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

Tsogo Sun Group Highlights for the year

• Income	R 10,8 billion	↑	9%
• EBITDAR	R 4,2 billion	↑	8%
• Adjusted earnings	R 1,9 billion	↑	18%
• Adjusted HEPS cents	176,5	↑	18%
• Final dividend per share	60.0 cents	↑	18%

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

Trading during the financial year was satisfactory in a tough economic environment. 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 growth strategy.

Tsogo Sun has continued to allocate capital in terms of its stated growth strategy and accordingly has invested R2,4 billion during the year as follows:

- acquired an additional 8,7% effective interest in Tsogo Sun KwaZulu-Natal Proprietary Limited in May 2013 at a cost of R363 million and the remaining 1,3% effective interest in November 2013 for R37 million with the resultant shareholding in Suncoast being 100%;

- completed the R400 million redevelopment of the Hemingways Casino in East London;

- spent R154 million during the year on the R206 million expansion of the Emnotweni Casino, which included the construction of an expanded casino floor, additional gaming positions, additional covered parking, a conference and eventing area and restaurants. The project was completed during May 2014;

- commenced construction of the US$30 million expansion of Southern Sun Maputo, including the addition of 111 rooms and conference facilities, the expansion of the existing restaurant, lobby and back-of-house facilities and the refurbishment of the existing 158 rooms. The hotel has closed with effect from 1 April 2014 and the project is scheduled for completion during August 2014;

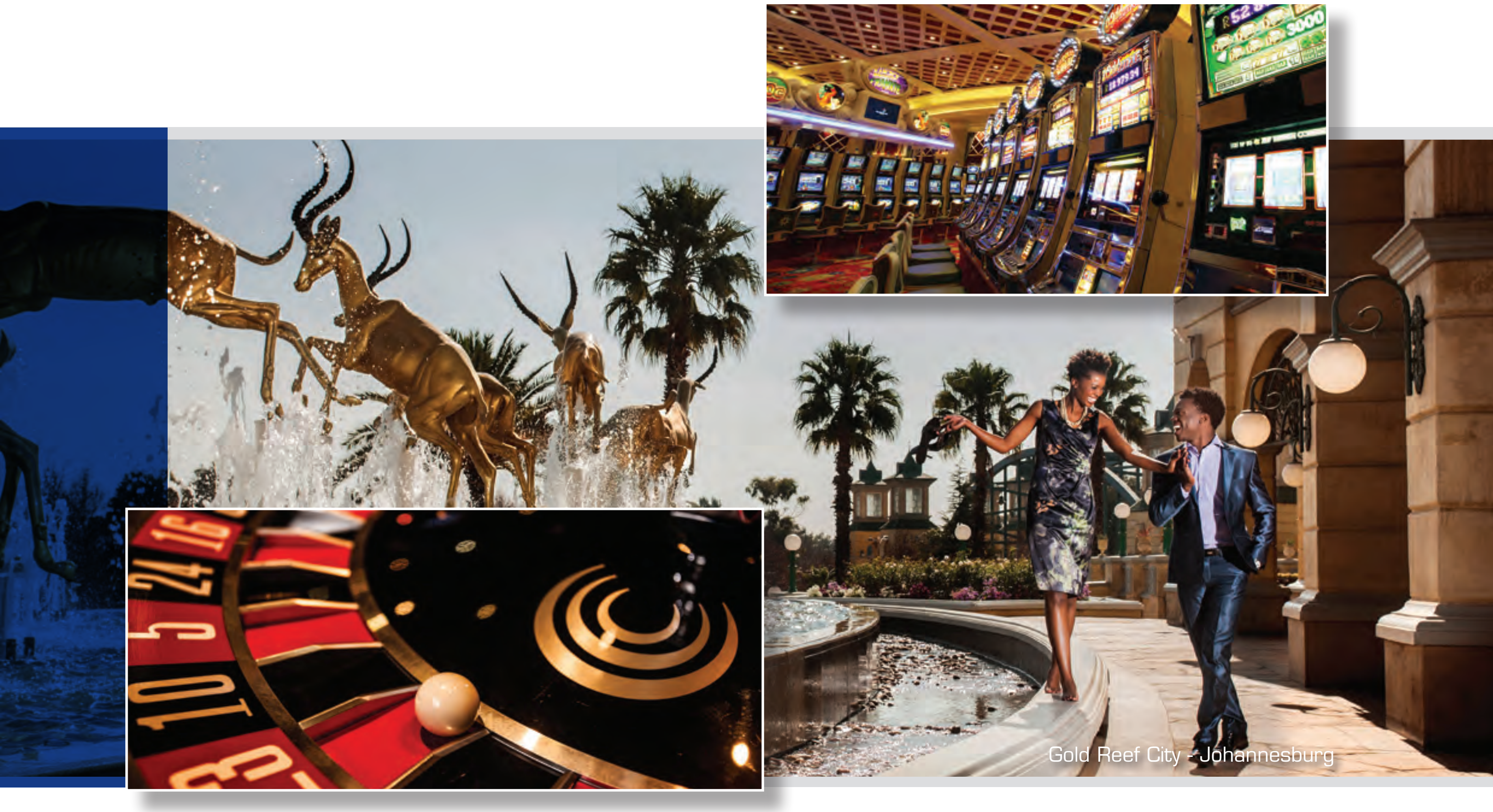
- completed the acquisition of a 75,5% stake in Ikoyi Hotels Limited in Lagos, Nigeria on 29 June 2013 for US$50,6 million and the re-financing of US$19,7 million debt in the business. The property was previously managed by the Group on behalf of the third-party owners.

- acquired shares in various properties during the year for an aggregate R73 million;

- acquired additional effective interests from non-controlling interests and in associates in various cinemas and hotels during the year for an aggregate R41 million;

- completed the expansion project at Blackrock Casino including an additional 50 slot machines and three tables, and an expansion of the Garden Court Blackrock hotel by an additional 40 rooms;

- commenced construction on the R560 million expansion and redevelopment of the Silverstar Casino which includes additional dining options, an outdoor events area, cinemas, ten-pin bowling alley, laser tag games, an expanded and enhanced casino floor and parking. R160 million was spent during the year and the project is scheduled for completion by September 2014;



Gold Reef City - Johannesburg

- commenced the R630 million refurbishment and expansion of the Gold Reef City Casino and Theme Park which will include 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 and an expansion of the Apartheid Museum. R22 million was spent during the year on the project; and
- in addition to these acquisitions and expansion projects, the group also invested R769 million on maintenance capex group-wide, including gaming system replacements and major hotel refurbishments, ensuring our assets remain best in class.

Total income for the year of R10,8 billion ended 9% above the prior year with a 5% growth in gaming win, assisted by a 16% growth in hotel rooms revenue and a 22% growth in food and beverage revenue.

Earnings before interest, income tax, depreciation, amortisation, property rentals, long-term incentives and exceptional items ("EBITDAR") at R4,2 billion for the year reflected an 8% increase on the prior year. The overall group EBITDAR margin of 39,1% is 0,1 percentage points ("pp") down on the prior year.

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 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 improve.

Gaming win for the year grew by 5% on the prior year with growth in slots win at 2% and tables win growth at 14%. Overall revenue for the Gaming division increased 6% on the prior year to R8,1 billion. EBITDAR improved 5% to R3,3 billion at a margin of 40.5%, 0.5pp below the prior year, partially due to opening additional, profitable lower-margin businesses.

The hotel industry in South Africa continues to experience a recovery from the dual impact of depressed demand and oversupply. Overall industry occupancies have improved to 62,0% (2013: 60,9%) for the year. 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 systemwide revenue per available room growth of 10% on the prior year, mainly due to an increase in average room rates by 11% to R900, with occupancies below the prior year at 63,9% (2013: 64,1%) impacted by the non-repeat of the BRICS conference in Durban and with no Easter public holidays in the 2014 financial year. Overall revenue for the South African Hotel division increased 11% on the prior year to R2,2 billion assisted by the inclusion of 54 on Bath and Southern Sun Hyde Park offset by the closure of Garden Court Sandton. EBITDAR improved 20% to R737 million at a margin of 34,2% (2013: 31,6%).

The Offshore division of hotels achieved total revenue of R550 million representing a 52% improvement on the prior year, driven by the acquisition of Southern Sun Ikoyi, effective from 1 July 2013, and the weakening of the Rand against both the US$ and the Euro. EBITDAR (pre-foreign exchange gains) improved 65% to R153 million. The Rand weakness resulted in a R33 million (2013: R37 million) foreign exchange gain on the translation of offshore monetary items.

OPERATIONAL OVERVIEW

Prospects

The continued improvement in trading performance across the Group's operations during the year remains encouraging. However, the sustainability of this growth is uncertain due to the weaker second-half trading, ongoing macroeconomic pressure and weak consumer sentiment. The Group, however, remains highly cash-generative and continues to pursue significant opportunities to invest capital in its growth strategy.

The Mpumalanga Gaming board withdrew the previous request for proposal ("RFP") for the fourth licence in the province and restarted the project with a new RFP. The Group submitted a revised bid and has subsequently been advised that the board has again withdrawn the RFP. The Group will be pursuing a legal challenge in this regard.

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, although the increase in provincial taxes in the Western Cape has made this a less attractive opportunity than before.

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 Group has closed a number of acquisitions subsequent to year-end as follows:

- Southern Sun Hotel Interests Proprietary Limited ("SSHI"), a group subsidiary, concluded agreements with Liberty Group Limited ("Liberty") for a 10% increase in the Group's equity interest in The Cullinan Hotel Proprietary Limited ("Cullinan") to 60% and the acquisition by Cullinan of various hotel assets from SSHI and Liberty. The net investment by the group is R762 million and the effective date of the transaction was 30 April 2014.

- The Group acquired a 25% interest in RedefineBDL Hotel Group Limited for R145 million, a leading independent hotel management company in the United Kingdom with approximately 60 hotels under management, with effect from 1 May 2014. This acquisition provides the company with access to additional management expertise, exposure to new markets and the potential for opportunities to deploy capital in attractive investments in the European market in the future.

- On 13 May 2014 the Group entered into a transaction with Sun International Limited and Grand Parade Investments Limited for the acquisition of a 40% equity interest in each of SunWest International Proprietary Limited and Worcester Casino Proprietary Limited for an aggregate R2 185 million. The acquisition is subject to the fulfilment of conditions precedent which includes the approvals of the provincial Gambling and Competition Authorities.

The group opened the 353-roomed Southern Sun Abu Dhabi under management contract in the United Arab Emirates on 30 April 2014.

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.

SILVERSTAR CASINO, HOTEL AND ENTERTAINMENT
THE CALEDON CASINO, HOTEL, SPA AND ENTERTAINMENT
GOLDEN HORSE CASINO, HOTEL AND ENTERTAINMENT
GARDEN ROUTE CASINO, HOTEL AND ENTERTAINMENT
GOLDFIELDS CASINO, HOTEL AND ENTERTAINMENT
HEMINGWAYS CASINO, HOTEL AND ENTERTAINMENT
MONTECASINO CASINO, HOTELS AND ENTERTAINMENT
Gold Reef City THEME PARK, HOTEL AND ENTERTAINMENT
BLACKROCK CASINO, HOTEL AND ENTERTAINMENT
MYKONOS CASINO, HOTEL AND ENTERTAINMENT
THE RIDGE CASINO, HOTELS AND ENTERTAINMENT
EMNOTWENI CASINO
SUNCOAST CASINO, HOTELS AND ENTERTAINMENT
QUEENS CASINO

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

The year ended 31 March 2014 has been a transformative one for Seardel, with two very significant events taking place during the financial year:

- Firstly, Seardel acquired a 63,9% interest in Sabido Investments Proprietery Limited ("Sabido"). Sabido is the investment vehicle that houses, amongst others, e.tv, e.sat tv, YFM and Sasani Studios. The acquisition was funded through a combination of R4.4 billion of debt and R800 million of equity. The equity portion was settled by the issue of 350 million "N" ordinary shares to HCI and 150 million "N" ordinary shares to SACTWU. Subsequent to the financial year-end, Seardel successfully concluded a R5bn rights issue, the proceeds of which have gone to repaying the debt owing to HCI and SACTWU. Commentary on the Sabido results are contained on page 18 of this report;

- Secondly, Seardel disposed of its apparel manufacturing business to an associate company of SACTWU. The effect of the transaction on the current year's results is a R160 million loss which is reflected as a loss from discontinued operations.

Seardel continuing operations and excluding Sabido
The results of the continuing Seardel non-media businesses were pleasing, with good growth being shown across all the segments. Revenue was up 17% to R2,2 billion, whilst gross margins improved by 900 basis points to 25,5%. The combination of revenue growth and improved margins resulted in profit before taxation improving by 91% to R168 million.

Seardel property segment
The value of the Seardel property portfolio increased by 6% to just over R1 billion. Revenue increased 28% to R119 million whilst revenue from external tenants increased by 51% to R72 million and now represents 60% of the total revenue for this segment.

Operating profit before finance costs increased by 61% to R104 million, up from R64 million in the prior period. However, it should be noted that the current year's profit number includes a R21 million upwards revaluation of investment properties, whilst the prior period included a downward revaluation of R2 million. Excluding the effects of the revaluations sees operating profit up 26%.

Branded product segment
Seardel branded product segment recorded revenue growth of 20% to R958 million, while operating profit before finance costs climbed 141% to R37 million, admittedly off a low base in the prior year. Although the growth in operating profit is pleasing, operating margins remain low at 3,9%.

Seardel has previously mentioned that it was continuing to invest in marketing and distribution platforms in this segment, with much of this investment being ahead of expected future revenue growth. This remains the case, particularly within our office automation business (Seartec) and Brand ID. We expect operating margins to improve once these businesses find the requisite traction. To aid in this, post the year-end, Seardel has concluded a transaction to acquire the distribution rights for a number of sporting brands most notably, Canterbury, Mizuno, Skins, Karrimor, Dunlop and Slazenger. These brands will be housed within the Brand ID business and the revenue they generate will allow for a better amortisation of the fixed costs.

Textile segment

Although trading conditions for the businesses within this sector remained tough throughout the current financial period, the businesses managed to achieve revenue growth of 7%.

To compare the current year's operating profit to the prior year, the non-recurring items from the prior period need to be excluded. These non-recurring items included a R23 million impairment reversal, as well as R9 million of extra energy costs due to liquidation of an external steam supplier. Adjusting for these items sees operating profits on a normalised basis climb 20% to R20 million.

Although the improved profitability is pleasing, operating margins at a little over 2,5% are extremely thin, especially considering that they include the benefits derived from the Government's Production Incentive scheme. The thin margins reflect the vulnerability of these businesses to any economic downturns.

Industrial segment

The manufacturing businesses within the industrial sector continue to deliver good growth. During the course of the current financial year Seardel completed an acquisition of a bulk bag manufacturer which helped grow revenue by 27% to R425 million.

The revenue growth enabled operating margins to be widened from 5,1% in the prior period to 8,3% in the current period, which resulted in operating profit more than doubling to R35 million.

Discontinued apparel manufacturing

Seardel has disposed of its loss-making apparel manufacturing business to an associate company of SACTWU. The R160 million loss is reflected under discontinued operations and includes operating losses through to 30 September 2013 of R46 million, the discount on the assets sold of R105 million as well as associated closure costs.

SABIDO INVESTMENTS PROPRIETARY LIMITED ("SABIDO")
www.etv.co.za

The Sabido Group ended the 2013/2014 fiscal ahead of budget with profits from continuing operations at R448 million compared to a budget of R428 million.

The Group's primary asset, free-to-air television channel e.tv, continued to grow its audience, achieving 17,6 million viewers in the 2013 All Media Products Survey (AMPS) and maintaining a 20% market share on the Television Audience Measurement System (TAMS).

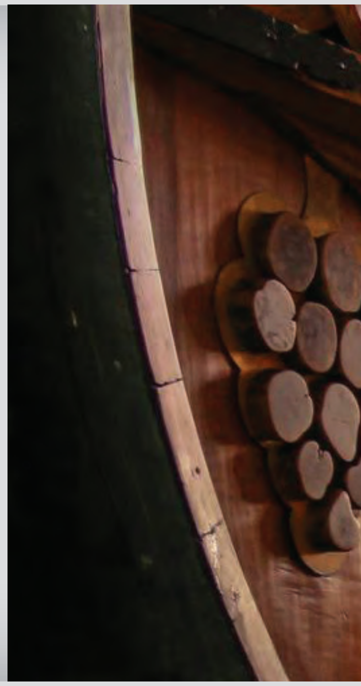
This was despite increasing competition from multi-channel offerings on pay-TV which continue to fragment audiences and advertising revenue.

The current year saw the expansion of the Group into new platforms as well as the introduction of additional free-to-air channels as part of the e.tv offering. enca.com, the online arm of Sabido's news business eNCA, launched in April 2013 and saw steady growth in users in its first year of operation. In October 2013, newly formed subsidiary, Platco Digital, launched Openview HD, the first commercially available, free-to-air, direct-to-home (DTH) satellite offering in South Africa. Openview HD provided e.tv with the opportunity to expand its channel offering with the launch of four new e.tv-branded channels, including South Africa's first free-to-air High Definition channels.

The ongoing delays in the launch of digital terrestrial television (DTT) remain a concern for management as this exacerbates the continued loss of audiences from free-to-air analogue television to multi-channel pay television. While the launch of Openview HD has allowed e.tv to provide a multi-channel offering, consumer take-up of the DTH platform has been slower than anticipated and DTT remains the most effective means of reaching the broader South African population who are keen to access free multi-channel television.

Despite the introduction of competitor channels, the eNCA news channel has solidified its position as market leader and continues to attract more than 50% of the audiences for 24-hour television news channels. e.sat tv, the holding company for eNCA, continued to invest in the quality of its news offering with the introduction of new current affairs programmes, extensive live events coverage (including the passing of former President Nelson Mandela) and a renewed focus on pan-African news.

The facilities and properties businesses performed well during the year under review with record performance from Sasani. Construction of new premises for e.tv and e.sat tv in Durban and Cape Town continued with completion of both projects expected in late 2014.



NIVEUS INVESTMENTS LIMITED ("NIVEUS")

www.niveus.co.za

Consumer spending and disposable income is under significant pressure in South Africa and has impacted many sectors of the economy negatively. Niveus is, however, fortunate that its gaming businesses have not been affected as much as other sectors which are dependent on consumer spending. The Group has continued to invest in gaming and committed R186 million to capital expenditure during the 2014 financial year. The potential returns remain attractive in this sector and our plans for 2015 are to continue to invest in the growth of these businesses.

KWV has gone through a major turnaround over the last few years. We are satisfied that KWV has now been returned to satisfactory levels of efficiency and that the underlying profitability of its operations has been stabilised.

Vukani

Vukani remained the largest contributor to EBITDA in the gaming segment, contributing R183 million (R178 million March 2013) of the total R216 million gaming EBITDA for the year. The EBITDA includes a non-recurring R31 million share based payment cost and grew by 20% compared to the prior year when disregarding this charge. The machine roll-out was slower than anticipated, and while some of this can be attributed to red tape and the slow processing of applications by certain gaming boards, the Group needs to improve its site selection and submission processes. The average GGR per machine benefited from the closure of under-performing sites.

The installed machine base increased from 4 404 in the prior year to 4 643 at March 2014 (4 459 September 2013). The average GGR per machine per month amounted to R16 848 (R16 831 September 2013 and R15 632 March 2013).

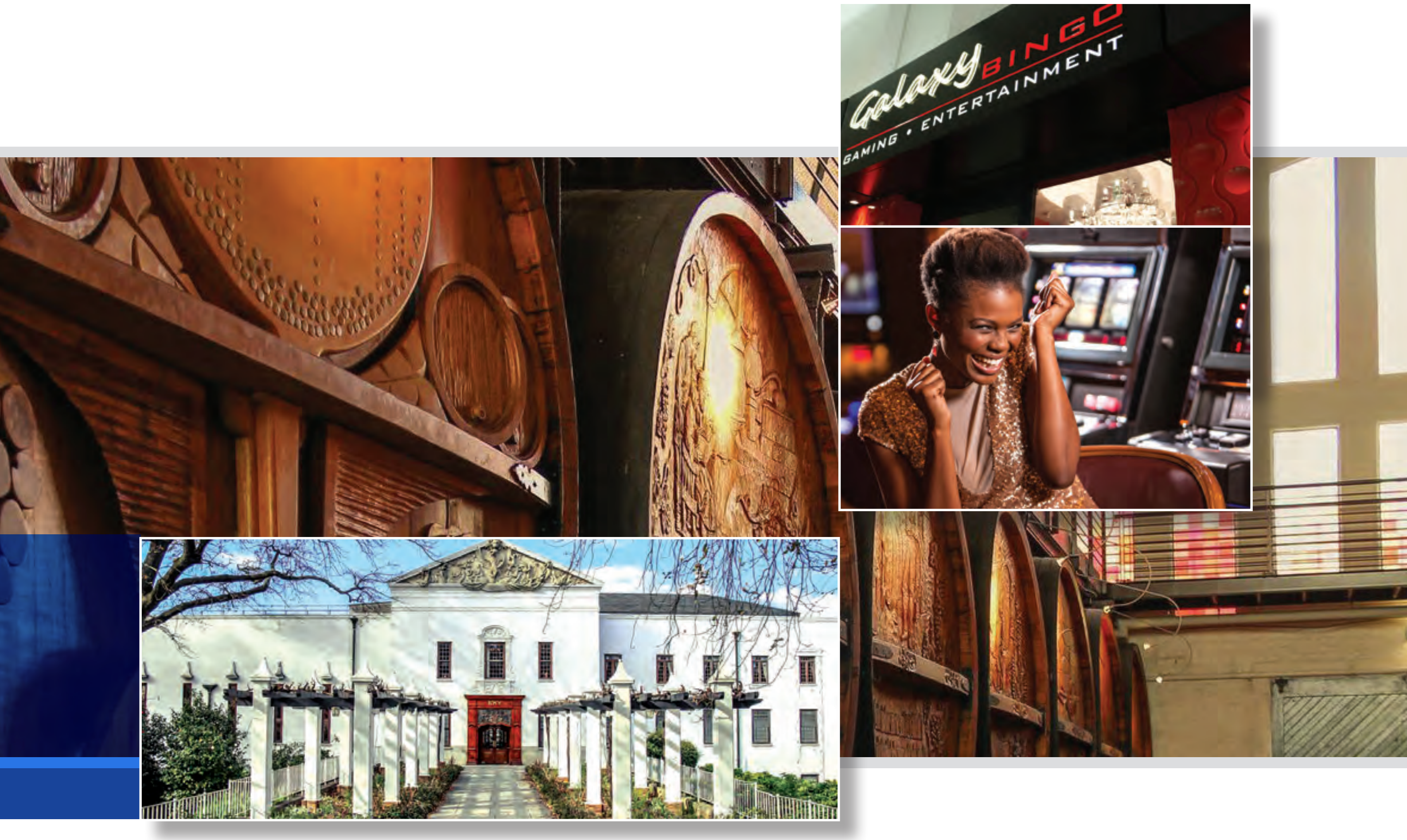
In order to improve return on assets, the Group will increasingly focus on the return per LPM rather than only on the number of operational LPMs.

