS) version of its primary product MyWorkLife. This decision followed successful corporate implementations of the MyWorkLife platform which harmonises both social business (social media) and transactional components (human resource tasks, employee recognition, project management) in order to manage knowledge across the enterprise and remove business silos. The corporate version of MyWorkLife is a niche product within an existing market that consists of players such as SAP and Oracle. The SAAS version is intended to facilitate accelerated scaling and time-to-market for future subscription-payment usage within the SME customer segment.

BSG's professional services business experienced revenue pressures as a result of a strong cost focus amongst key clients, as well as an increasing perception of the commoditisation of project management, business analysis and software development services. Additionally, IT professional services remains a scarce-skill industry and this has put upwards pressure on BSG's cost of sales together with the on-going challenge of attracting key talent. Despite these pressures, professional services accounted for 85% of total turnover and BSG remains incredibly optimistic about the potential to be unlocked from this line of business. Strategic initiatives to counter the pressures mentioned above include increased customer-centricity of its full set of service offerings, improved advisory and research capability and industry diversification.

Lastly, 2012 saw the final instalment of the BSG Triseries triathlon series. This series did an enormous amount to raise BSG's profile over the last 5 years, whilst at the same time allowing BSG and members of the public to support the LEAP maths and science schools through various fundraising initiatives. Whilst BSG has chosen to focus its marketing energies on differentiation through more direct channels during 2013, LEAP remains a core beneficiary of BSG's community contribution efforts.

LIMTECH BIOMETRIC SOLUTIONS PROPRIETARY LIMITED ("LIMTECH")
www.limtech.co.za

Limtech is a leading security solutions provider of CCTV Surveillance, Access Control and Time & Attendance, and has more recently incorporated fire detection and suppression into its security offering. Its offices are situated in Johannesburg and KwaZulu-Natal with regional representation in all major centres around the country. The company has over 670 reference sites installed around the country and in neighboring African countries and is positioning itself as a major service provider with a solid national footprint.

Discovery Health has recently engaged with Limtech to carry out a pilot project for a fraud mitigation solution, capturing and verifying member's fingerprints at the point of claim. The pilot has been running for 2 months in 3 Hospitals and GP practices in Kwazulu-Natal and Gauteng. If successful, opportunities exist for a large scale solution rollout.

Limtech offers a complete security solution supporting hardware solutions, software solutions, system installation training and maintenance. It prides itself on the local manufacture, assembly, customisation and support for a large product range of local and international security solutions. It was awarded its "Proudly South African" status in 2003.