Operational costs increased by R42 million to R199 million, a 26% year-on-year increase largely due to the once-off, share-based payment charge of R31 million. Also included in this increase is a R5 million foreign exchange loss on unhedged foreign payables for Limited Payout Machine ("LPM") purchases.

During the current financial year, the Group was awarded sports betting licences in the Western Cape and Eastern Cape provinces. The North West licence was awarded in May. It is not expected that the Sports Betting business will make a meaningful contribution to profits in the 2015 financial year.

Bingo

Bingo contributed R33 million to Group EBITDA whilst operational expenditure has increased significantly from the prior year due to the expansion of the existing site base. Most of the new sites opened towards the latter part of the financial year and reduced the overall EBITDA due to pre-opening expenses. In addition, lease and site improvement expenses were incurred in anticipation of future licences.



The Group has been successful in obtaining two Bingo licenses in the Eastern Cape: one in Port Elizabeth and the other in Gonubie. Trading under these licences commenced in March 2014. The Eastern Cape Gambling and Betting Board has issued another request for proposal ("RFP") for additional licences for which the bidding processes are currently open.

Bingo is in the process of developing 6 additional sites in KwaZulu-Natal within the 2015 financial year and some of the expenses for these sites were incurred in the 2014 financial year. An interest in a temporary licence in Brits in the North West province was acquired during the year and trading in this province commenced during the first quarter of 2014. The new permanent site is under construction and will open in the second quarter of the 2015 financial year.

The operation of Electronic Bingo Terminals ("EBTs") has, however, not yet been approved by the KwaZulu-Natal Gaming and Betting Board and uncertainty exists when this will happen. EBTs have been approved by the Gauteng, Eastern Cape, Mpumalanga and North West gaming and betting boards.

Casino licence

The Group acquired a 60% interest in the Kuruman casino licenc e. Construction has commenced and it is anticipated that the casino will be operational in December 2014.

KWV

KWV managed to deliver attributable headline earnings of R1 million for the 12 months. While this is lower than the previous reporting period of 9 months, the results include trading for the previously excluded 3-month period from April to June 2013, which are historically not very robust. The profit was, however, below budget due to lower than expected volume growth and a substantial write-down of inventory due to the slower sales.

Packed spirits revenue was flat compared to the prior year but volumes declined. The decline in volume was due to fierce competition in the South African market, especially as whisky continues to grow at the expense of the brandy category.

Wine sales volumes continued to improve with the core brands of KWV and Roodeberg growing impressively in Europe and South Africa. The Group benefited from a higher gross margin as the sales mix shifts to premium wine sales.

KWV's business model, and prospects, improved substantially as a result of the more than 20% depreciation of the Rand during the year. However, the Group did not receive the benefit of this depreciation as forward sales were hedged going into the financial year and exchange rate losses amounted to R48 million. In effect KWV's profit would have been R48 million higher had it not elected to hedge its foreign sales.

Going forward KWV will continue to hedge a portion of its future sales, albeit now at a higher rate. The business operates close to break-even and the priority is to stay in business rather than to bet on the currency.

The Group remains committed to improving profitability through volume growth in its key KWV, Laborie and Roodeberg brands. Achieving growth of premium-branded products requires an investment in distribution, marketing and advertising and the Group remains committed to this strategy even if it reduces profitability in the short term.

OPERATIONAL OVERVIEW

OCEANIA CAPITAL PARTNERS LIMITED ("OCP")
www.oceaniacapital.com.au

Oceania Capital Partners Limited (OCP) is separately listed on the Australian Securities Exchange (ASX : OCP). HCI holds 67,7% of the total issued share capital of OCP. OCP is a diversified investment vehicle with a broad investment mandate currently focused on the Australian and New Zealand regions.

OCP holds a 95% interest in Sunshine Coast Broadcasters which operates two radio stations on the Queensland Sunshine Coast – much of management's time since the acquisition of the stations at the end of the previous financial year has been taken up with the successful transition from being part of a larger radio and television group to being a stand-alone business consisting of the two radio stations. With the transition now complete, the focus has shifted to growing the revenue base and delivering a quality product that will maintain the station's premier positions in their market.

OCP has a close to 53% interest in Baycorp Holdings Proprietary Limited ("Baycorp"), a debt-recovery and credit management specialist with operations in both Australia and New Zealand. Baycorp has spent the majority of the past financial period implementing a "Focus and Fix" strategy. This program targeted the business' operational performance and collection methodologies. Focus and Fix has been an extremely ambitious and transformative program of work for the business but the program is nearing the end of its execution and the results emanating from the implemented changes have been very positive. Baycorp has also recently opened its offices in Manila and this development will allow us to be operationally more competitive. These developments all bode well for the future performance of the business.

In New Zealand, with new management in place, we are confident that the business is now well-positioned and poised to grow going forward.

The Purchased Debt Ledger ("PDL") market in Australia remains extremely competitive with very handsome prices being paid by competitors for PDLs. With fresh new capital raised and deployed into the market, it seems as if this situation may remain for some time. At Baycorp we have continued to remain disciplined and only buy debt on which we can earn an acceptable return. What the Focus and Fix program has meant is that due to our improved collection rates, we are able to improve our pricing to some degree and still earn an acceptable return. Notwithstanding this, we have still not been able to buy as much debt as we would like owing to current market pricing levels. This will have negative implications for the business if the situation persists. Diversity of our business and revenue sources will insulate us from the aforementioned more so than some of our competitors who are more narrowly focused in this particular market.

During the year OCP exited its investment in the ASX-listed Keybridge Capital Limited, netting an overall profit of close to AUD 1,5 million.

With local cash interest rates at record lows, a decision was taken to invest a portion of OCP's investable cash in a portfolio of listed ASX200 shares. It is hoped that this will result in achieving a better overall return on funds, while not significantly reducing liquidity.

OCP continues to seek out further investments to expand its investment portfolio with the objective of adding value over time.

Lynnridge Mall, Pretoria


Kalahari Village Mall

The Point - Cape Town

HCI Properties

HCI PROPERTIES

EXISTING PORTFOLIO

HCI Properties' existing investments have performed well. A significant portion of Properties' increase in profit before tax arose from the Group's share of the revaluation of the office block investment Protea Place in Cape Town.

The process of regularising and servicing the vacant land at Gallagher Estate is ongoing, and should unlock the development potential given the growth and activity in the Midrand area.

DEVELOPMENT PORTFOLIO

The fruition of new property developments undertaken by HCI Properties contributed to the increase in additional revenue. The two notable developments being, firstly, Kalahari Village Mall in Upington comprising of 31 000 m^2 is now complete and is trading; secondly The Point in Sea Point, mixed use development of 23 000 m^2 encompassing retail and office commenced phased completion this year. The entire project will be completed by November 2014.

Office and industrial

The joint venture Monte Circle, between HCI/Tsogo/Abland and Pivotal, a mixed-use precinct in Fourways, Bryanston should break ground for the first phase during the 2014/2015 financial year. Another joint venture with Abland for the development of an industrial property in Modderfontein was concluded during the period of review.

HCI Properties acquired another industrial property in Congela, Durban with Donnelly Projects, the development partner. Refurbishment of this site will commence during the course of the 2015 financial year.

Retail

Together with Retail Africa, our partners in Kalahari Village Mall, Upington; Lynnridge Mall was purchased from Emira Property Fund. Lynnridge Mall is a 19 000 m^2 shopping Centre in Lynnwood, Tshwane. Re-development has commenced with completion anticipated in September 2015. Furthermore, with Retail Africa we have commenced earthworks on Blue Hills, an 11 000 m^2 convenience centre in Irene/Midrand with expected completion June 2015.

The pipeline of retail development deals under consideration and being worked on with Retail Africa anticipates the conclusion of more developments in the near future.

The partnership with the Berman Brothers Group in our Sea Point development The Point is progressing well. A further three mixed-use sites have been acquired and a phased release and development of these commences with the Kings Road site in Sea Point breaking ground in September 2015. HCI Properties looks forward to another year of growth with strategic long-term development partners.

The Bus For Us

150 YEARS

1861 - 2011

MOVING FORWARD RESPONSIBLY

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

The financial year commenced under disquieting circumstances due to the national strike which brought the commuter bus industry to a standstill for twenty five days during April / May 2013. Despite this disruption, and a rocketing fuel price that escalated by 12% during the reporting period, Golden Arrow Bus Services ("GABS") was able to post a creditable revenue increase of 3,4% and a rise in net profit after tax of 2%.

An unexpected benefit of the rising fuel price was that it induced a growing demand for public transport as commuters battled the costs of private vehicle operating expenses. This is evidenced by the 3% growth in the number of cash-paying passengers who appear to have capitalised on the exemption GABS placed on fare increases for trips undertaken during non-peak hours. The 2013 National Household Travel Survey has further vindicated this trend by revealing that bus usage In the Western Cape increased by 5,1% whilst the mode also remained steady by capturing approximately 20% of the national public transport market.

The increasing demand for bus transport nationally, and in Cape Town in particular, is regrettably not matched by fiscal funding for public transport services under the Division of Revenue Act (DORA). When this is viewed in conjunction with the constraint of the moratorium on additional services in the current interim contract, the evolution of the commuter bus sector will continue to lag behind the growth opportunities inherent in the market.

The on-going fleet recapitalisation programme, which realised the procurement of a further 60 buses at a cost of R96 million during the past year, has borne beneficial outcomes with ground-breaking reductions in breakdowns and enhanced operating efficiencies being recorded. Approximately 50% of the GABS bus fleet is now less than 10 years old, which is well below the industry best-practice benchmarks. The recurring injection of new buses into service has been the major driver for achieving a notable reduction in breakdowns from 10,4 / 100 000 kilometres to 5,9 / 100 000 over the past five years and an operating efficiency of 96,1% during the reporting period.

During the financial year the first 12-year operating contract was negotiated with the City of Cape Town. These services along the west coast corridor on the Atlantic Seaboard will be operated by Table Bay Area Rapid Transit (TBRT), which was formed as a joint venture between GABS, Abahlobo Transport Services and Siyakhula Bus Services to function exclusively as a vehicle-operating company in the City's MyCiti bus service. In addition to this, a Heads of Agreement (HoA), which will pave the way for the introduction of the N2 Express service in July 2014, was concluded between GABS, the Route 6 Taxi Association, CODETA and the City.

Under the stewardship of the MEC for Public Transport, a Memorandum of Understanding (MoU) between GABS, the City of Cape Town and the Provincial Department of Transport was initiated. The MoU will serve as a basis for all future interactions between GABS and the various transport authorities and will affirm the parties' commitment to working towards the integration of all road-based public transport operations under a uniform brand with a single timetable and fare system. These precursors provide a credible framework for the GABS operations to be phased into the MyCiti services without diverting from the company's current and longer term business projections.

Substantial improvements in our sustainability efforts have been achieved during the year with the fitting of energy-saving devices on workshop machinery and lighting installations at all of the company's six depot facilities. The Euro 3 certification of all newly-acquired buses, together with innovative adjustments to gearbox ratios to enhance fuel efficiencies, have aided efforts to reduce GHG emissions. The on-going commitment to broad-based black economic empowerment (BBBEE) has seen the company retaining its Level 3 status and measures have been put in place to meet the challenges of the revised codes under the sector charter. These measures include an audit of disabled employees in the company with the view to enhancing training and development initiatives directed at this category and retrofitting the working environment to accommodate current and future employees challenged by disabilities.

HCI Coal

HCI Coal (Pty) Ltd

HCI COAL PROPRIETARY LIMITED ("HCI COAL")

The business met expectations with its existing mining operation at Palesa Colliery and saw the commissioning of its second mine, Mbali Colliery, during October 2013.

Palesa Colliery achieved sales of 2 002 495 tons for the year under review compared with 1 928 344 tons in the previous year. The production output was to an extent impacted by unusually high rainfall and incidents of service delivery protests which affected deliveries. Operational improvements continue to be management's main focus and the implementation of selective mining procedures has had a favourable impact on product yields from 67% to 77%. The existing Eskom supply contractual amount has been increased by a further 30 000 tons per annum to take effect from the 1st April 2014.

The Rooipoort Mining Right, which lies adjacent to Palesa Colliery, was granted by the Department of Mineral Resources ("DMR") on the 26th July 2013 and substantially increased the groups coal reserve in this area.

The ramp-up of production at Mbali is close to completion and the mine is now supplying coal to both the export and local markets. Post year-end, an offtake agreement for export-quality coal (RB1) was signed with one of the world's major trading companies and the mine is now supplying a minimum of 360 000 tons per annum in terms of its agreement.

The approval of the Nokuhle mining right was granted by the DMR on the 25th of July 2014. 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 R97 million to R653 million and EBITDA from R86 million to R105 million for the year under review.

	Palesa Colliery	Mbali Colliery	Nokuhle Colliery	Total
	Tons	Tons	Tons	Tons
Mineral reserve: proven	62 201 701	8 281 873	-	70 483 574
Mineral reserve: probable	32 721 175	-	9 858 718	42 579 893
	94 922 876	8 281 873	9 858 718	113 063 467

MONTAUK ENERGY HOLDINGS, LLC ("MONTAUK")
www.montaukenergy.com

EBITDA in fiscal 2014 improved by 65% over fiscal 2013, $6,4 million vs. $3,9 million, primarily as a result of improved natural gas pricing over the prior year. The market price increase impacted a significant portion of Montauk's high-Btu and Texas LFG electric generation revenues which are based on the current market price for natural gas and are directly impacted by fluctuations in pricing.

For fiscal 2014 the average price for natural gas was $4,05 per MMBtu, which was a 38% increase over the average price for fiscal 2013 of $2,94 per MMBtu. Likewise, the average spot price for electric power in the Houston, Texas region was $36,08 per MWh in fiscal 2014 compared to the average spot price for fiscal 2013 of $25,92, a corresponding 39% increase.

The increase in prices experienced in fiscal 2014 are directly attributable to the winter heating season's impact on natural gas storage levels both just prior to the 2014 fiscal year (November 2012 – March 2013) and in the last half of the 2014 fiscal year (November 2013 – March 2014). At the beginning of fiscal 2014 natural gas in storage approximated the previous five year average for that date. By 31 March 2014, as a result of the coldest winter in terms of heating degree days in the United States since 1996, the natural gas storage fell to less than 50% of the five year average which spiked prices at the end of the fiscal year. Near-term prices have remained higher than recent years through the first part of fiscal 2015.

Fiscal 2014 earnings were negatively impacted by approximately $1,3 million as a result of events outside of Montauk's control related to one-time required utility pipeline modifications at our McCarty High Btu facility and the negligence of an outside maintenance contractor at our Monmouth electric facility.

Aside from these isolated events, Montauk continues to see reductions in unscheduled downtime and corrective maintenance costs across its portfolio as a continuing emphasis on its preventative maintenance program. Management also 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.

In fiscal 2015 the off-take contracts for the two largest high Btu facilities will expire. Montauk has secured successor contracts that tap into the continued development of the natural gas vehicle market in the US and which will allow Montauk 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). In addition, Montauk continues to focus on the development of a 20 Megawatt (MW) power project in California under a fixed-price power sales agreement with a local municipality. Management believes Montauk, with its ability to capture the value associated with RFS as well as the development of a large fixed-price electric project, positions Montauk well to maximise its earnings in the coming years.

syntell

MIKROS SYSTEMS

payCity
connected citizens

MIKROS TRAFFIC MONITORING

SYNTELL PROPRIETARY LIMITED ("SYNTELL")

www.syntell.co.za

The company achieved a Profit Before Tax (PBT) of R43,7 million, below budget due primarily to the poor collection rate on the Road Safety contracts in the Western Cape. Improvements in the numbers have started coming through and, coupled with the successful addition of a new Metro to our client's portfolio, a better performance from this business unit is expected in the new year.

The Traffic Management business showed good performance, driven mainly by the traffic counting contract with SANRAL. Sales of traffic controllers and related equipment met expectation, and the newly launched MX traffic controller range has been well received by the market. The company was successful in securing controller tenders for the Johannesburg

Roads Agency and City of Cape Town, laying the foundation for good growth that is expected from this business in the new year.

The Revenue business also had a difficult year, with delays in the awards of new contracts, but a good platform has been laid with the winning of collection contracts with City Power, Tshwane as well as Ekurhuleni. paycity.co.za. has maintained its position as the leading fine viewing-and payment-gateway with over 900 000 registered users.

The company has improved its competitive position across all businesses in South Africa and the focus over the next years will be to replicate our success in other African countries as well as other key markets around the world.

bsg

Unlocking potential ➤ Accelerating performance

MyWorkLife

BUSINESS SYTEMS GROUP (AFRICA) PROPRIETARY LIMITED ("BSG")

www.bsg.co.za

BSG has been providing Consulting and Technology professional services, predominantly to large South African-based corporates since 1997. In the 2014 financial year, BSG posted a 16% increase in turnover, as well as achieving an EBITDA that was 84% higher than 2013 as a result of its continued drive to move up the consulting value chain through the provision of advisory services at a 'C' suite level. In addition BSG expanded into new client segments such as Telecommunications and Health Insurance, while continuing to further entrench relationships in existing client segments, such as Financial Services, Retail and Oil & Gas.

Despite the scarcity of skills in the market, BSG experienced good success in recruiting both at an experienced and graduate level. 2014 still saw BSG grow its consulting and technology business capacity by a net 12%, while maintaining an attrition level well below industry averages.

BSG continued to invest into its internal research and insights function to allow both relationship sales and delivery teams to increase greatly the value added to clients across its core offerings, namely, 1) Advisory Services to help clients in how to execute strategy, 2) Building Critical Systems, 3) Managing the Implementation of Core Platforms, 4) Business and Technology Project/Programme Delivery, and 5) Disruptive Innovation of New Products and Services using Running Lean and Customer Development Techniques.

In addition BSG will increase the focus on annuity income growth through investment in technology-based businesses which offer vertical industry solutions, together with its own offerings such as MyWorkLife and Commodity Trade Finance.

SHAREHOLDERS SNAPSHOT

Analysis of shareholders

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2014

Range of Units

Share Range			Number of shareholders	% of shareholders	Number of shares	% of Issued Capital
1	–	1000 shares	1 583	64.2	505 775	0.4
1 001	–	10 000 shares	532	21.6	1 828 653	1.5
10 001	–	50 000 shares	209	8.5	4 653 109	3.9
50 001	–	100 000 shares	38	1.5	2 730 037	2.3
100 001	–	500 000 shares	68	2.8	15 329 270	12.8
500 001	–	1000 000 shares	21	0.8	14 431 681	12.0
1 000 001	–	shares and over	16	0.6	80 390 842	67.1
			2 467	100.0	119 869 367	100.0

Distribution of shareholders

	Number of shareholders	% of shareholders	Number of shares	% of Issued Capital
Public companies	27	1.1	5 285 790	4.4
Banks	22	0.9	3 191 781	2.7
Close corporations	63	2.6	4 032 471	3.4
Individuals	1 984	80.4	43 162 860	36.0
Nominees and trusts	218	8.8	5 957 334	5.0
Other corporations	53	2.1	39 079 788	32.6
Pension funds	48	2.0	1 731 553	1.4
Private companies	52	2.1	17 427 790	14.5
	2 467	100.0	119 869 367	100.0

Shareholders' diary

Financial year end	31 March
Annual general meeting	30 October
Reports	
- Preliminary report	May
- Interim report at 30 September	November
- Annual financial statements	September

Significant shareholdings

At 31 March 2014, insofar as HCI is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	2014	2013
Southern African Clothing and Textile Workers Union	**32,1**	39,0
M.J.A. Golding	**7,8**	6,8
	39,9	45,8

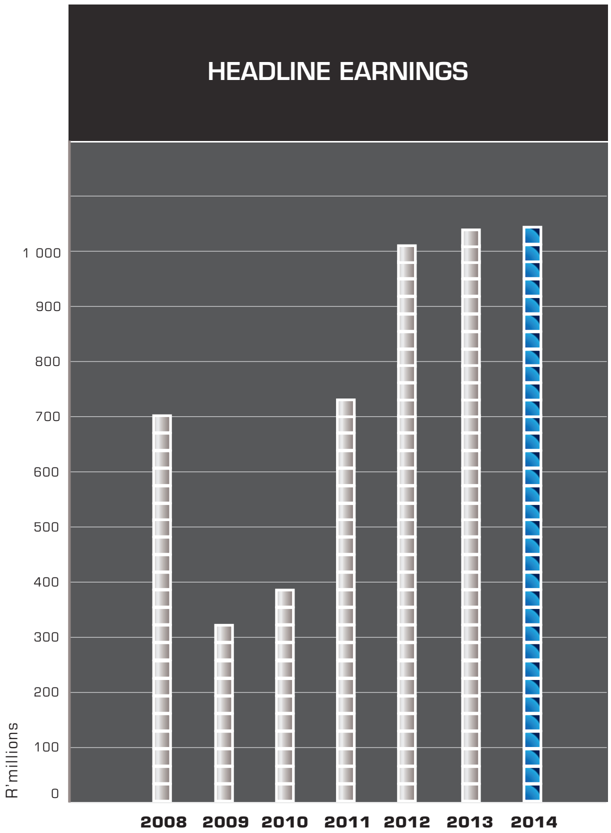
Shareholder spread

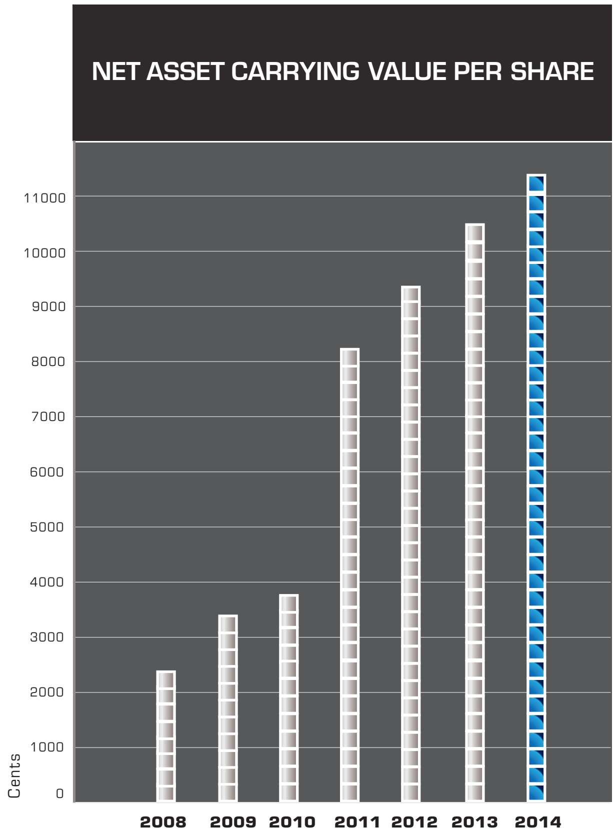
	Percentage held		Number of shareholders	
	2014	2013	**2014**	2013
Public	**42.2**	44.3	**2 458**	2 189
Non Public	**57.8**	55.7	**9**	10
Directors	**13.2**	11.2	**4**	5
Associates of directors	**1.1**	1.0	**1**	1
Significant shareholder	**32.1**	39.0	**1**	1
Share trust	**1.1**	1.6	**1**	1
Treasury shares*	**10.3**	2.9	**2**	2
	100.0	100.0	**2 467**	2 199

*Includes 1 359 788 (2013: 1 887 570) shares held by the company at year end and cancelled subsequently.

Stock exchange performance	31 March 2014
Total number of shares traded (000's)	21 323
Total value of shares traded (R'000)	2 786 555
Market price (cents per share)	
- Closing	14 950
- High	15 543
- Low	11 001
Market capitalisation (R'000)	17 920 470

GROUP FINANCIAL HIGHLIGHTS





SEVEN YEAR REVIEW

		2008	2009	2010	2011	2012	2013	2014
Dividend per share	- cents	60	0	60	75	90	108	140
Share price - high	- cents	9 000	7 850	8 195	8 699	8 744	11 790	15 543
- low	- cents	6 040	3 303	3 550	7 205	7 400	7 912	11 001
- at year end	- cents	7 700	4 021	7 880	7 799	8 100	11 253	14 950
Net asset carrying value per share	- cents	2 375	3 371	3 704	8 267	9 259	10 469	11 391
Shares in issue (net of treasury)	'000 - average	124 179	124 692	125 085	126 135	127 149	126 146	114 788
	- at year end	123 851	124 909	125 254	127 089	127 198	123 224	106 177

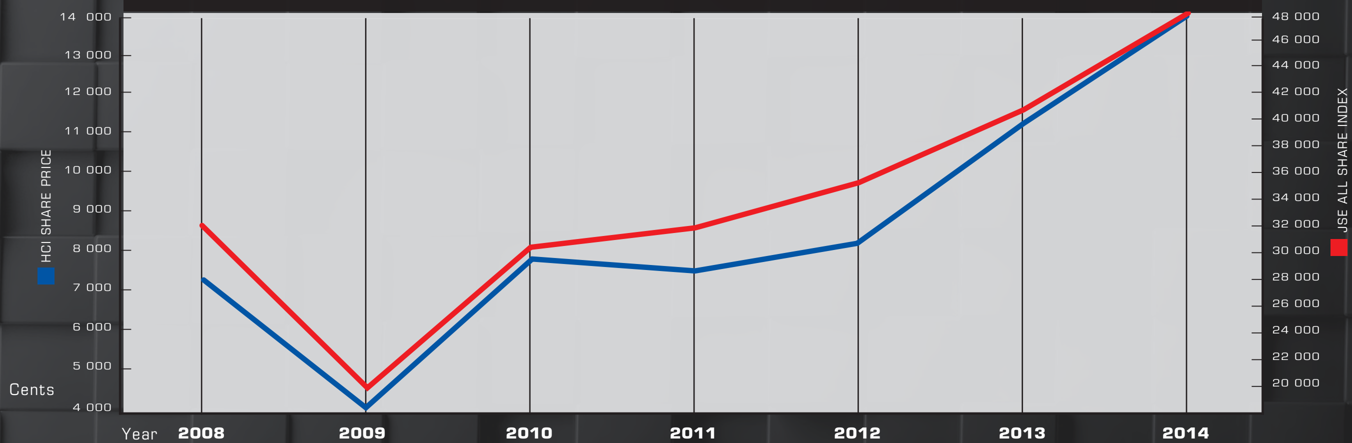
PERFORMANCE HIGHLIGHTS

	2014		2013 (restated)
		% Change	
Revenue	**9 201,3 million**	**24,9 %**	7 367,1 million
EBITDA	**1 612,9 million**	**10,1 %**	1 465,0 million
Profit before tax	**1 786,1 million**	**-19,5 %**	2219,8 million
Headline earnings	**1 086,2 million**		1 084,9 million
Headline earnings per share	**946,23 cents**	**10,0 %**	860,06 cents
Headline earnings per share continuing operations	**1083,74 cents**	**13,2 %**	956,99 cents
Net asset carrying value per share	**11 391 cents**	**8,8 %**	10 469 cents

TRANSFORMATION AND EMPOWERMENT

	2014	2013
* BBBEE level	**Level 2**	Level 2
* BBBEE score	**89.93**	89.44
* Enterprise spend	**R 36m**	R 26m
* Social development spend	**R 28m**	R 27m
* Employee skills development	**R 33m**	R 21m
* Reduction in Scope 1 and 2 emissions	**9,0%**	9,6%

HCI SHARE PRICE VS JSE ALL SHARE INDEX



BOARD OF DIRECTORS

MARCEL GOLDING (54)
Executive Chairman
B.A. [Hons]

Marcel joined HCI as chairman in 1997. Prior to this he was a member of Parliament and deputy general secretary of the National Union of Mineworkers. He is chairman of KWV Holdings and chief executive officer of SABIDO.

JOHN COPELYN (64)
Chief Executive Officer
B.A. [Hons] B.Proc

Johnny joined HCI as chief executive officer in 1997. Prior to this he was a member of Parliament and general secretary of the Southern African Clothing and Textile Workers Union. He holds directorships in numerous companies including the Industrial Development Corporation. He is chairman of e.tv, Seardel Investment Corporation, Tsogo Sun Holdings, Niveus Investments and the HCI Foundation.

KEVIN GOVENDER (43)
Financial Director
B.Compt [Hons]

Kevin is the financial director of HCI. He joined the HCI group in 1997 where he has also held the position of company secretary and financial officer from 2001. He holds directorships in several HCI subsidiaries and is a trustee of the HCI Foundation. He was appointed to the HCI Board as an executive director in June 2009.

YUNIS SHAIK (56)
Executive Director
B.Proc

Prior to his appointment at HCI Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former deputy general secretary of the Southern African Clothing and Textile Workers Union and served as a senior commissioner to the CCMA in KwaZulu Natal. He is a director of Tsogo Sun Holdings, Seardel Investment Corporation and Niveus Investments. He was appointed to the Board of HCI in August 2005.

VIRGINIA ENGEL (64)

Virginia was employed as chief executive officer of the HCI Foundation from 2004 until her retirement. Previous to this she was the coordinator of the SACTWU Welfare Trust. She was private secretary to Nelson Mandela during the last two years of his presidency. She was appointed to the Board of HCI as a non-executive director in January 2004.

LESLIE MAASDORP (48)
MSc BA

Leslie is CEO designate of Advtech Limited. He is the former president for Southern Africa for the Bank of America. Prior to this appointment he has occupied senior leadership roles in both public and private sectors. He is former deputy general of the Department of Public Enterprises. His previous roles in investment banking includes serving as international adviser to Goldman Sachs and vice chairman of Barclays Capital and Absa Capital. He was appointed to the Board of HCI as a non-executive director in March 2014.

MORETLO MOLEFI (45)
BSc MBChB Telemed [dip] SMP

Moretlo is a business woman with interests in the health sector. Prior to this she was the director of the Telemedicine program at the Medical Research Council of SA, consultant for Aspen Pharmacare and COO of Safika Health. She currently serves as a board member of e.tv and Niveus Investments. She was appointed to the Board of HCI as a non-executive director in January 2007.

JABU NGCOBO (63)

Jabu served as regional secretary for Africa of the International Textile Garment and Leather Workers Federation from 2006. Prior to this appointment he held the position of general secretary of the Southern African Clothing and Textile Workers Union for 6 years. He is a director of Tsogo Sun Holdings and Niveus Investments. He was appointed to the Board of HCI as a non-executive director in October 2004.

BARBARA ANNE HOGAN (62)
BA [Hons] (Development Studies)

Barbara worked at the Development Bank of South Africa as an institutional specialist until her appointment as a member of Parliament in 1994. She served as chair of numerous committees including the budget committee, finance portfolio committee and the standing committee of the auditor-general. She was appointed to the Board of HCI as a non-executive director in August 2012.

FREDDIE MAGUGU (54)

Freddie worked for the Southern African Clothing and Textile Workers Union from 1982, reaching the position of national organising secretary which he held from 1993 to 1998. He was the senior development manager at Unibank from 1999 to 2002. He was appointed to the Board of HCI as a non-executive director in April 1998.

ELIAS MPHANDE (56)
Elec. Eng. [dip]

Elias has served as national organising secretary of the Southern African Clothing and Textile Workers Union, CEO of AUTA and of the Vukani Group. He is a director of Tsogo Sun Holdings, e.tv and Vukani and served as chairman of Golden Arrow Bus Services for four years until 2010. He was appointed to the Board of HCI as a non-executive director in 2010.

RACHEL WATSON (55)

Rachel currently holds a position as manager at a regional broadcaster. Prior to this appointment she was employed for 33 years within the clothing industry, serving as a trade union representative in various organisational positions for the last 14 years of her tenure. She is a director of Seardel Investments Corporation. She was appointed to the Board of HCI as a non-executive director in March 2014.

CORPORATE GOVERNANCE

Ethical conduct, good corporate governance, risk governance and fair remuneration are fundamental to the way that HCI manages its business. Stakeholders' interests are balanced against effective risk management and HCI's obligations to ensure ethical management and responsible control.

Ethics

The Group has a code of conduct which underpins its business practices. All directors, officers and staff are expected to adhere to this code. It provides guidance and clarification on matters such as conflicts of interests, acceptance and giving of donations and gifts, the compliance with laws and the dissemination of group confidential information.

In line with the principles in this code, it is expected of all directors, managers and employees to be accountable for their actions and act in a manner that will position the group as being:

- Transparent, honest and frank in its dealings with stakeholders;
- Consistent and committed in honouring its legal and moral obligations;
- Committed to upholding high standards of ethics;
- Well-respected with regards to integrity and credibility; and
- A responsible corporate citizen of the countries in which it operates.

The directors, officers and senior management of Hosken Consolidated Investments Limited ("HCI") and its subsidiaries remain committed to a high level of corporate governance and endorse the Code of Corporate Practices and Conduct as enshrined in the King III Report on Corporate Governance. The Group recognises that sound corporate governance practices enhance shareholder value and by conducting the Group's affairs with integrity will ensure the long-term sustainability of the business.

Application of King III principles

HCI believes that, in all material respects, it complies with the major recommendations of the code to ensure that sound corporate governance and structures are applied within the Group. Alternatives to the King III recommendations can be applied to further the best interests of the company, as long as the overarching principles of good corporate governance are achieved. More detailed explanations have been accorded below to those principles which have not materially complied with recommendations by King III. The board monitors compliance to ensure ongoing improvement of operational and corporate practices and that the affairs of the Group are conducted with transparency and integrity.

Board of directors

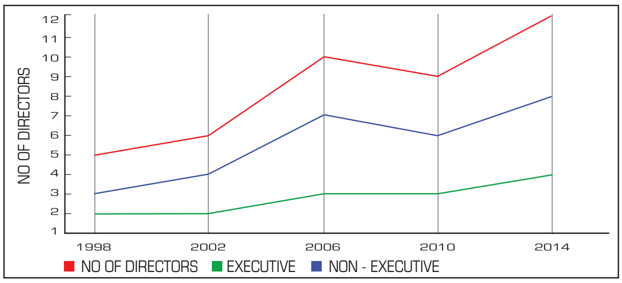
The board is regulated by a formal board charter, which sets out the role of the board and the responsibilities of the directors. The board maintains full and effective control over the company and is accountable and responsible for its performance. The board charter codifies the board's composition, appointment, authorities, responsibilities and processes, and sets out the fiduciary duties of the directors of the company. It provides the board with a mandate to exercise leadership, determine the Group's vision and strategy and monitor operational performance.

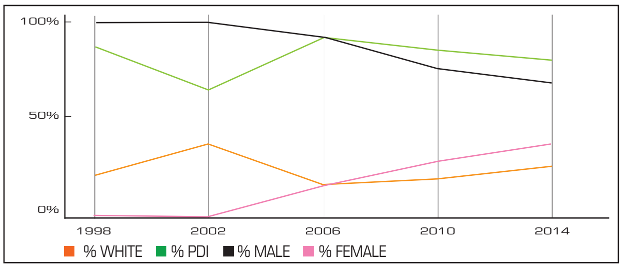
Composition of the board

The composition of the board is in compliance with Principle 2.18 which recommends that the board should comprise a balance of power, with a majority of non-executive directors, the majority of the latter should be independent.

The board currently comprises of four executive directors and eight non-executive directors, seven of whom are classified as independent. The composition of the board reflects the need to protect the interest of all stakeholders as well as the demographics of the country. The majority of the board members are previously disadvantaged individuals as defined in the Employment Equity Act. A maximum of 12 directors can be appointed to the board as per the company's Memorandum of Incorporation.

	Directors			White	PDI	Male	Female
Year	Total	Exec	Non-Exec	%		%	
1998	5	2	3	20	80	100	0
2002	6	2	4	33	67	100	0
2006	10	3	7	10	90	90	10
2010	9	3	6	11	89	78	22
2014	12	4	8	17	83	67	33





The executive directors are the executive chairman (Mr MJA Golding), chief executive officer (Mr JA Copelyn), the financial director (Mr TG Govender) and Mr Shaik. All of the executive directors have entered into three year service contracts with the company.

These contracts have been approved by the remuneration committee and define the terms of employment of the executive directors. Where appropriate, the chief executive officers and executive directors of subsidiary companies have entered into service contracts with that subsidiary.

The roles of the chairman and chief executive officer are separated.

There have been a number of changes to the directorate during the year under review.

The status of Mr Yunis Shaik on the board of HCI has been changed to that of executive director. Consequently, Mr Velaphi Elias Mphande has been appointed as lead independent non-executive director of the Board.

To uphold their independence and integrity, directors disclose all material interests as and when they arise. A list of director's interest is tabled annually.

The directors are entitled to seek independent professional advice at the company's expense concerning the company's affairs and have access to any information they may require in discharging their duties as directors. Seminars, workshops and lectures by leading experts in their fields are given on an on-going basis to directors to assist in their duties.

In terms of the company's Memorandum of Incorporation, one-third of directors must retire at every annual general meeting and are eligible for re-election. The directors who retire shall be those who have been longest in office since their last election. Any director, who has held office for three years since the last election, shall also retire at the conclusion of the annual general meeting. A retiring director shall be eligible for re-election, and if re-elected, shall be deemed not to have vacated office. The directors retiring by rotation at the forthcoming annual general meeting are Mr MJA Golding, Ms JG Ngcobo and Mr Y Shaik who offer themselves for re-election. The name and brief curriculum vitae of each director appear on pages 34 and 35 of this report.

Mr LW Maasdorp and Ms RD Watson were appointed by the board during the course of the year and who are required to retire in terms of the company's Memorandum of Incorporation, are eligible and have offered themselves for re-election at the forthcoming annual general meeting.

In terms of the company's Memorandum of Incorporation, there is no mandatory retirement age for non-executive directors. Non-executive directors do not have a fixed term of appointment with the company.

Meetings of the board

During the year the Company held four board meetings. The directors are comprehensively briefed in advance of the meetings and are provided with all necessary information to enable them to discharge their responsibilities. Individual directors' attendance at the board and committee meetings are set out in the table below:

	Board				Audit				Remuneration		Social and Ethics	
					Members: Y.Shaik; BA Hogan; LM Molefi				Members: MF Magugu JG Ngcobo		Members: JA Copelyn; MJA Golding; LM Molefi; JG Ngcobo	
	May '13	Aug '13	Nov '13	Mar '14	May '13	Aug '13	Nov '13	Feb '14	Aug '13	Nov '13	May '13	Nov '13
JA Copelyn	√	√	√	√							√	√
VM Engel	√	√	√	x								
MJA Golding	√	√	√	√							√	√
TG Govender	√	√	√	√								
BA Hogan	√	√	√	√	√	√	√	√				
LW Maasdorp	**	**	**	**√								
MF Magugu	√	x	√	x					√	√		
LM Molefi	√	√	√	√	√	√	√	√			√	√
VE Mphande	√	√	√	√								
JG Ngcobo	√	√	√	√					√	√	√	√
Y Shaik	√	√	√	√	√	√	√	√				
RD Watson	**	**	**	**								

√ - in attendance
X - absent
** - not applicable – appointed 19th March 2014

Board committees

Three board committees and an executive committee have been established to assist the board in discharging its responsibilities. In line with King III, all board committees comprise of only members of the board but appropriate personnel are invited to the meetings as required. All committees are empowered to obtain such external or other independent professional advice as they consider necessary to carry out their duties. These committees play an important role in enhancing good corporate governance and improving internal controls and consequently the company's performance. Each board committee acts according to written terms of reference, approved by the board and reviewed annually, setting out its purpose, membership requirements, and duties and reporting procedures.

Each of the company's major subsidiaries has established board and committee structures which submit regular reports to the company. This ensures the maintenance of its duties.

Audit committee

Members: LW Maasdorp (chairman); BA Hogan and LM Molefi.

A report by the HCI audit committee has been provided on page 43 of this integrated report.

Remuneration committee

Members: MF Magugu (chairman) and JG Ngcobo.
A report by the HCI remuneration committee has been provided on page 45 of this annual report.

Social and ethics committee

Members: LM Molefi (chairperson); JG Ngcobo, JA Copelyn, MJA Golding.
A report by the HCI social and ethics committee has been provided on page 52 of this integrated report.

Financial director

TG Govender, an executive director, is the financial director of the group. The audit committee has considered his expertise and experiences and deems it appropriate. The committee is also satisfied that the expertise, resources and experience of the finance function is adequate.

Company secretariat

HCI Managerial Services Proprietary Limited, a juristic personality, is the appointed company secretary of the Group and appointed by the board in terms of the Companies Act and in accordance with JSE Listing Requirements. The company secretary is not a director of the company. The board has assessed the directors and the designated staff of the company fulfiling the role of the company secretariat and is satisfied that they have the competence, qualifications and experience to effectively fulfil the role of company secretary.

The company secretariat provides support and guidance to the board in matters relating to governance, ethical conduct and fiduciary duties. Where required, the secretary facilitates induction and training for directors and co-ordinates the annual board evaluation process. Directors have unrestricted access to the advice and services of the company secretary whilst maintaining an arms-length relationship between the board and the company secretary.

Dealing in the company's securities

HCI complies with the continuing obligations of the Listings Requirements of the JSE. A group-wide share trading policy is in place whereby all directors and employees who have access to financial results and other price-sensitive information are prohibited from dealing in HCI shares during certain prescribed restricted periods as defined by the JSE or when the company is operating under a cautionary announcement. The company secretary regularly disseminates written notices to inform these employees of the insider trading legislation and advise of closed periods. All directors and senior executives are required to obtain written clearance prior to the dealing in shares of the company and to report all share dealings to the company secretary, to ensure that all such dealings are disclosed in terms of the applicable JSE listings requirements.

Conflicts of interest

The directors are required to avoid situations where they have direct or indirect interests that conflict or may conflict with the group's interests. Procedures are in place for disclosure by directors of any potential conflicts and for appropriate authorisation to be sought if conflict arises.

Compliance with laws, codes and standards

HCI respects and complies with the laws of the countries in which it operates. This includes corporate laws, common law as well as specific laws, including regulations of all the gambling boards, mining and energy laws. The Group operates in a highly regulated environment and where necessary, compliance officers have been appointed at each of the Group's key operating subsidiaries and associated company levels for ensuring adherence to the various Acts and Codes that govern the day-to-day operations. Each company has its own board of directors responsible for the management, including risk management and internal control, of that company and its business.

Disclosures

To ensure shareholder parity, HCI ensures that accurate and timely disclosure of information that may have a material effect on the value of its securities or influence investment decisions, is made to all shareholders. The company publishes details of its corporate actions and performance via the Stock Exchange News Service ("SENS") and in the main South African daily newspapers. The company maintains a website through which access is available to the broader community on the company's latest financial, operational and historical information, including its annual report.

Litigation

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of HCI are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of HCI.

Governance of information technology

Due to the inherent risks in information technology, King III has recommended that the board of directors be responsible for the assessment, implementation and monitoring of IT within the company. The board of directors of HCI acknowledges the need for an IT Governance Framework which, if effectively managed, can streamline and add value to the underlying businesses. Information technology (IT) governance is the responsibility of the board of directors, forms an integral part of the Group's risk management and is assisted by the audit and risk committees in carrying out its IT responsibilities.

Due to the diverse nature of HCI's business operations, IT plays different roles within the group. Processes are being implemented at major subsidiary companies to address the requirements of King III at strategic levels within the companies. At a group level, HCI does not believe it is necessary to employ a chief information officer as recommended by King III. The major subsidiaries do employ chief information officers. The audit committee is responsible for the monitoring of IT compliance within the subsidiaries.

Governance framework

The company has utilised the Governance Assessment Instrument ("GAI") of the Institute of Directors as the due process by which assurance is provided that every recommended practice in King III has been considered.

Assurance of the accuracy and validity of these results is provided by executives, the audit committee chair and the board of directors, by their review of the following reports printed off the GAI:

- Explanation register
- Exceptions listing, and
- A detailed governance register of all the practices

The GAI assists in the following ways:

- Evaluating implementation of governance structures and processes as recommended in King III;
- Enabling ongoing tracking of progress on implementation of King III, understanding that it is a process;
- Providing a simplified framework to the board for a risk- based review of the application of King III, without voluminous reading;
- Facilitating a meaningful scoring mechanism reflective of an organisation's adoption of King III;
- Providing a framework by which governance can be assured by independent service providers;
- Giving holding companies a concise view of their subsidiaries' governance status;
- Providing an audit programme for internal and external service providers; and
- Offering a reporting benchmark to stakeholders for peer-to-peer comparison of organisations, enhancing confidence in governance reporting.

Practices are either applied or not applied; the latter carrying an explanation of a compensating practice, or alternatively the reason for non-application. The extent of the Principles application of the practices is confirmed by the GAI by way of a rating as follows:

Ratings key

AAA	–	Highest application
AA	–	High application
BB	–	Notable application
B	–	Moderate application
C	–	Application to be improved
L	–	Low application

The company received a rating of AA

KING III CHAPTER 2 - APPLICATION REGISTER

Below is the King III Chapter 2 summary as required by the JSE listings requirements. For the detailed King III application register please visit the company website: www.hci.co.za

KING III PRINCIPLE	COMMENTS ON APPLICATION IN 2014
Principle 2.1: The board acts as the focal point for and custodian of corporate governance	The board has a charter setting out is role, powers and responsibilities. All subsidiary companies have implemented and adopted their own governance policies, processes and procedures.
Principle 2.2: The boards appreciates that the strategy, risk, performance and sustainability are inseparable	The evidence of principle 2.2 is evidenced throughout the integrated report.
Principle 2.3: The board provides effective leadership base on ethical foundation	All deliberations, decision and actions of the company are based on sound ethical values which are evidenced throughout the integrated report.
Principle 2.4: The board ensures that the company is, and is seen to be, a responsible corporate citizen	The board continuously monitors the effect any decision implemented would have on sustainability and the company's reputation. The company's strong commitment to corporate citizenship is evidenced throughout the integrated report.
Principle 2.5: The board ensures that the company ethics are managed effectively	The social and ethics committee reviews feedback from all subsidiary companies. The board is regularly updated by the committee.
Principle 2.6: The board should ensure that the company has an effective and independent audit committee	The audit committee consists of 3 effective independent non-executive directors. The audit and risk terms of reference, which are reviewed annually, deal with composition, objectives and reporting mechanisms.
Principle 2.7: The board should be responsible for the governance of risk	The audit and risk committee fulfils the role of the risk committee. (refer to principle 2.6.) The audit/risk committee considers the risk policy and plan and implementation thereof and reviews the risk management progress; effectiveness; key risks and responses of the company at holding and subsidiary levels from governance through to risk reporting.
Principle 2.8: The board should be responsible for information Technology (IT) governance	The audit and risk committee reviews the subsidiary companies on a quarterly basis through the risk reports, as well as through the annual King III compliance assessment on the Information Security Management Systems implemented. The individual boards of the subsidiary companies are responsible for their own IT governance with the ultimate responsibility for the group IT residing with the HCI board.
Principle 2.9: The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The social and ethics committee has policies in place for the group. It monitors compliance at the group and subsidiary level. The majority of the underlying subsidiaries operate in a highly regulated environments.
Principle 2.10: The board should ensure that there is an effective risk-based internal audit	An internal audit function has been established at the major subsidiary companies. The audit and risk committee reviews the subsidiary companies on a quarterly basis through the internal audit reports.

Principle 2.11: The board should appreciate that stakeholders' perceptions affect the company's reputation	Mechanisms are in place for constructive engagement with all stakeholders at group and subsidiary levels. To ensure parity at a shareholder level, engagement is implemented through the release of required printed material and announcements.
Principle 2.12: The board should ensure the integrity of the company's integrated report	The board approves the integrated report after satisfying itself on the content and integrity of the report. The report is compiled in-house by professional employees of the group in accordance with the group's policies and ethical standards.
Principle 2.13: The board should report on the effectiveness of the company's system of internal control	The board obtains assurance on the internal control systems of the group via the audit and risk committee whose function it is to monitor the company's system of internal control
Principle 2.14: The board and its directors should act in the best interests of the company	The board acts in the best interests of the company by adhering to the following: • Standards as set out in the Companies Act 2008, as amended; • Conflict of interest policy • Professional advise policy • Dealing in securities
Principle 2.15: The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Company's Act, 71 of 2008	The group is apprised of the going concern statement of group at specific periods during the year under review and monitors the solvency and liquidity on an ongoing basis.
Principle 2.16: The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer of the company does not also fulfil the role of chairman of the board	Mr Mphande has been appointed as lead independent director of the board as the company is chaired by Mr Golding, an executive director. The positions of chairman and chief executive officer are separate.
Principle 2.17: The board has appointed the chief executive officer and has established a framework for the delegation of authority	All appointments at senior executive level are confirmed by the board of directors. The role and function of the chief executive officer is formalised. A framework is in place for the delegation of authority by the chief executive officer.
Principle 2.18: The board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent	Eight of the twelve directors are non-executive directors. Seven of the non-executive directors are independent directors. The board has considered the requirements of the company and ensures that its size, diversity and demographics make it an effect board to lead the company by ensuring that it has the necessary skills, resources and knowledge to carry out its duties.

Principle 2.19: Directors should be appointed through a formal process	The nomination of directors to the board is formally set out in policy, transparent and a matter considered by the full board of directors.
Principle 2.20: The induction of and ongoing training, as well as the development of directors should be conducted through a formal process	A formal induction program is in place for new directors which includes the distribution of a comprehensive induction pack; and presentations of the industries in which the group is involved. The board's continuing development programme focuses on improving and keeping the board up to date with governance, regulatory and operational developments.
Principle 2.21: The board is assisted by a competent, suitably qualified and experienced company secretary	The role and function of the company secretary is in accordance with Section 88 of the Companies Act of 2008. The board has satisfied itself through a formal assessment that the company secretary is suitably qualified and competent.
Principle 2.22: The evaluation of the board, its committees and individual directors is performed every year	Assessments of the audit committee, board and chairman were carried out during the period under review. The results of the assessment were used to identify training needs for directors and action plans to identify any issues that had arisen. The financial director is evaluated annually.
Principle 2.23: The board delegates certain functions to well-structured committees without abdicating from its own responsibilities	The following committees are in place: • audit and risk • remuneration • social and ethics • executive Formal terms of reference are in place for all these committees. The committee chairperson reports back to the board after each meeting.
Principle 2.24: A governance framework has been agreed upon between the group and its subsidiary boards	As HCI is an investment holding company, its subsidiary companies report, via the subsidiary boards, on all governance issues to the board of HCI or a committee of the board.
Principle 2.25: The company remunerates its directors and executives fairly	A remuneration committee is in place and assists the board in aligning the remuneration policy with strategy and goals. Independent remuneration consultants are utilised at least once every three years to assess and provide guidance on the remuneration policies of the company.
Principle 2.26: The company has disclosed the remuneration of each individual director and prescribed officer	The disclosure of directors' remuneration meets the requirements of the Companies Act, King III and IFRS requirements.
Principle 2.27: The shareholders have approved the company's remuneration policy	In line with the Companies Act, 2008 the group's remuneration policy is proposed to shareholder's for a non-binding advisory vote at the annual general meeting of the company.

REPORT OF THE AUDIT COMMITTEE

Members: Mr LW Maasdorp [chairman], Dr LM Molefi, Ms BA Hogan.

The HCI audit committee is a formal committee of the board, appointed by the shareholders, and functions within its documented terms of reference. All members of the audit committee act independently. The chief executive officer, the chief financial officer, the group's risk officer and the group financial manager attend the meetings as permanent invitees, along with external audit and internal audit. Other directors and members of management attend as required.

During the year under review four audit committee meetings where held. Please see table on page 37 for attendances at these meetings.

Mr LW Maasdorp was appointed as a member and chairman of the audit committee on the 19th March 2014. Mr LW Maasdorp replaced Mr Shaik as a result of the change in his status.

The audit committee has pleasure in submitting this report in respect of the past financial year of the Group, as required by section 94 of the Companies Act 2008, as amended ("the act").

Functions of the audit committee

In terms of the Companies Act of 2008, as amended, the audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter.

The audit committee fulfils an independent oversight role regarding the Group's financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King III and additional responsibilities assigned by the board.

The committee is satisfied that, in respect of the financial period under review, it has performed all the functions required by law to be performed by an audit and risk committee, including as set out by section 94 of the Companies Act of 2008 and in terms of the committee's terms of reference and as more fully set out in the corporate governance report. In this connection the committee has:

- Reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- Reviews legal matters that could have a significant impact on the group's financial statements;
- Reviewed the external audit reports on the annual financial statements;
- Verified the independence of the external auditor as per section 92 of the Companies Act of 2008 and accordingly nominates Grant Thornton (Jhb) Inc to continue in office as the independent auditor and noted the appointment of Mr Ben Frey as the designated auditor for 2015;
- Approved the audit fees and engagement terms of the external auditor; and
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

The audit committee fulfils an oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control.

Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the external auditors which are regularly held.

Expertise and experience of the financial director

As required by JSE Listings Requirement 3.84(h), the committee has reviewed the performance of the Group financial director, Mr TG Govender, and was satisfied that he has the necessary expertise and experience to fulfil this role and has performed appropriately during the year under review.

Internal audit

The group does not consider it necessary to establish an internal audit function at the holding company level. Where appropriate, subsidiaries have their own internal audit departments that perform the internal audit function for the relevant subsidiary. Reports generated by the subsidiary companies' internal audit departments are made available and discussed at the HCI group audit and risk committee.

Risk management and internal control

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group.

The group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the group's key operating subsidiaries and associated company levels for ensuring adherence to the various Acts and Codes that govern the day-to-day operations. Each group company has its own board of directors responsible for the management, including risk management and internal control, of that company and its business.

Mr D Levin is the group risk officer for the HCI Group. The risk report follows this report. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed. The group audit and risk committee assists the board in discharging its responsibilities. It also considers reports and information generated by the subsidiary companies' audit or finance committees to their respective boards.

Recommendation of the integrated annual report

The committee has evaluated the integrated annual report of Hosken Consolidated Investments Limited and the group for the period ended 31 March 2014 and, based on the information provided to the committee, the committee recommends the adoption of the integrated annual report by the board.

L Maasdorp
Chairperson : audit committee
27 August 2014

REPORT OF THE RISK COMMITTEE

As disclosed in previous risk committee reports, the members of the risk committee are the audit committee members, as well as the group risk officer and the chief executive officer, who are invited to attend all audit committee meetings. The committee is an integral component of the risk management process and specifically the committee shall ensure by enquiry of management, external and internal auditors that all material corporate risks have been identified, assessed, monitored and effectively managed. As HCI is an investment holding company the risk management process takes into account the risks and opportunities within the company as well as those inherent in its portfolio of investments.

All controlled entities are required to adhere to the relevant principles of King III. The committees' responsibilities are:

- to ensure it is management's responsibility to design, implement and monitor the risk management policies;
- that risk assessments are performed on a continual basis;
- frameworks and methodologies are implemented to increase probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- monitor risks continuously; and
- the Board should receive assurance regarding effectiveness of risk management.

The committee is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. The committee however does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

A disciplined and timeous reporting structure enables the committee to be fully apprised of group company activities, risks and opportunities. This is achieved by requiring that controlled companies report their key risks and responses to the committee on a bi-annual basis, with additional exception reporting as required. The focus of the committee is on those risks which may negatively impact the long-term sustainability of the particular business or have a material impact on earnings. The chairman of the committee reports to the board of HCI on the most significant risks derived from the above process. This continual emphasis on risk management assists the board to foster a culture in the HCI Group that emphasises and demonstrates the benefits of a risk based approach to internal controls and management of the group. Effective risk management is seen as fundamental to the sustainability of the group's interests. It further enables the principle that risk management is also about analysing opportunities and not only guarding against downside possibilities.

The committee will conduct annual reviews of its performance and ensure it is provided with resources to perform its duties and ensure sufficient training to its members.

D Levin
Group risk officer
27 August 2014

REPORT OF THE REMUNERATION COMMITTEE

Members: MF Magugu (chairman) and Mr JG Ngcobo.

All the members of the committee are independent non-executive directors. In line with the recommendations of King III, the chief executive officer attends the meetings of the committee at the request of the committee, but recuses himself from the meeting before any decisions are made.

The committee met twice during the past year, as per the Memorandum of Incorporation.

Each major group subsidiary has its own remuneration committee.

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors and executive management. It takes cognisance of local best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company. The committee utilises the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management. The Group's remuneration philosophy strives to reward employees in a fair and responsible way which ensures a culture of high performance to deliver returns to shareholders through employees who are motivated, engaged and committed. This philosophy's intended consequence is to attract, retain and develop employees with scarce and critical skills who contribute to sustained business growth and are aligned to the strategic and operational requirements of the business.

The functions and mandates of the remuneration committee include:

- make recommendations to the board on directors' fees and the remuneration and service conditions of executive directors, including the chief executive officer;
- provide a channel of communication between the board and management on remuneration matters;
- review the group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the board;
- review and approve the terms and conditions of executive directors' employment contracts, taking into account information from comparable companies;
- determine and approve any grants to executive directors and other senior employees made pursuant to the company's employee share option scheme; and
- review and approve any disclosures in the annual report or elsewhere on remuneration policies or directors' remuneration.

Share options are allocated to participants at a ten percent discount to the 20 day volume weighted average market price as at date of grant. The number of share options granted is determined by use of a multiple of the participant's basic salary, divided by the discounted market price. The multiples relating to each level of management are as follows:

Position	Multiple of basic salary
Chief executive officer	6
Executive chairman	6
Financial director	5
Senior management	4-5
Other management	2-3

The fair value of options granted is measured using the Black Scholes Model. Share options granted in the current year were fairly valued using volatility indicators of 16% and 19% and annual interest rates of 5% and 5,5%.

Executive directors earn a basic salary which is determined by independent remuneration consultants and escalate in line with inflation for the duration of their contracts. Bonuses payable are purely discretionary and are determined annually after reviewing the performance of the Group and its subsidiaries. The maximum bonuses that can be earned by executive management are as follows:

Position	% of annual salary
Chief executive officer	75
Executive chairman	75
Financial director	65
Other senior management	40 - 65

Non-executive directors earn a basic fee which is in line with companies of a similar size. These fees escalate annually in line with inflation and are reviewed every 3 years by an independent remuneration consultant. Directors can earn up to a maximum of 50% of their board fees by serving on the committees responsible to the board of directors. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive schemes.

POSITION	Actual Fee 2014	Proposed Fee 2015
	R'000	
Non-executive director	225	240
Member of audit committee	93	99,5
Member of remuneration committee	59	63
Member of social and ethics committee	68,5	73

Directors' emoluments and other relevant remuneration information are disclosed on page 48 to 51 of the integrated report.

Principle 2.26 recommends that the remuneration of each individual director and the three most highly paid employees who are not directors in the company be disclosed. The remuneration report discloses the remuneration of the three most highly paid employees, however the names of the employees have not been disclosed as the board is of the opinion that such information is private to the individuals concerned and adds no value to stakeholders.

Details of personnel remuneration of the three highest paid members of management, that are not directors, for the year ended 31 March 2014 is reflected below:

	Salary per annum R'000	Other benefits R'000	Bonus R'000	Gains on share options R'000	Total R'000
Employee A	2 816	-	1 829	4 222	8 867
Employee B	3 384	161	3 201	856	7 602
Employee C	3 551	893	2 299	146	6 889

MF Magugu
Chairman: remuneration committee
27 August 2014

HCI Employee Share Option Scheme

The Group operates a share option scheme, The HCI Employee Share Scheme, in terms of which shares in the Group are offered on a share option basis to participants, provided they remain in the Group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

Options must be exercised within three months of the vesting date, where after the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors.

In terms of The HCI Employee Share Trust (2001), the previous option scheme, shares in the Group were offered either on a share option or on a combined share option and deferred sale basis. Participants were able to exercise options to purchase shares in tranches within periods of three to seven years from the grant date at the exercise price, provided that they remained in the Group's employ until the options vested. The terms of the previous option scheme remain applicable to all options issued in terms of that scheme and that have not yet been paid for or become unconditional.

Options issued in terms of the previous scheme must be exercised within three years of being granted, where after the options lapse. Options vest over periods of three to seven years. These vesting periods may be varied by the trustees of the scheme. Participants are required to pay for the shares between five and ten years from the date of grant.

Share options granted to eligible participants that have not yet become unconditional:

	2014		2013	
	Number of share options	**Weighted average exercise price R**	Number of share options	Weighted average exercise price R
Balance at beginning of the year	**3 074 868**	**62,76**	4 637 655	52,45
Options granted	**504 145**	**119,70**	645 558	76,68
Options unconditional	**(699 479)**	**60,96**	(1 946 675)	40,22
Options forfeited	**(70 000)**	**58,24**	(261 670)	37,80
Balance at the end of the year	**2 809 534**	**73,01**	3 074 868	62,76

The volume weighted average share price during the current year was R130,68 (2013: R90,88).

The options issued in terms of The HCI Employee Share Trust (2001) and outstanding at 31 March 2013 become unconditional between the following dates:

	Number of share options	Exercise price
29 June 2012 and 28 June 2014	238 175	70,00
4 June 2012 and 3 June 2014	7 500	37,80
4 June 2014 and 3 June 2016	7 500	37,80
17 June 2013 and 16 June 2014	8 948	71,52
17 June 2014 and 16 June 2015	8 948	71,52
	271 071	
Options vested but not yet paid for	264 027	40,50
Options vested but not yet paid for	632 604	70,00
Options vested but not yet paid for	15 000	37,80
	1 182 702	

The options issued in terms of The HCI Employee Share Scheme and outstanding at 31 March 2014 become unconditional between the following dates:

16 May and 16 August 2014	178 000	30,00
15 March and 15 June 2015	455 053	72,32
29 August and 29 November 2015	397 886	77,24
28 August and 28 November 2016	379 638	118,06
29 August and 29 November 2016	45 874	77,24
19 March and 19 June 2017	39 696	125,02
28 August and 28 November 2017	2 711	118,06
29 August and 29 November 2017	45 874	77,24
19 March and 19 June 2018	39 695	125,02
28 August and 28 November 2018	2 710	118,06
19 March and 19 June 2019	39 695	125,02
	1 626 832	
Total number of options in issue	2 809 534	

A maximum number of 1 037 966 (2013: 751 975) shares may be issued in respect of 1 626 832 (2013: 1 122 687) options issued in terms of The HCI Employee Share Scheme. In respect of 178 000 options issued in terms of this scheme the number of shares that may be issued is uncapped.

	2014		2013	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Options granted to executive directors				
JA Copelyn				
Balance at the beginning of the year	**727 622**	**72,10**	1 052 103	56,40
Options granted	**103 607**	**118,06**	136 471	77,24
Options vested and shares delivered	**(145 565)**	**71,52**	(460 952)	37,80
Balance at the end of the year	**685 664**	**79,17**	727 622	72,10
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**308 571**	**70,00**	308 571	70,00
17 June 2010 and 16 June 2013	**-**	**71,52**	145 565	71,52
15 March and 15 June 2015	**137 015**	**72,32**	137 015	72,32
29 August and 29 November 2015	**136 471**	**77,24**	136 471	77,24
28 August and 28 November 2016	**103 607**	**118,06**		
MJA Golding				
Balance at the beginning of the year	**727 622**	**72,10**	1 052 103	56,40
Options granted	**103 607**	**118,06**	136 471	77,24
Options vested and shares delivered	**(145 565)**	**71,52**	(460 952)	37,80
Balance at the end of the year	**685 664**	**79,17**	727 622	72,10
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**308 571**	**70,00**	308 571	70,00
17 June 2010 and 16 June 2013	**-**	**71,52**	145 565	71,52
15 March and 15 June 2015	**137 015**	**72,32**	137 015	72,32
29 August and 29 November 2015	**136 471**	**77,24**	136 471	77,24
28 August and 28 November 2016	**103 607**	**118,06**		
TG Govender				
Balance at the beginning of the year	**191 616**	**71,32**	361 629	54,87
Options granted	**69 646**	**118,06**	6 354	77,24
Options vested and shares delivered	**(55 695)**	**71,52**	(176 367)	37,80
Balance at the end of the year	**205 567**	**87,10**	191 616	71,32
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**77 143**	**70,00**	77 143	70,00
17 June 2010 and 16 June 2013	**-**	**71,52**	55 695	71,52
15 March and 15 June 2015	**52 424**	**72,32**	52 424	72,32
29 August and 29 November 2015	**6 354**	**77,24**	6 354	77,24
28 August and 28 November 2016	**69 646**	**118,06**		
Y Shaik				
Balance at the beginning of the year	**-**	**-**	-	-
Options granted	**119 086**	**125,02**	-	-
Balance at the end of the year	**119 086**	**125,02**	-	-
Unconditional between the following dates:				
19 March and 19 June 2017	**39 696**	**125,02**		
19 March and 19 June 2018	**39 695**	**125,02**		
19 March and 19 June 2019	**39 695**	**125,02**		

The following loans were advanced in terms of The HCI Employee Share Trust (2001) in respect of the strike price of options issued in terms of that scheme. These loans are interest free and are repayable within three years of the options' vesting date.

	R'000	R'000
JA Copelyn	**27 835**	17 424
Payable by 11 June 2014	**8 712**	8 712
Payable by 11 June 2015	**8 712**	8 712
Payable by 17 June 2016	**10 411**	
MJA Golding	**27 835**	17 424
Payable by 11 June 2014	**8 712**	8 712
Payable by 11 June 2015	**8 712**	8 712
Payable by 17 June 2016	**10 411**	
TG Govender	**10 649**	6 666
Payable by 11 June 2014	**3 333**	3 333
Payable by 11 June 2015	**3 333**	3 333
Payable by 17 June 2016	**3 983**	

	Direct beneficial		Indirect beneficial	
	Number	Percentage holding	Number	Percentage holding
DIRECTORS' SHAREHOLDINGS				
31 March 2014				
Executive directors				
JA Copelyn	**5 584 766**	**5,2**	**-**	**-**
MJA Golding	**7 018 646**	**6,5**	**1 371 519**	**1,3**
TG Govender	**215 024**	**0,2**	**17 250**	**-**
Non-executive directors				
VM Engel	**2 000**	**-**	**-**	**-**
	12 820 436	**11,9**	**1 388 769**	**1,3**
31 March 2013				
Executive directors				
JA Copelyn	5 426 801	4,3	-	-
MJA Golding	7 273 081	5,7	1 371 519	1,1
TG Govender	159 329	0,1	17 250	-
Non-executive directors				
VM Engel	2 000	-	-	-
VE Mphande	40 230	-	-	-
	12 901 441	10,1	1 388 769	1,1

		Board fees		Salary	Other benefits	Gains from share options	Bonus	Total
		R'000		R'000	R'000	R'000	R'000	R'000
DIRECTORS EMOLUMENTS								
Year ended 31 March 2014								
Executive directors								
JA Copelyn		-		5 449	1 521	3 579	4 085	14 634
MJA Golding		-		5 449	1 521	3 579	4 085	14 634
TG Govender		-		2 503	582	1 167	1 626	5 878
Y Shaik	#	512	*	92	-	48	-	652
Non-executive directors								
BA Hogan		306	**	-	-	-	-	306
JG Ngcobo		439	***	-	-	-	-	439
LW Maasdorp	##	11	****	-	-	-	-	11
MF Magugu		273	*****	-	-	-	-	273
ML Molefi		509	******	-	-	-	-	509
RD Watson	##	125	*******	-	-	-	-	125
VE Mphande		531	********	-	-	-	-	531
VM Engel		216		-	-	-	-	216
		2 922		13 493	3 624	8 373	9 796	38 208

#	appointed as executive director 19 March 2014
##	appointed 19 March 2014
*	includes R86 400 audit committee fees and R217 000 board fees paid by subsidiary companies
**	includes R89 500 audit committee fees
***	includes R47 304 remuneration committee fees, R54 988 social and ethics committee fees, and R120 000 board fees paid by subsidiary companies
****	includes R3 219 audit committee fees
*****	includes R56 666 remuneration committee fees
******	includes R39 660 audit committee fees, R62 633 social and ethics committee fees, and R190 000 board fees paid by subsidiary companies
*******	includes R117 000 board fees paid by subsidiary companies
********	includes R315 000 board fees paid by subsidiary companies

		Board fees R'000		Salary R'000	Other benefits R'000	Gains from share options R'000	Bonus R'000	Total R'000
Year ended 31 March 2013								
Executive directors								
JA Copelyn		-		5 145	1 091	3 682	3 858	13 776
MJA Golding		-		5 145	1 084	3 682	3 858	13 769
TG Govender		-		1 832	417	1 149	1 190	4 588
Non-executive directors								
BA Hogan	#	172	*	-	-	-	-	172
JG Ngcobo		275	**	-	-	-	-	275
MF Magugu		255	***	-	-	-	-	255
ML Molefi		293	****	-	-	-	-	293
VE Mphande		210		-	-	-	-	210
VM Engel		210		-	-	-	-	210
Y Shaik		289	*****	-	-	-	-	289
		1 704		12 122	2 592	8 513	8 906	33 837

appointed 29 August 2012
* includes R49 333 audit committee fees
** includes R65 000 remuneration committee and social and ethics committee fees
*** includes R45 000 remuneration committee fees
**** includes R82 500 audit committee and social and ethics committee fees
***** includes R78 500 audit committee fees

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Members: Dr LM Molefi (Chairperson); Mr JG Ngcobo, Mr JA Copelyn, Mr MJA Golding.

The social and ethics committee has pleasure in submitting this report, as required by section 72(4) to section 72 (10) of the Companies Act 2008, as amended ("the act") and regulation 43 to the Act.

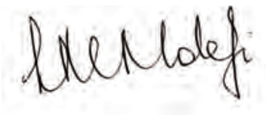
Functions of the social and ethics committee

To ensure that the committee fulfils its responsibilities in line with the Companies Act, 2008 (as amended) and King III, the composition of the committee has been expanded. A number of personnel within the company, who are the drivers of the underlying functions of the committee, have been invited to join the meetings. In line with the Act, the invitees do not have voting powers. The committee also considers reports and information generated by the subsidiary companies to their respective boards. The committee reports back to the board of HCI and all decisions taken are decided by the board of directors.

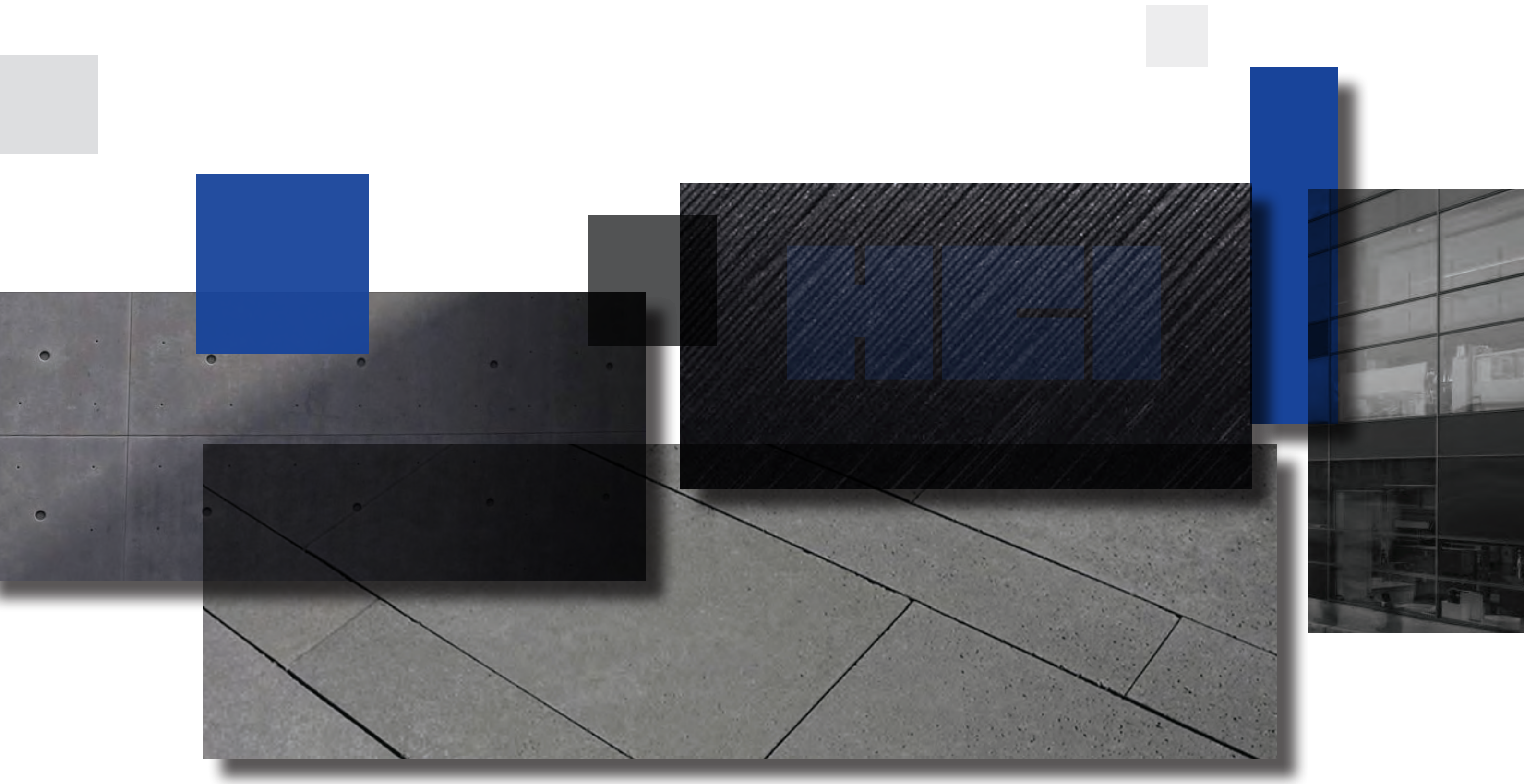
The social and ethics committee has discharged the monitoring functions in terms of regulation 43.5 of the Act as follows:

- Social and ethic development, including the standing of the company with regard to:
- the 10 principles set out in the United Nations Global Compact Principles; and
- the Employment Equity Act; and
- the Broad-Based Black Economic Empowerment Act;
- Good corporate citizenship
- Environment, health and public safety
- Labour and employment

The sustainability report on pages 53 to 58 and the corporate social investment report on pages 59 to 63 incorporates the various aspects overseen by the committee.



Dr LM Molefi
Chairperson: social and ethics committee
27 August 2014



During the 2014 financial year, HCI has continued to address issues of environmental and social sustainability. In particular, we have attempted to strengthen the quality and continuity of reporting. We have further made efforts to ensure the integration of such issues are incorporated into risk analysis and performance indicators of HCI subsidiaries.

We report here on three key areas of this work:

BLACK ECONOMIC EMPOWERMENT

HCI is one of the JSE's most empowered listed companies. In the 2014 Empowerdex annual ranking, HCI ranked as the 7th most empowered company in the listed sector, with our main subsidiary, Tsogo Sun Holdings, ranked 6th.

In 2014 we once again improved our BBBEE score, as measured through the DTI Codes and achieved a Level Two.

HCI has scored particularly well on both ownership and socio-economic development. These elements are both key to our empowerment philosophy and reflect the broad-based nature of our company.

ENVIRONMENTAL SUSTAINABILITY

HCI provides annual reports to the Carbon Disclosure Project. In the past we have only reported on carbon. This year for the first time we have also reported on water. This relates both to the quantity of water that we draw, and the quality of water that we release at the end of our production processes. In reporting on our carbon emissions we have followed the Greenhouse Gas Protocol published by the World Resources Institute. We have also made use of information and guidance published by the National Business Initiative, CDP's partner in South Africa.

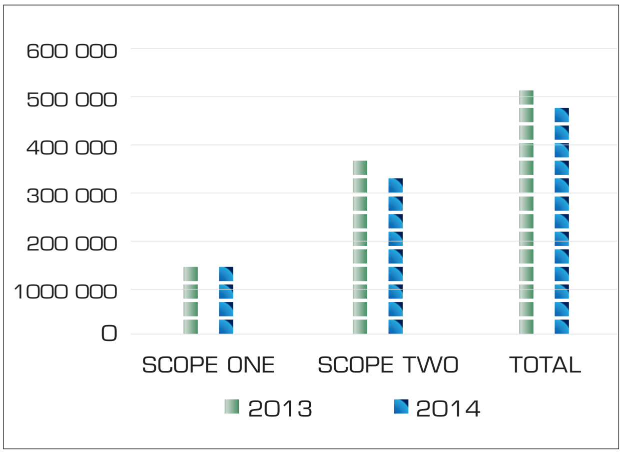
Carbon emissions

As reflected in our report on carbon emissions to the CDP in 2014, we continue to make progress in reducing our overall emissions profile and the carbon intensity of our operations.

- We again succeeded in reducing our combined Scope 1 and 2 emissions. Total carbon emissions declined by 9% year on year.
- Emissions intensity per unit revenue reduced by 18,6% compared to 2013.

Our carbon reporting in the current year has expanded to include a number of facilities which were not included in the 2013 report and now includes all businesses in the Group other than two offshore companies whose emissions are immaterial to the group as a whole. This, together with a change in the national grid emissions factor used for 2014, required an adjustment of the 2013 baseline to ensure continuity in reporting.

Scope 1 emissions are direct emissions produced by equipment and production processes owned and controlled by the reporting entity. These are generally derived from the combustion of fuel, and in the case of HCI Coal are also derived from fugitive methane emissions from coal mining. Scope 2 emissions are indirectly derived from energy supplied by service providers that are not directly controlled by the reporting entity, and principally consist of emissions associated with the use of electricity. In the current year both Scope 1 and Scope 2 emissions have declined.



The table below compares Scope 1 and 2 emissions for each entity for 2014, compared with a revised 2013 baseline.

Subsidiary	2014	2013	2014	2013
Total	**117 324**	**118 869**	**343 278**	**388 143**
Niveus	5730	8 206	12 062	9 627
Tsogo	3 726	3 365	231 509	247 769
Seardel	30 411	12 169	47 544	72 827
HCI Coal	3 216	14 092	5 824	4 833
Syntell	861	1 018	695	665
BSG	3	-	317	244
Montauk	8 383	9 164	27 007	27 166
Formex	175	491	4 153	9 802
Sabido	411	354	5 890	6 192
GABS	64 410	70 010	3 672	4 416
Gallagher Estates	-	-	4 604	4 604

In accordance with the Greenhouse Gas Protocol provisions for baseline revisions, the following adjustments were made to the 2013 baseline, previously reported as 110 743 tons CO_2e for Scope One and 403 103 tons CO_2e for Scope 2:

- The 2013 emissions from Tsogo Sun offshore hotels and the Sandton Convention Centre were added to the previous reported total
- Seardel's 2013 figures are restated, based on updated information and the addition of a new production facility.
- BSG (Business Systems Group) is reporting on Scope 1 emissions for the first time.
- Gallagher Estates did not previously report on Scope 2 emissions – their current emissions have been added to the 2013 baseline. Gallagher Estates does not sufficient produce Scope 1 emissions to justify reporting.
- The emissions factor for the national grid recommended by the National Business Initiative for calculating Scope 2 emissions is 0.94 kg CO_2e per KWH. This is a recent recommendation following an expert process. In the previous 2013 report a grid emissions factor of 0.99 was used, and the 2013 figures have now been adjusted for comparative purposes.

The following changes in reporting also affected emissions, but do not require baseline adjustments:

- Emissions from equipment owned and operated by subcontractors were previously reported as Scope 1. They are now reported as Scope 3 emissions in terms of the reporting boundary of operational control.
- Significant emissions derived from the production of steam purchased by Seardel were previously reported as scope 2 emissions. Because Seardel now produces the steam itself, these emissions have been transferred to Scope 1.
- In addition, Seardel's emissions now include those of subsidiaries that did not report in 2013. These, however, fell below the threshold recommended for baseline adjustments in the Greenhouse Gas Protocol.

Further, amongst the factors affected the emissions outcomes are the following:

- The large drop in Scope 1 emissions by GABS is partly due to a protracted strike during the reporting period, which meant that the bus fleet had a lower total mileage in 2014.
- Formex divested itself of a production facility and combined two of its units.
- Galaxy Bingo and Vukani experienced significant organic growth in the extent of their operations.

Tsogo Sun has made significant strides in reducing its electricity consumption, and reduced Scope Two emissions by 7%. Tsogo's emissions reductions have been independently verified. These reductions have been achieved though a variety of measures, including:

- installation of heat pumps in its hotels and casinos.
- upgrading of slot machine equipment in its casinos; and
- consumption metering to optimise operations.

Seardel subsidiaries have taken measures to recalibrate equipment used in its textile operations and use heat recovery processes to reduce their energy consumption, which translate into reduced carbon emissions. More efficient management of transport resources, coupled with a reduced need to use generators to compensate for load shedding by the national electricity provider, have meant that a number of Seardel subsidiaries have significantly reduced carbon emissions associated with the consumption of petrol and diesel.

GABS continues to upgrade its bus fleet and achieve emissions reductions through the associated performance gains. The emissions intensity of the fleet, as measured in CO_2e emissions per km travelled improved from 1,18 kg CO_2e per km in 2013 to 1,15 kg CO_2e per km in 2014. GABS have extended the installation of energy savings devices in workshops for an additional 3 depots during the reporting year.

Within the Niveus Group, KWV achieved a 35% decrease in its Scope 1 emissions, amounting to a saving of 2 371 tons of CO_2e. This was primarily achieved through more efficient use of fuel in heating, which allowed KWV to almost halve its use of coal.

Emissions offsetting

Our US subsidiary, Montauk Energy, is responsible for significant emissions reductions arising from the flaring and capture of landfill gas, which is a source of methane emissions, a potent driver of global warming. In 2014 Montauk originated carbon credits for the equivalent of 89 160 tons of CO_2e which are verified through the Climate Action Reserve. In total, Montauk reported achieving independently verified emissions reductions of 3 205 014 tons of CO_2e through its landfill gas operations from January to December 2013.

HCI continues to investigate investment opportunities in the renewable energy sector in South Africa, and is actively participating in the Renewable Energy Independent Power Producer Programme.

Water

HCI reports here for the first time on our water use. In the past we did not collate information about water use at the Group level and we are consequently unable to publish comparative numbers at this stage. However, where subsidiaries have historical data, we do show comparisons.

South Africa is a water scarce country facing growing demands on its limited water resource and consequently faces challenges in terms of the quality and availability of water. Our subsidiaries will continue to build on current efforts to conserve water and the quality of South Africa's water resources. Current measures include:

- Companies within the Seardel group reuse water recovered from condensation in operations that make use of steam and manage textile-dyeing processes to allow water to be reused.

- Seardel subsidiary Hextex closely monitors the chemical oxygen demand ("COD") and chemical composition of its effluent discharges as per an agreement with the Drakenstein municipality, and to date its discharges have been within the stipulated thresholds. Hextex use environmentally friendly chemicals and dyes to minimise the impact of their water discharges.

- Formex makes use of rainwater harvesting to reduce its use of municipal water and collects and disposes of oil-contaminated water as hazardous waste through a service provider.

- Environmental considerations in relation to cleaning chemicals are a priority for Tsogo Sun when contracting cleaning service providers.

Most of our companies do not draw water directly from water sources, but make use of municipal water supplies. However, some operations, notably HCI Coal and selected Tsogo Sun hotels withdraw groundwater from boreholes. The water use of subsidiaries such as Vukani, Galaxy Bingo, and BSG and other office-based operations were considered to be immaterial. A number of other subsidiaries only make use of water for domestic and office cleaning.

The table below provides the water withdrawals and effluent discharges for the HCI Group, mostly from industrial processes. Discharges to municipal sewerage and stormwater drains were not consistently recorded or estimated by subsidiaries, and are therefore not included in these figures.

Subsidiary	Withdrawals (kilolitres)	Effluent Discharges (kilolitres)
Total	4 380 799	332 012
Niveus	232 915	43 660
Tsogo	2 562 874	-
Seardel	1 352 929	288 232
HCI Coal	182 813	-
Golden Arrow	25 608	-
Formex	23 660	120

Within the Niveus group of companies, only KWV's use of water was material. KWV has recently introduced a recycle and reuse cost-saving programme, which includes monitoring of water consumption. KWV has incurred capital expenditure on the treatment of 131 kilolitres of effluent by a service provider. The remaining 43 660 kilolitres of industrial effluent is discharged via the Drakenstein municipalities' industrial effluent system within the specified parameters.

A number of our companies achieved a reduction in water use. Tsogo Sun reduced its water withdrawals by 3% through its ongoing water demand management programme. Tsogo Sun's water use includes 288 196 kilolitres of groundwater withdrawn from boreholes. Tsogo's water discharges are made to sewers and stormwater drains and are not directly measured, although the company's central procurement policy seeks to control the environmental impact of the cleaning chemicals that would be included in the discharges.

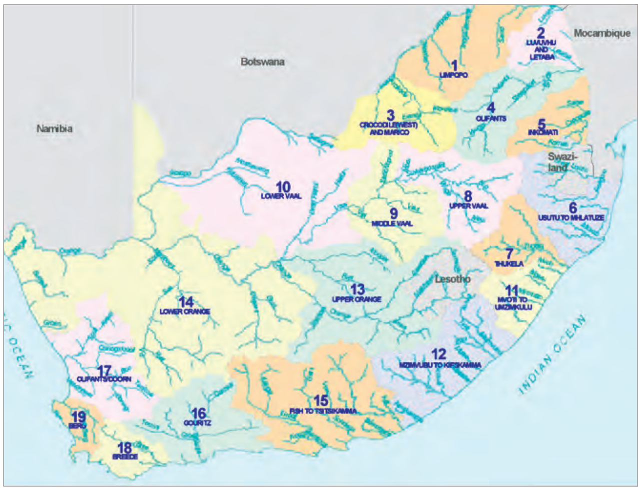
Within the Seardel Group, the main users of water were the textile manufacturers, Berg River Textiles, Frame Knitting Manufacturers and Hextex, who use water in textile-dyeing processes. Berg River Textiles and Hextex dispose of resulting effluent through dedicated effluent lines. Due to the industrial nature of their operations, Seardel are the largest producers of effluent in the HCI Group.

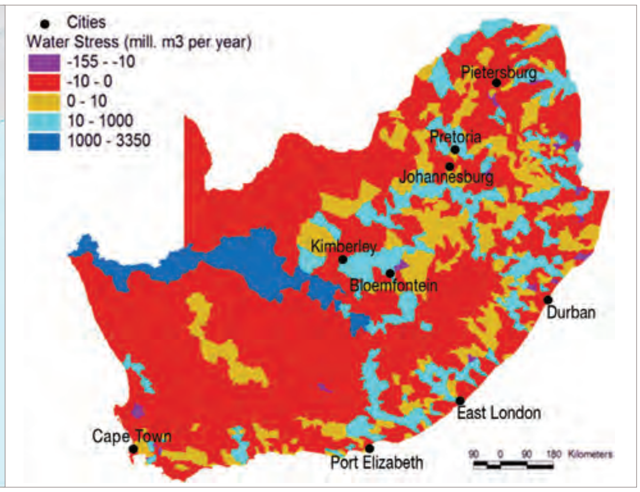
HCI Coal's Palesa and Mbali mining operations have water-use licences which permit them to extract groundwater and maintain slurry and pollution control dams and require them to monitor groundwater quality in the area around the mines. The mines operate on a zero-discharge water system, with water from pollution control dams being recycled for dust suppression and used in crushing plants.

Golden Arrow use water primarily to clean their buses, and the bulk of this water is discharged to stormwater drains.

Formex use water to clean machinery and underground storage tanks, during the course of which it may become contaminated with oil. An accredited service provider removes a 10 kilolitre hazardous waste tank containing contaminated water every month.

The maps and table below show the water management areas from which the major water users within the HCI group withdraw water, and the amount of water drawn from each area.





Water Management Areas	Withdrawal (kilolitres)	Water Management Areas	Withdrawal (kilolitres)
Berg, Breede (18,19)	1 292 564	Upper Vaal (8)	50 352
Crocodile, Olifants (3,4)	1 115 317	Limpopo (1)	21 455
Mvoti-Umzimkulu (11)	811 093	Lower Vaal (10)	15 466
Mzimvubu-Keiskamma (12)	243 022	Gouritz (16)	11 901
Inkomati (5)	235 063		

Product responsibility

Customer health and safety

HCI, through its subsidiaries, works systematically on product safety and compliance to guarantee that its products meet the requirements imposed by applicable legislation, customers and voluntary agreements in trade associations.

Since HCI's product and services range is highly diversified, a variety of routines and processes relating to product safety are in place across the different subsidiaries. As a rule, however, these include safety and quality assessments of raw material, quality assurance, hygiene standards, information to customers, and processes for dealing with complaints and product recalls. Procedures related to product safety are well established and involve marketing, sourcing, research and development and quality.

Customer satisfaction

Customer satisfaction is the responsibility of the subsidiary, which sells the product and or service. Each subsidiary considers customer satisfaction as critical to their success and there are established procedures within relevant subsidiaries to measure and ensure customer satisfaction is achieved. The procedures include customer surveys and questionnaires, dialogue and complaints logging systems. All of this is to procure customer retention.

Gaming marketing

Gaming companies in the Group adhere to the standards set by the National Responsible Gaming Association (NRGA). The NRGA requires a disclosure on all marketing material promoting responsible gambling.

Liquor marketing

KWV is a member of the Association for Responsible Alcohol Use (ARA) and is a responsible liquor manufacturer. All marketing material complies with the ARA's standards.

Transformation

HCI's commitment to the transformation of South Africa's society and economy is evident in the constant improvement in its BBBEE status. This year HCI maintained its Level 2 BBBEE status improving its overall score from 85,26% to 89,44%, placing HCI firmly amongst the top Empowerment Companies in the country.

Voting rights by previously disadvantaged individuals (PDIs) totals 91,9% of the board with 9 out of 10 directors being previously disadvantaged, including two black females. Further, two out of three senior top management positions are filled by PDIs. Being a black-owned and controlled company with 31,14% black women ownership, any company that HCI acquires or invests in gets the full recognition of black ownership.

Human rights

The HCI Social and Ethics Committee oversees and monitors HCI's activities. Please refer to page 52 of this report.

Employee relations

HCI and its subsidiaries focus on maximising employee abilities through training and education, respecting individual integrity and human rights, offering fair pay and advancement opportunities, and maintaining a safe and healthy workplace with open and honest communication

Further, the HCI subsidiaries continuously pursue health and safety activities that aim to reduce the risk of accidents and reinforce safety awareness, thereby also increasing productivity. Efforts in the area are based on national legislation and industry standards. Health and Safety committees are established in those subsidiaries where it is deemed necessary as per legislation. HCI Coal is also in the process of establishing the framework for implementing the OHSAS18001 standard to ensure it maintains world-class health and safety standards.

Another shining example is Tsogo Sun, which introduced a number of initiatives that go above and beyond those offered by other corporates around the country. These include:

Positive Living Initiative: This program takes a very pragmatic approach to health issues, addressing those that have the greatest impact on Tsogo Sun's business, for example HIV/AIDS, stress and respiratory infections, amongst others. Not only is staff educated in the identification and prevention of health issues, but they are also provided with:

- Employee assistance centres, providing primary healthcare, dispensing, a doctor and nurse, specialist visits, paramedics, and health screening and monitoring;

- The SAFAM (Safety and First Aid Management) helpline, offering counselling, legal and financial assistance;

- Paramedics for guests, staff, emergencies and transfers;

- The HIV/AIDS Programme is provided by SAFAM and Discovery Health;

- Complimentary services, such as nutritionally-balanced canteen food, general hygiene, professional visits, training, internal communication, nutritional advice and stress management;

- Executive Health Management Programme; and

- Health and safety committee, and performance-related risk.

Training and development

At HCI and its subsidiaries, training and development of employees is assigned high priority. There are a number of development programmes available for various employee categories throughout the organisation, as well as opportunities for employees to attend specialised courses as the need arises. Further to the training of our own staff, many of our employees have agreed to mentor students from the Foundation's Bursary program. We feel that this not only benefits the bursary student but it adds to the growth and development of the Mentor.

Incidence of discrimination

Non-discrimination in the workplace is a cornerstones of HCI philosophy and its Code of Conduct. Reporting and investigating discriminatory incidents are firmly established within normal grievance and disciplinary procedures.

Freedom of association and collective bargaining

HCI recognises the right of employees to freely associate, and thus all HCI employees are free to join trade unions. However, the level of trade union activity and the existence of formal collective bargaining arrangements vary from subsidiary to subsidiary, with between 10% and 90% of employees in the different subsidiaries being covered by collective bargaining agreements.

National Bursary Programme

CORPORATE SOCIAL INVESTMENT

HCI FOUNDATION NATIONAL FOOTPRINT

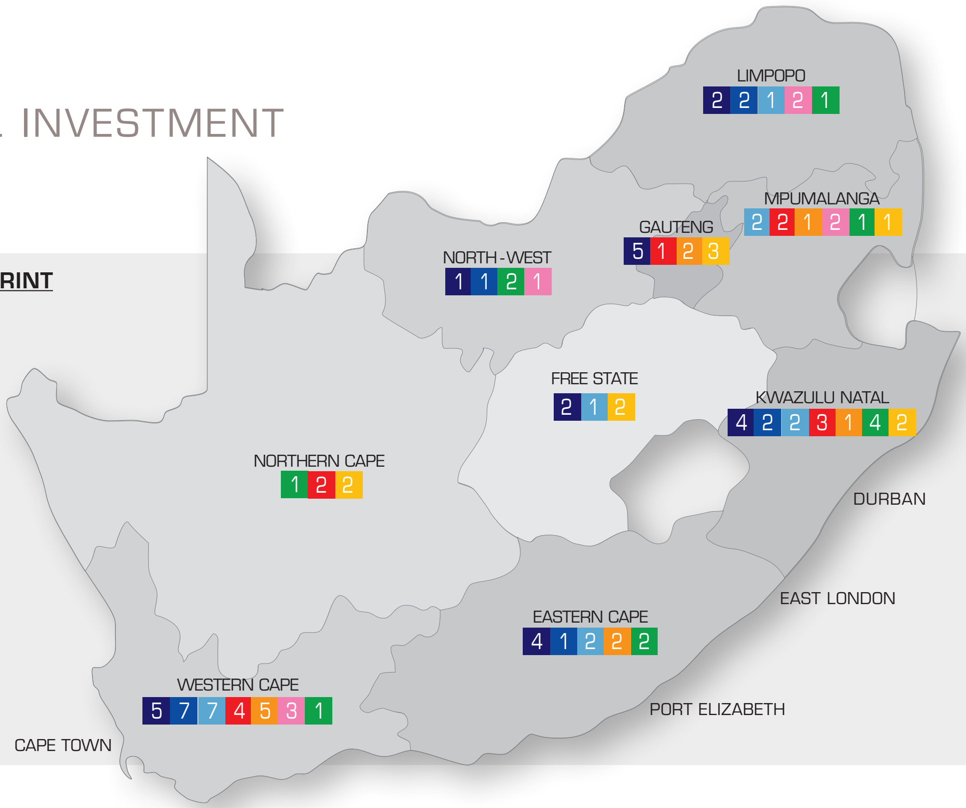
EDUCATION AND DEVELOPMENT
- Bursaries
- Formal
- Informal

DEVELOPMENT AND ENRICHMENT
- Skills development
- Art and culture
- Awareness, personal growth and gender

ENVIRONMENT

HEALTH

Denotes the number of projects funded per category



COMMUNITY ENGAGEMENT PROJECTS

EDUCATION
TERTIARY EDUCATION

NATIONAL BURSARY PROGRAMME

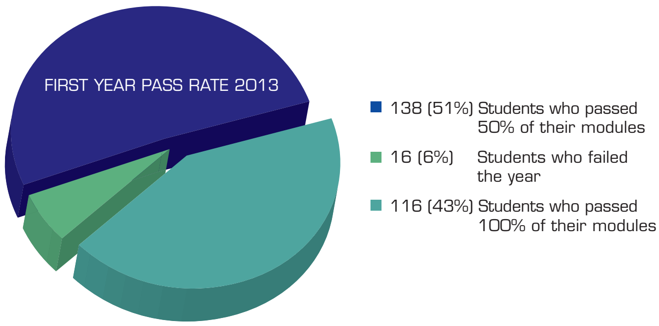
The HCI Foundation undergraduate bursary programme aims to contribute to the development of South Africa by providing tertiary bursaries to financially and academically deserving students. Our focus on bursaries has been a keystone of the Foundation's work since inception and continues to remain critical to our vision of empowering the youth of our country.

In this context, over the past year the Foundation allocated bursaries to students studying at the 22 public universities and universities of technology across the country. It strengthened its relationship with students and institutions through an enhanced IT system and visits to institutions, and continued to increase the level of support to its bursary recipients through mentoring and regular workshops.

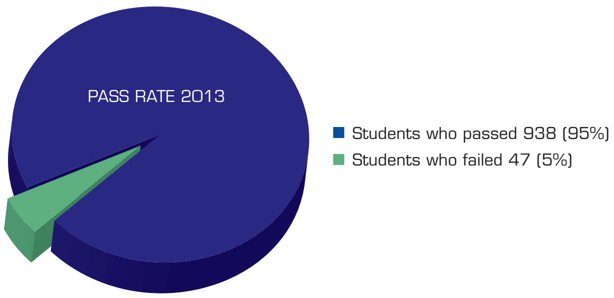
2013 awarded bursaries

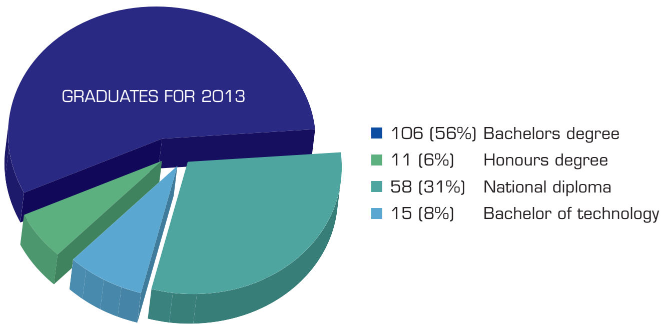
For the year 2013, we received 9100 applications and awarded and paid R 14 886 389.30 for 985 students. Out of these, 938 students (95%) progressed into the following year of study and 47 (5%) failed their academic year. This represents a 95% success rate for the 2013 academic year.

Out of the 985 students awarded bursaries, 270 were first-year students. 116 of these passed 100% of their modules, 138 passed at least 50% of their modules, equating to a pass, and 16 failed the year. In total, 254 (94%) of our first-year students progressed into the next year of study. This represents a 94% pass rate by the most vulnerable group of tertiary students who, as research has shown, are at the greatest risk of failure or drop out.



190 out of 985 funded students in 2013 have been confirmed as graduates by their institutions. Of these, 58 graduated with national diplomas, 106 with Bachelor's degrees, 15 with Bachelor of Technology (BTech) and 11 with Honours degrees.





Student workshops and other events

In 2013 we conducted interactive workshops with students at six institutions of study in Limpopo, Gauteng, Free State and Eastern Cape. In these workshops we develop a stronger sense of HCI Foundation identity amongst our bursary recipients and also emphasise the importance of students becoming involved in community outreach projects as a way of giving back. Just as we learn more about the challenges faced by students, so our bursary recipients have gained a greater understanding of the Foundation's work and the objectives of our bursary programme.

We hosted a luncheon in partnership with Tsogo Sun, in September for our final-year bursary students from the Universities of Johannesburg, Pretoria, Wits and Tshwane University of Technology. The event was a celebration of the hard work and future success of our final years and was attended by senior managers from the HCI Group.

2014 application process

The 2014 application process was marked by the introduction of a new online database system and streamlining of the application process which has made the application, review and selection processes more user-friendly for students and Bursary Department staff.

We received 7450 bursary applications for 2014 and awarded 1 047 bursaries to students in 7 provinces at 22 public Universities and Universities of Technology.

In response to the shortage of funding at Honours level, ongoing students previously funded by the Foundation were invited to apply for an additional year of study. 58 Honours students (5,5%) were awarded bursaries for 2014. The 2014 first year intake was 299 (28.6%).

MENTORING PROGRAMME

Development of the HCI Foundation's mentorship programme, begun in 2012 as part of the drive to get to know bursary recipients better and to provide additional support beyond financial assistance, has continued during 2013.

National Rollout 2014

The positive response from students and University of Cape Town staff to the Peer-to-Peer (P2P) pilot programme at UCT has provided the basis and experience for extending the P2P programme in 2014. Nine institutions without in-house mentoring programmes have been targeted initially, and HCI Foundation senior bursary students have been linked with incoming first years to provide one-to-one peer support during the difficult transition from high school to tertiary level education.

56 pairs of students across the country were linked by the end of the period under review and are reporting back to the Foundation on their meetings. In addition, the annual schedule of visits to institutions has provided the opportunity to meet students face to face to promote and discuss the idea of mentoring, as well as stay in touch with those who are actively taking part in this new initiative.

HCI Foundation bursary students at institutions with mentoring programmes in place are strongly encouraged to take advantage of the support on offer at an early stage in their academic careers, and are asked to become mentors as senior students.

2013 / 2014 UCT P2P PROGRAMME

Sixteen out of 18 students from the UCT programme progressed to their next year of studies having achieved marks ranging from 76,2% to 50,6%, with an average pass mark of 58,8%. Feedback on the programme from 2013 participants was positive;

"I'm grateful to be a part of the Peer2Peer mentoring programme. I'm learning a lot."
"Thank-you so much for your kind words and for believing in me."

In January 2014 the programme started its 3rd year of operation with a very engaged and dynamic group of 16 mentor/mentee pairs. It is encouraging to see that 6 of this year's mentors have been involved in the programme in previous years, either as mentors or mentees.

2013 / 2014 HCI COMPANY PROGRAMME

The opportunity of being mentored by a senior HCI group manager has been greatly appreciated by the CPUT and University of Stellenbosch students who started in this programme in 2013. Nineteen of the 22 students progressed to the next year of study, achieving marks ranging from 71,2% to 52,6% with an average pass mark of 61,4%. Results and individual student feedback show that some students, especially those who have had the opportunity of industry exposure through the mentoring relationship, recognise the contribution mentoring has made to their confidence and academic achievement.

Fifteen of the mentor/mentee pairs have chosen to continue their mentoring relationship in the second year of the programme.


LEAP Science and Maths School


Mentoring Programme – Western Cape


Aqualima – Thanda Aftercare


UCT P2P Programme – Western Cape

2013/ 2014 SEARDEL PROGRAMME

Seardel's 2013 programme saw 42 out of 47 mentees progress to the next year of study, achieving a pass rate of 89,4%.

The programme began its 4th year in 2014 and has demonstrated the commitment of its mentors and students during a period of major organisational change by continuing to produce positive outcomes.

One mentee writes of his 2013 experience;

"I would like to take this opportunity to thank you and HCI for the opportunity you gave me by appointing me a mentor. I learnt a lot from her and she helped me so much to improve my academic marks. If things were going my way I would love to have her as my mentor again next year. Thank you so much!! I appreciate everything you have done for me."

UCT SCHOOLS DEVELOPMENT UNIT - IKWEZI LEAD TEACHER PROJECT

The iKwezi Project is a collaborative programme run over a three year period between the Western Cape Education Department (WCED), UCT and donors to provide support for teacher professional development within the classroom context, with the aim of improving learning outcomes by raising professional standards of practice.

WCED Curriculum Advisors will select 'lead' teachers who, after training, will be able to take the lead in curriculum implementation at their respective schools. Lead Teachers will focus on language and mathematics skills across the Grades R to 6 which are key to improving teaching and learning in the classroom.

In addition, eight schools have been selected by the Metropole East Education District (MEED) as 'focus schools'. These have been identified as having the potential, with support, to improve their performance and sustain their professional development at the end of the project. Key criteria for selection of focus schools are the participation of all language and mathematics teachers from Grades R to 6, and that the school already has well established management structures and processes in place, or that they have management support through UCT's Schools Improvement Initiative (SII).

SECONDARY EDUCATION

LEAP SCIENCE AND MATHS SCHOOL

During 2014 LEAP schools have been responding to a renewed challenge to improve academic results and build future leaders.

LEAP students have developed a strong learning culture, and they demonstrate real commitment to meeting the expectations and standards required of them to build a strong learning environment.

Because of its belief in the importance of parental involvement in education, LEAP maintains good communication with parents and has recently seen an increase in attendance at parent meetings.

Over the last year LEAP has maintained its partnership with the Herzlia Middle School, where students' joint involvement in community-based activities often leads to lasting friendships. LEAP recognises the significant economic and social challenges that its learners face on a daily basis, and continues to work hard to provide an environment conducive to learning, as well as a space for students to be nurtured and supported to allow them to develop to their full potential.

PRIMARY EDUCATION

LITHA Primary School Partnership Intervention Programme

The HCI Foundation believes in the benefit of connecting organisations it works with and encourages them to work together. At Litha Primary School in Guguletu, a partnership between HCI Foundation, Edupeg, LEAP Science and Maths School, Herzlia, Equal Education, The Bookery and Nal'ibali has been helping to improve the learners' literacy and numeracy results.

Edupeg's literacy and numeracy programme, where teachers are supported in the classroom by an Edupeg trainer, has been implemented on a daily basis in Grades R to 6 for more than two years.

A fully functioning library is now in place with a librarian having been placed by Equal Education and The Bookery and funded by HCI Foundation. LEAP and Herzlia schools initiated a reading club where paired reading takes place every Tuesday. Reading and storytelling are strongly encouraged at the reading club which is also supported by Nal'ibali, and a drama club has been started where the learners recently wrote their own play.

Following these interventions, the school was presented with five awards in mathematics and language by the Western Cape Education Department for their Systemic Evaluation results in 2014.

SCHOOL LIBRARIES

THE LIBRARY PROJECT TRUST - THE BOOKERY

The aim of The Bookery is to significantly improve South Africa's literacy levels by setting up and supporting functioning school libraries across the country.

Together with Equal Education, the Bookery has established more than thirty libraries at schools in the Western Cape. The purpose of this project is to provide learners with much needed reading and research material and, by improving their reading, writing and comprehension skills, open up a whole new world to them.

The project's focus is on capacitating school based library assistants through the provision of quality training and ongoing support. The HCI Foundation provides funding for the project's operational costs. Each school is encouraged to take ownership of their library and to see it as a centre of learning and an integral part of the school. Some schools have been put under a self-sustaining trajectory and will be supported by The Bookery to take over the management of their libraries. This will allow The Bookery to work with other schools that need assistance.

ENVIRONMENT

WOZA MOYA – The Dingizwe School Water, Sanitation and Hygiene (WASH) Project

The purpose of this Woza Moya project at Dingiziwe School in Ixopo, KZN, is to support the school's development into a model 'WASH' school.

This is the second phase of a project that started with HCI Foundation installing a rain water harvesting system at the school. Workshops are currently underway with the Grade 8 learners, using WASH training manuals developed by One Voice South Africa (OVSA), an NGO based in Durban. Grade 8 learners will be trained in food gardening and waste disposal, and a WASH Committee will be set up at the school.

Changing people's behaviour and practices around WASH issues is vitally important for the success and sustainability of this project and a new group of Grade 8 learners will be worked with each year.

It is hoped that, as they see the developments at Dingizwe School, the local community members will appreciate the benefits of improved water, sanitation and hygiene and will develop WASH initiatives of their own.

AQUALIMA - Thanda Aftercare - Development of a Sustainable Food Network

The Aqualima project at Thanda focuses on the development of community farms and school food gardens in the area adjacent to Thanda Aftercare, 20 km from Hibberdene on the KwaZulu Natal South Coast. With Aqualima's

Magnet Theatre – Western Cape

Casterbridge Music Development Academy – Mpumalanga

Aqualima - Thanda Aftercare

Woza Moya - WASH Project

assistance, Thanda Aftercare aims to become a fresh produce hub for a food network or co-operative in the area. The previous HCI funded project at Thanda provided sustainable technologies and training in order to reduce overhead costs and grow food for the feeding scheme on site.

Thanda Aftercare offers an after-school care service to vulnerable school children in this rural area, providing meals to over 300 children daily, as well as a library, computer centre and general education support.

Thanda's vision is to continue to link the school education sector with agriculture as an economic growth area, with the aim that all farmers from local school food groups can ultimately join a co-operative to market and sell produce collectively to larger markets in the Hibberdene and Port Shepstone areas. This will give improved food security as well as provide economic opportunities for young people.

With this aim, five new sites are currently being developed, namely at Ndunge Community Farm, Sizanayo High School, Sosukwane Primary School, Mhlongo (Mkhezi) Community Farm, and Mlamula Community Farm.

REFUGEE SUPPORT PROGRAMME

THREE2SIX Project

Since 2008, the Three2Six project at Sacred Heart College in Observatory, Johannesberg, has been offering refugee children a basic primary education which provides academic and social bridging into the South African schooling system.

Qualified and experienced teachers from the refugee community hold lessons in Sacred Heart classrooms from three o'clock to six o' clock every afternoon to help refugee children make the transition to mainstream schooling.

In 2013 the Foundation gave financial assistance to the feeding programme to help the project continue its work. In addition to the benefits to refugee children and their families, Sacred Heart College has seen wider reaching growth as a result of this programme. Learner exposure to diverse cultures has been internationally recognised as contributing to the early development of values such as compassion, justice, dignity and respect as well as commitment to excellence within the whole school community.

COMMUNITY TRANSPORT SUPPORT PROGRAMME

In partnership with the Golden Arrow Bus Services, the HCI Foundation has supported thirty three projects involved in a range of community programmes in the Western Cape. Major areas of funding under this programme are: science and education, community upliftment, skills development for youth, visual and performing arts, sport and heritage.

1. Nature of business

Hosken Consolidated Investments Limited ("HCI") is an investment holding company, incorporated in South Africa and listed on the JSE Limited.

2. Operations and business

The business operations of HCI include the making of investments in opportunities as identified by the board of directors and the adding of value to these investments over time. As such, HCI has itself consciously established and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially-run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them.

3. State of affairs and profit for the period

The group results reflect headline earnings of R1 086 million and earnings attributable to HCI shareholders of R1 060 million for the year under review. Headline earnings appears relatively unchanged in comparison to the prior year but cognisance should be taken of the fact that this result was achieved with the group having repurchased more than R2 billion of its own equity during the year. The weighted average number of shares in issue in the prior year of 126 million was reduced to 115 million in the current year due to 17.7 million shares being repurchased during the year. This resulted in headline earnings per share increasing by 10% and headline earnings per share from continuing operations increasing by 13,2%.

Highlights of the current year group results include the following:
Group income increased by 24,9%. The inclusion of KWV Holdings for the full year under review resulted in an increase in revenue in respect of beverages of R876 million. Media and broadcasting recorded a 15.3% increase in revenue, mainly as a result of R63 million contributed by Sunshine Coast Broadcasters in Australia and Sabido Investments recording growth in revenue of 11,2% as a result of strong increases in advertising revenue, subscription revenue and content sales. An 18,6% increase in net gaming win for non-casino gaming was a result of increased average gross gaming revenue per machine in limited payout gaming and the opening of additional sites by the bingo operations. A 17,2% increase in revenue in clothing, textiles and toys was driven by branded products, textiles and chemicals. Transport managed to increase revenue despite the transport sector strike in April and May 2013. Properties' revenue increased by 43.2% due to additional revenue from new properties in Upington and Cape Town. Revenue in respect of mining increased by 17,4% due to increased transport revenue and an additional product delivered to Eskom during seven months of the year.

Group EBITDA increased by 10,1%. EBITDA from media and broadcasting decreased by 7%. This amount includes R20 million for Sunshine Coast Broadcasters and R784 million relating to Sabido Investments, which represents a reduction of R59 million compared to the prior year for this group and is a result of increased expenditure of R155 million on the expansion of the group's multi-channel strategy. EBITDA from media and broadcasting includes R76 million in respect of the expensing of distribution rights. EBITDA from non-casino gaming increased by 10,8%, albeit reduced by an amount of R31 million recognised in respect of a share based payment expense. Information technology's EBITDA reduced by 14,4% due to disappointing results in its Cape Town road safety business. Beverages' EBITDA consisted of only three months earnings in the prior year and is not comparable. EBITDA relating to properties increased by 81,3% to R51 million due to the additional contribution of new developments. Mining's EBITDA increased by R19 million, aided by increased transport revenue and the more favourable product mix delivered to Eskom. Clothing, textiles and toys' EBITDA from continuing operations increased 82.1% and includes the recognition of R38 million relating to the Searll settlement.

The Group's profit before tax decreased by 19,5%. Profit before tax for media and broadcasting reduced by 13,5%, mainly as a result of the abovementioned expenditure recorded for expansionary activity. The established businesses of Sabido Investments remained buoyant, resulting in this group contributing profit before tax of R670 million. Included in profit before tax of media and broadcasting is R33 million in finance costs in respect of the loan owing to the Southern African Clothing and Textile Workers Union ("SACTWU") following the restructure of the group's media interests in September 2013. This loan was settled subsequent to the reporting date. The contribution by casino gaming and hotels increased by 15,4% to R780 million, the increase driven by increased average room rates and increased gaming spend at Tsogo Sun's major casino's. Transport profit before tax decreased by 3,9% as a result of increased depreciation and employee costs. Vehicle component manufacture showed an increase in profitability due to better inventory and cost control. Properties' increase in profit before tax of 100.7% includes the group's share of the revaluation of an office block in Claremont, Cape Town in the amount of R27 million. Other operations' losses include R84 million in finance costs at head office, R69 million in losses relating to Australian non-media operations and head office costs. The decrease compared to the prior year is mainly due to a gain on bargain purchase recognised in respect of the KWV acquisition in the amount of R477 million in the prior year and the Australian non-media operations' increase of R48 million in losses reported which were caused by its debt recovery operations revaluing its debtors books in the first half of the year.

Group headline earnings increased by 0,1%. Media and broadcasting reported a decrease of 19.4% in headline earnings. These earnings include R299 million in respect of Sabido Investments and finance costs of R33 million on the SACTWU loan. Non-casino gaming's results are not directly comparable to the prior year due to the Niveus distribution and repurchase transaction in the prior year, whereby the group's stake was diluted to 52% in September 2012. Mining headline earnings increased only marginally, predominantly due to the box cut at its Mbali colliery being depreciated by R13 million and the incurrence of start up costs at this colliery. Natural gas' losses have reduced by 38% due to a more favourable gas price during the year and profits of R16 million recognised on forward sales. These effects were partially offset by operational issues encountered on two sites during the latter half of the year and that have since been substantially resolved. Other includes R16 million in losses from the Australian non-media operations, R84 million head office finance costs and other head office costs. In addition to the Australian non-media losses, the variance can be explained by the incurrence of debt refinancing costs in the current year and a tax provision reversal in the prior year not recurring.

Finance costs' increase of R98 million is a result of R33 million accruing on the SACTWU loan as noted above, interest in respect of properties increasing by R10 million and head office finance costs increasing by R35 million (R9 million tax related interest was reversed in the prior year).

Profits from associates and joint ventures include R780 million from Tsogo Sun, losses of R65m from Australian non-media operations and profits of R29 million from properties. Fair value adjustments on investment property consists substantially of adjustments recognised by clothing, textiles and toys on its properties in the amount of R21 million.

Fair value adjustments on financial instruments consist of R5 million discount realised on the repurchase of preference shares from certain Nafcoc trusts and the remainder of unrealised gains on forward exchange contracts and equity investments. The group's overall financial position remains strong with the major businesses still generating strong cash flows. Group long-term borrowings at 31 March 2014 comprise central borrowings of R1 455 million, property related borrowings of R621 million and R842 million in other operating subsidiaries. Included in current liabilities and mentioned above is R1 364 million owing to SACTWU. 17,7 Million shares in the company, to the value of R2 028 million, were repurchased during the year.

Cash flow from financing activities shows a significant increase compared to the prior year predominantly due to the increase in property development facilities and finance raised at head office level. The group invested R799 million in property, plant and equipment, R718 million in investment properties and R184 million in distribution rights and other intangible assets during the year. Also included in cash flow from investing activities is the dividend of R364 million received from Tsogo Sun Holdings.

4. Dividends

Ordinary dividend number 48, in the amount of thirty cents per share, was paid to shareholders on 17 December 2013. Ordinary dividend number 49, in the amount of one hundred and ten cents per share, was paid to shareholders on 17th June 2014.

5. Share capital

During the period 9 074 513 ordinary shares were cancelled.

The company's authorised but unissued share capital was placed under the control of the directors until the forthcoming AGM with authority to allot and issue any shares limited to a maximum of three million shares, in their discretion, subject to section 38 of the South African Companies Act and the JSE Listings Requirements.

6. Directorate

The directors of the company appear on page 84 With effect from 19 March 2014 Ms RD Watson and Mr LW Maasdorp were appointed to the board of HCI as independent non-executive directors and Mr Y Shaik's status was changed to that of executive director. On the same date Mr VE Mphande was appointed lead independent non-executive director, replacing Mr Y Shaik in this capacity.

7. Company secretary

The secretary of the company for the twelve months ended 31 March 2014 is HCI Managerial Services

Proprietary Limited. The secretary has an arms-length relationship with the board of directors. The name, business and postal address of the Company Secretary are set out on page 84.

8. Auditors

Grant Thornton (Jhb) Inc will continue in office in accordance with section 90 of the South African Companies Act, with Mr Ben Frey as the dedicated auditor.

9. Significant shareholders

The company's significant shareholders are Southern African Clothing and Textile Workers Union and MJA Golding who own 32.1% and 7.8% respectively. No shareholder has a controlling interest in the company.

10. Special resolutions

The following special resolutions were passed by the company's shareholders at the Annual General Meeting held on 28 October 2013:

- Approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period ended 31 March 2014;
- Granting the company and the subsidiaries of the company a general authority in terms of the listings requirements of the JSE Limited for the acquisition by the company, or a subsidiary of the company, of ordinary issued shares issued by the company;

The following special resolutions were passed by the company's shareholders at a general meeting of shareholders held on 13 December 2013:

- Specific authority in accordance with the applicable provisions of the Companies Act, the Listings Requirements and its Memorandum of Incorporation, to acquire 220 000 HCI Shares currently owned by Mr Andre van der Veen for a consideration of R123,00 per HCI Share, and an aggregate consideration of R27 060 000.

11. Special resolutions of subsidiaries

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the company.

12. Auditor's report

The consolidated annual financial statements have been audited by Grant Thornton (Jhb) Inc. and their unqualified audit report on the comprehensive annual financial statements and the summarised annual financial statements are available for inspection at the registered office of the company.

13. Shareholding of directors

The shareholding of directors of the company and their participation in the share incentive scheme and in the issued share capital of the company as at 31 March 2014, are set out in the remuneration report on page 49.

14. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2014 are set out in the remuneration report on page 50 and in note 41 in the annual financial statements.

15. Associates, joint ventures and subsidiaries

Details of the company's subsidiaries are set out in the annexure A in the annual financial statements available on the company website www.hci.co.za.

16. Borrowing powers

There are no limits placed on borrowing in terms of the memorandum of incorporation. Certain companies in the group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the group which may restrict the group's borrowing powers. Details of these covenants and undertakings are available from the registered office of the company.

17. Litigation statement

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of HCI are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of HCI.

18. Material change

There has been no material change in the financial or trading position of the HCI group since the publication of its provisional results for the year ended 31 March 2014.

19. Subsequent events

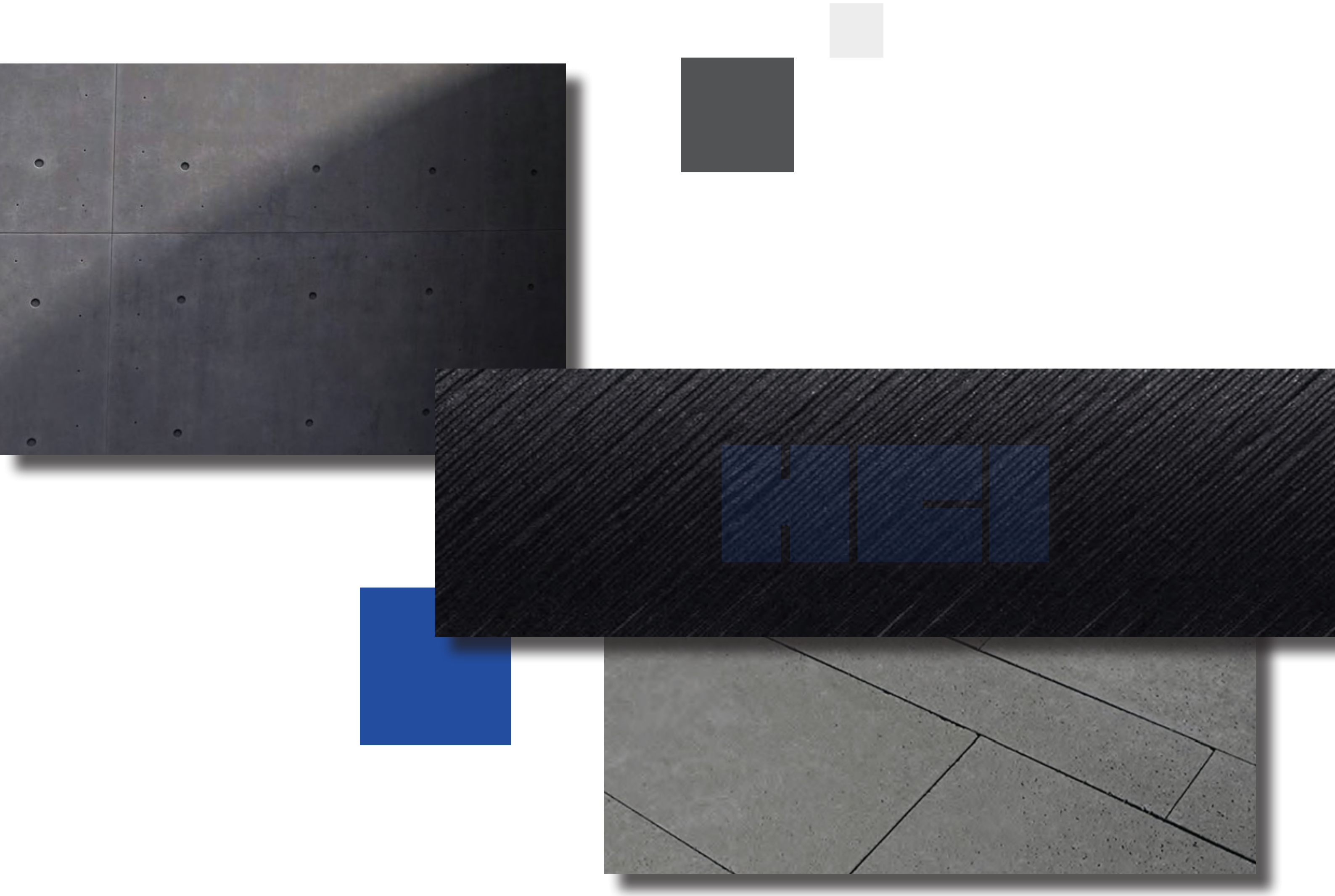
Subsequent to the reporting date the following significant events have occurred:

- Seardel Investment Corporation Limited ("SIC"), a subsidiary of the group, concluded a rights issue in April 2014 in terms of which 3 125 000 000 N Ordinary no par value shares were issued for a cash consideration of R1.60 per share. The proceeds were partly used by a subsidiary of SIC to redeem preference shares issued to Hosken Consolidated Investments Limited which, together with dividends accrued thereon, totalled R3 144 million. An interest bearing loan owing to the Southern African Clothing and Textile Workers Union in the amount of R1 347 million was also settled using these proceeds.

- During August 2014 Sabido Investments Proprietary Limited ("Sabido"), a subsidiary of the group, concluded an agreement with Deepkloof Limited ("Deepkloof"), a fellow subsidiary of the group, to purchase 80% of the ordinary share capital of Longkloof Limited ("Longkloof") for a nominal amount and have Longkloof repay its loans owing to Deepkloof in the amount of US$37 million. At the same time Sabido purchased 20% of the ordinary share capital of Longkloof from a third party for a nominal amount and caused Longkloof to repay its loans owing to this party in the amount of US$9 million. Subsequent to the transactions, Sabido owned 100% of the ordinary share capital of Longkloof.

- Deepkloof Limited ("Deepkloof"), a subsidiary of the group, concluded an agreement during July 2014 to subscribe for 13% of the ordinary share capital of Impact Oil and Gas Limited ("IOG"), an oil and gas exploration company based in the United Kingdom, for a total of US$25 million. An agreement was also concluded with a third party during September 2014 whereby Deepkloof purchased a further 7% of the ordinary share capital of IOG for US$8 million.

Other than as previously detailed in this report, the directors are not aware of any event or circumstance occurring between the reporting date and the date of this report that materially affects the results of the group or company for the year ended 31 March 2014 or the financial position at that date.



APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Hosken Consolidated Investments Limited are responsible for the preparation, integrity and fair presentation of the financial statements of the company and of the group and for other information contained in this integrated report. The summarised audited financial statements set out on pages 69 to 76 and the annual financial statements for the year ended 31 March 2014, available on the company website www.hci.co.za, have been prepared in accordance with International Financial Reporting Standards and include amounts based on prudent judgments and estimates by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group. The financial statements have been audited by the independent auditing firm, Grant Thornton (Jhb) Inc, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board.

The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The annual financial statements for the year ended 31 March 2014, which are available on the company website, were approved by the board of directors on 27 August 2014 and are signed on its behalf by:

MJA Golding	JA Copelyn	TG Govender
Chairman	Chief Executive Officer	Financial Director

27 August 2014
Cape Town

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Consolidated Investments Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2014, all such returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited
Company secretary

HCI Managerial Services Proprietary Limited

27 August 2014
Cape Town

SUMMARISED AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 31 March 2014 R'000	Audited* 31 March 2013 R'000	Audited* 31 March 2012 R'000
ASSETS			
Non-current assets	**16 851 858**	15 811 394	13 883 204
Property, plant and equipment	**3 735 578**	3 959 409	2 932 761
Investment properties	**1 695 532**	907 503	557 886
Goodwill	**279 011**	256 470	186 212
Interest in associates and joint ventures	**9 974 196**	9 461 708	9 235 179
Other financial assets	**9 163**	56 789	105 869
Intangibles	**806 887**	984 116	701 348
Deferred taxation	**127 941**	84 189	67 928
Operating lease equalisation asset	**27 185**	8 276	8 258
Long-term receivables	**196 365**	92 934	87 763
Current assets	**4 935 432**	4 878 741	3 257 200
Other	**3 746 752**	3 892 240	2 535 750
Bank balances and deposits	**1 188 680**	986 501	721 450
Non-current assets held for sale	**1 006 446**	2 543	15 288
Total assets	**22 793 736**	20 692 678	17 155 692
EQUITY AND LIABILITIES			
Equity	**14 930 161**	15 432 755	12 836 030
Equity attributable to equity holders of the parent	**12 094 478**	12 900 683	11 777 703
Non-controlling interest	**2 835 683**	2 532 072	1 058 327
Non-current liabilities	**3 407 985**	1 795 913	1 592 601
Deferred taxation	**277 439**	240 608	97 898
Long-term borrowings	**2 917 689**	1 304 221	1 275 373
Operating lease equalisation liability	**3 596**	118	1 808
Other	**209 261**	250 966	217 522
Current liabilities	**4 336 792**	3 462 320	2 721 263
Non-current liabilities held for sale	**118 798**	1 690	5 798
Total equity and liabilities	**22 793 736**	20 692 678	17 155 692
Net asset carrying value per share (cents)	**11 391**	10 469	9 259

* Audited results have been restated

SUMMARISED AUDITED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	% change	**Audited 31 March 2014 R'000**	Audited* 31 March 2013 R'000
Revenue		**8 382 905**	6 677 101
Net gaming win		**818 421**	689 953
Income	24,9%	**9 201 326**	7 367 054
Expenses		**(7 588 450)**	(5 902 013)
EBITDA	10,1%	**1 612 876**	1 465 041
Depreciation and amortisation		**(407 177)**	(328 306)
Operating profit	6,1%	**1 205 699**	1 136 735
Investment income		**48 806**	53 159
Finance costs		**(248 621)**	(150 799)
Share of profits of associates and joint ventures		**748 228**	691 799
Gain on bargain purchase		**-**	476 901
Investment surplus		**-**	35 416
Fair value adjustments of investment properties		**23 284**	427
Impairment reversals		**509**	21 885
Asset impairments		**(12 489)**	(55 521)
Fair value adjustments of financial instruments		**21 010**	10 834
Impairment of goodwill and investments		**(329)**	(1 084)
Profit before taxation	-19,5%	**1 786 097**	2 219 752
Taxation		**(306 259)**	(294 526)
Profit for the period from continuing operations	-23,1%	**1 479 838**	1 925 226
Discontinued operations		**(214 141)**	(109 978)
Profit for the period		**1 265 697**	1 815 248
Attributable to:			
Equity holders of the parent	-23,2%	**1 060 455**	1 381 466
Non-controlling interest		**205 242**	433 782
		1 265 697	1 815 248

* Audited results have been restated

RECONCILIATION OF HEADLINE EARNINGS

	% change	**Audited** 2014 Gross R'000	**Audited** 2014 Net R'000	Audited* 2013 Gross R'000	Audited* 2013 Net R'000
Earnings attributable to equity holders of the parent	-23,2%		**1 060 455**		1 381 466
IAS 16 loss (gain) on disposal of plant and equipment		**23 556**	**17 695**	(16 846)	(14 688)
IAS 16 impairment of plant and equipment		**6 563**	**2 265**	15 134	8 344
IAS 38 impairment of intangible assets		**4 617**	**3 396**	-	-
IFRS 3 impairment of goodwill		**329**	**172**	1 084	922
IFRS 3 gain on bargain purchase		**-**	**-**	(476 901)	(255 194)
IAS 28 gain on disposal of associates		**-**	**-**	(25 954)	(25 954)
IAS 28 impairment of associates and joint ventures		**5 925**	**4 823**	43 024	29 059
IAS 36 reversal of impairments		**(509)**	**(203)**	(22 822)	(17 361)
IAS 40 fair value adjustment to investment property		**(23 284)**	**(17 418)**	(427)	(463)
Other remeasurements and gains		**107**	**43**	(32 012)	(30 050)
Re-measurements included in equity-accounted earnings of associates and joint ventures		**31 101**	**14 926**	8 886	8 851
Headline profit	0,1%		**1 086 154**		1 084 932
Basic earnings per share (cents)					
Earnings	-15,6%		**923.84**		1 095.13
Continuing operations			**1 084.36**		1 173.40
Discontinued operations			**(160.52)**		(78.27)
Headline earnings	10,0%		**946.23**		860.06
Continuing operations			**1 083.74**		956.99
Discontinued operations			**(137.51)**		(96.93)
Weighted average number of shares in issue ('000)			**114 788**		126 146
Actual number of shares in issue at end of period (net of treasury shares) ('000)			**106 177**		123 224
Diluted earnings per share (cents)					
Earnings	-15,3%		**908.62**		1 072.16
Continuing operations			**1 066.50**		1 148.79
Discontinued operations			**(157.88)**		(76.63)
Headline earnings	10,5%		**930.64**		842.02
Continuing operations			**1 065.88**		936.91
Discontinued operations			**(135.24)**		(94.89)
Weighted average number of shares in issue ('000)			**116 710**		128 849

* Audited results have been restated

SUMMARISED AUDITED FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited 31 March 2014 R'000	Audited* 31 March 2013 R'000
Profit for the period	**1 265 697**	1 815 248
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**200 412**	288 244
Cash flow hedge reserve	**38 201**	(9 973)
Asset revaluation reserve	**-**	(5 382)
Items that may not be reclassified subsequently to profit or loss		
Actuarial gains on post-employment benefit liability	**5 773**	-
Total comprehensive income	**1 510 083**	2 088 137
Attributable to:		
Equity holders of the parent	**1 300 005**	1 645 249
Non - controlling interest	**210 078**	442 888
	1 510 083	2 088 137

* Audited results have been restated

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 31 March 2014 R'000	Audited* 31 March 2013 R'000
Balance at beginning of year	**15 432 755**	12 836 030
Share capital and premium		
Treasury shares released	**45 779**	76 410
Shares repurchased	**(457 443)**	(114 324)
Current operations		
Total comprehensive income	**1 510 083**	2 088 137
Equity settled share-based payments	**16 170**	17 233
Non-controlling interest on acquisition of subsidiaries	**3 359**	794 573
Effects of changes in holding	**(1 347 440)**	90 202
Dividends	**(273 102)**	(355 506)
Balance at end of year	**14 930 161**	15 432 755

* Audited results have been restated

CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 31 March 2014 R'000	Audited 31 March 2013 R'000
Cashflows from operating activities	1 045 692	891 888
Cashflows from investing activities	(1 240 277)	(992 712)
Cashflows from financing activities	430 598	92 436
Increase/(decrease) in cash and cash equivalents	236 013	(8 388)
Cash and cash equivalents		
At beginning of year	311 762	253 141
Foreign exchange differences	26 611	67 009
At end of year	574 386	311 762
Bank balances and deposits	1 188 680	986 501
Bank overdrafts	(706 908)	(674 739)
Cash of disposal groups held for sale	92 614	-
Cash and cash equivalents	574 386	311 762

SEGMENTAL ANALYSIS

	Revenue 31 March 2014 R'000	Net gaming win 31 March 2014 R'000	Revenue 31 March 2013 R'000	Net gaming win 31 March 2013 R'000
Media and broadcasting**	2 538 841	-	2 200 355	-
Non-casino gaming	44 770	818 421	27 672	689 953
Information technology	294 054	-	286 527	-
Transport	1 194 948	-	1 130 774	-
Vehicle component manufacture	300 620	-	333 722	-
Beverages	1 110 212	-	233 764	-
Properties	80 944	-	56 521	-
Mining	652 873	-	556 129	-
Clothing, textiles and toys	2 163 518	-	1 845 524	-
Other	2 125	-	6 113	-
Total	8 382 905	818 421	6 677 101	689 953

SEGMENTAL ANALYSIS (continued)

	EBITDA	
	31 March 2014 R'000	31 March 2013 R'000
Media and broadcasting**	**777 910**	836 217
Non-casino gaming	**215 835**	194 720
Information technology	**61 964**	72 422
Transport	**224 620**	210 228
Vehicle component manufacture	**15 829**	17 552
Beverages	**26 075**	(4 496)
Properties	**54 905**	28 244
Mining	**104 736**	85 792
Clothing, textiles and toys	**234 010**	128 500
Other	**(103 008)**	(104 138)
Total	**1 612 876**	1 465 041

	Profit before tax		Headline earnings	
	31 March 2014 R'000	31 March 2013 R'000	**31 March 2014 R'000**	31 March 2013 R'000
Media and broadcasting**	**620 998**	717 732	**258 816**	320 954
Non-casino gaming	**113 747**	108 592	**48 967**	57 119
Casino gaming and hotels	**779 791**	675 324	**785 062**	682 272
Information technology	**43 675**	59 452	**15 290**	21 764
Transport	**126 638**	131 731	**90 589**	97 111
Vehicle component manufacture	**1 520**	(7 397)	**17**	(11 134)
Beverages	**(448)**	(24 601)	**549**	(14 364)
Properties	**70 226**	33 146	**31 114**	21 690
Mining	**65 008**	64 226	**47 482**	45 759
Natural gas	**-**	-	**(54 055)**	(86 885)
Clothing, textiles and toys	**168 448**	88 214	**10 922**	18 420
Other	**(203 506)**	373 333	**(148 599)**	(67 774)
Total	**1 786 097**	2 219 752	**1 086 154**	1 084 932

** Results of the group's Australian media interests have been included in the Media and Broadcasting segment for March 2013 and March 2014. The results of these media interests were previously included in Other.

NOTES TO THE SUMMARISED AUDITED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited. Except for the new standards adopted as set out and as further noted below, the accounting policies applied by the group in the preparation of these summarised audited financial statements are consistent with those applied by the group in its consolidated financial statements as at and for the year ended 31 March 2013. The group has adopted the following new standards:

i. Amendment to IFRS 7– Disclosures – Offsetting Financial Assets and Financial Liabilities
ii. IFRS 10 – Consolidated Financial Statements
iii. IFRS 11 – Joint Arrangements
iv. IFRS 12 – Disclosure of Interests in Other Entities
v. IFRS 13 – Fair Value Measurement
vi. Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
vii. Amendments to IAS 16 – Property, Plant and Equipment
viii. Amendment to IAS 19 – Employee benefits
ix. Revised IAS 27 and 28–Investments in Associates and Joint Ventures
x. Amendments to IAS 32–Financial Instrument Presentation
xi. Amendments to IAS 34–Interim Financial Reporting

There was no material impact on the financial statements identified based on management's assessment of these standards. As required by the JSE Limited Listings Requirements, the group reports headline earnings in accordance with Circular 2/2013: Headline Earnings as issued by the South African Institute of Chartered Accountants.

These financial statements were prepared under the supervision of the financial director, Mr TG Govender, B.Compt (Hons).

RESTATEMENT OF PRIOR YEAR RESULTS

The acquisition of controlling interests during the prior comparative year in KWV Holdings Limited ("KWV"), effective 1 January 2013 and Sunshine Coast Broadcasters Proprietary Limited ("SCB"), effective 1 March 2013, qualified as business combinations in terms of IFRS 3: Business Combinations. The results as at 31 March 2013 were determined based on all information available at the acquisition date ("provisional accounting"). The provisional accounting was adjusted in the current year for new information obtained within a timeframe of 12 months after the acquisition date. These adjustments to the fair value determined in the provisional purchase price allocations were not treated as movements in the current financial year, but as adjustments to the comparative results as at 31 March 2013.

In respect of the acquisition of KWV the comparative results were restated as follows:

Income statement:
Depreciation and amortisation increased by R0.7 million
Taxation decreased by R0.2 million
Gain on bargain purchase increased by R212 million
Earnings attributable to non-controlling interest increased by R100 million

Statement of financial position:
Property, plant and equipment increased by R439 million
Intangible assets increased by R49 million
Deferred tax liability increased by R77 million
Equity attributable to non-controlling interest increased by R299 million

Opening equity attributable to equity holders of the parent increased by R112 million in the current year.

In respect of the acquisition of SCB the comparative results were restated as follows:

Statement of financial position:
Property, plant and equipment decreased by R1 million
Goodwill increased by R62 million
Intangible assets decreased by R61 million

The income statement in the prior year and opening equity attributable to equity holders of the parent in the current year were not affected.

In addition to the above, KWV changed their accounting policy in the current year to include excise duty in the valuation of inventory. Comparative results were restated as follows:

Statement of financial position:
Inventory increased by R163 million
Trade and other receivables decreased by R163 million

Income statement:
Revenue increased by R58 million
Expenses increased by R58 million

Opening equity attributable to equity holders of the parent in the current year was not affected.

BUSINESS COMBINATIONS

Clothing, textiles and toys
During the year the group's clothing, textiles and toys operations acquired 100% of the issued share capital of two entities for a total purchase consideration of R27 million. Goodwill of R14 million was recognised on acquisition. The purchase consideration includes contingent consideration of R13 million, the payment of which is dependent on the future profitability of the acquired entities.

Media and broadcasting
During the year the group's media and broadcasting operations acquired 70% and 80% of the issued share capital of Strika Entertainment Proprietary Limited and Afrikaans Satelliet Televisie Proprietary Limited respectively. The total purchase consideration was R9 million. Goodwill of R3 million was recognised on acquisition.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Following the group's announcement during March 2014 that it will unbundle and list its natural gas interests, the results of these operations have been reclassified to discontinued operations in the income statement and its assets and liabilities reclassified to disposal groups held for sale in the statement of financial position.

The majority of the clothing divisions of the group's clothing, textiles and toys operations were sold prior to the reporting date. Consequently, the results of these divisions were reclassified to discontinued operations.

The remainder of discontinued operations consists of the door module and pulley division of the vehicle component manufacture operations, which ceased operations in 2010.

Discontinued operations as disclosed in the income statement consist of the following:

	Clothing, textiles and toys R'000	Natural gas R'000	Vehicle component manufacture R'000
2014			
Revenue	**604 457**	**336 258**	**-**
EBITDA	**(98 840)**	**65 203**	**(31)**
Loss after tax	**(159 901)**	**(54 209)**	**(31)**
2013			
Revenue	667 962	237 298	-
EBITDA	(17 901)	33 368	(378)
Loss after tax	(45 173)	(62 727)	(2 078)

The disposal groups held for sale, as disclosed in the statement of financial position, relate to the assets and liabilities of the group's natural gas operations, a property relating to certain clothing divisions of the clothing, textiles and toys operations and a property, together with the remaining assets of the pulley division of the vehicle component manufacture operations.

Disposal groups held for sale as disclosed in the statement of financial position comprise the following:

	Clothing, textiles and toys R'000	Natural gas R'000	Vehicle component manufacture R'000
Disposal group assets held for sale			
Property, plant and equipment	**54 536**	**464 805**	**7 308**
Intangible assets	**-**	**316 249**	**-**
Other assets	**-**	**163 548**	**-**
Disposal group liabilities held for sale			
Long term provisions	**-**	**65 161**	**-**
Other liabilities	**-**	**53 570**	**67**

NOTICE TO MEMBERS

HOSKEN CONSOLIDATED INVESTMENTS LIMITED
Registration number 1973/007111/06
Incorporated in the Republic of South Africa
(HCI or the Company)
ISIN Code: ZAE000003257 Share Code: HCI

NOTICE TO SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2014

NOTICE IS HEREBY GIVEN that the annual general meeting of Hosken Consolidated Investments Limited ("the company") will be held on Thursday 30 October 2014 at 12:00 at the offices of the company, Suite 801, 76 Regent Street, Sea Point 8005.

This document is available in English only. The proceedings at the meeting will be conducted in English.

General instructions and information

Participants at the annual general meeting will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly provide a copy of their identity document, passport or driver's licence at the annual general meeting for verification.

The Board of directors of the company determined, in accordance with section 59 of the Companies Act, 71 of 2008, as amended (Act), that the record date for the purpose of determining which shareholders of the company were entitled to receive notice of the annual general meeting was 12 September 2014 and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is 17 October 2014. Accordingly, only shareholders who are registered in the register of shareholders of the company on 17 October 2014 will be entitled to participate in and vote at the annual general meeting.

All shareholders are entitled to attend, speak and vote at the annual general meeting. If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an "own name" dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively

- you may appoint one or more proxies (who need not be shareholders of the company) to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries, to be received by no later than 24 (twenty four) hours prior to the time appointed for the holding of the meeting.

Please note that the company intends to make provision for shareholders of the company, or their proxies, to participate in the annual general meeting by way of video conference in Johannesburg. Should you wish to participate in the annual general meeting by way of video conference as aforesaid, you are required to give notice of such proposed participation to the company at its registered office or at the office of the transfer secretaries by no later than 12h00 on Tuesday 28 October 2014. In order for the notice to be valid, it must be accompanied by the following:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;

- if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the annual general meeting and a certified copy of the authorised representative's identity document and/or passport;

- a valid e-mail address and/or facsimile number for the purpose of receiving details of the video conference facility that will be made available.

Upon receipt of the aforesaid notice and documents, the company shall notify you of the relevant details of the video-conference facilities available in Johannesburg at which you can participate in the annual general meeting by way of electronic communication.

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited's ("JSE") electronic settlement system held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder you are not a registered shareholder of the company. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the annual general meeting, you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively

- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and / or request it to appoint a proxy. You must not complete the attached form of proxy.

The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be. CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the company's transfer secretaries to be received by not less than 24 (twenty-four) hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

NOTICE TO MEMBERS

On a poll, shareholders are entitled to 1 vote per ordinary share.

Unless otherwise specifically provided below, for any of the ordinary resolutions to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

The integrated annual report to which this notice of annual general meeting is attached provides details of:

- the directors and management of the company, including brief CVs of the directors nominated for re-election, on pages 34 and 35;

- the major shareholders of the company on page 31;

- the directors' interests in securities on page 49; and

- the share capital of the company in note 19 and an analysis of shareholders on page 30.

There are no material changes to the Group's financial or trading position (other than as disclosed in the accompanying integrated annual report), nor are there any legal or arbitration proceedings that may materially affect the financial position of the Group between 31 March 2014 and the reporting date.

The directors, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that the annual report and this notice provide all information required by law and the Listings Requirements of the JSE ("JSE Listings Requirements")

PURPOSE

1. Transacting the following business:

1.1 To present the audited annual financial statements of the Company and its subsidiaries (Group) for the year ended 31 March 2014, the associated Directors' report, External Auditor's report, the Audit and Risk Committee report and the Social and Ethics Committee report;

1.2 to elect Directors in the place of those retiring in accordance with the Company's Memorandum of Incorporation; and

1.3 such other business as may be transacted at an annual general meeting.

2. Considering, and if deemed fit, passing, with or without modification, the below mentioned ordinary and special resolutions.

The purpose of the annual general meeting is for the following business to be transacted and the following resolutions to be proposed, all of them as ordinary resolutions unless the contrary appears:

AGENDA:

1. The Companies Act requires the company to present the audit committee report and the directors' report at the annual general meeting of the company. The directors' report is set out on pages 64 to 67, and the audit committee report is set out on pages 43 and 44, of the integrated annual report to which this notice of annual general meeting is attached.

2. To receive and adopt the audited financial statements – ordinary resolution number 1

"Resolved that the audited financial statements and Group audited financial statements for the year ended 31 March 2014 as tabled at the meeting are hereby adopted."

The purpose of this ordinary resolution is to approve the annual financial statements of the company and its subsidiaries, which summarised financial statements are set out on pages 69 to 76 of the integrated annual report to which this notice of annual general meeting is attached and the full set of audit financial statements that is available on the company's website www.hci.co.za. The resolution has been proposed in terms of item 2(7) of Schedule 5 of the Companies Act, read with section 286 of the Companies Act, 61 of 1973, as amended.

3. Appointment of directors – ordinary resolution numbers 2.1, 2.2, 2.3, 2.4 and 2.5

Mr MJA Golding; Mr JG Ngcobo and Mr Y Shaik retire as directors in accordance with the company's Memorandum of Incorporation but, being eligible, each offer themselves for re-election as a director of the company. For CV details, see pages 34 and 35.

Accordingly, shareholders are requested to consider and if deemed fit, to re-elect Mr MJA Golding; Mr JG Ngcobo and Mr Y Shaik by way of passing the ordinary resolutions set out below:

2.1. Mr MJA Golding – ordinary resolution number 2.1
"Resolved that Mr MJA Golding be and is hereby elected as a director of the company."

2.2. Mr JG Ngcobo – ordinary resolution number 2.2
"Resolved that Mr JG Ngcobo be and is hereby elected as a director of the company."

2.3. Mr Y Shaik – ordinary resolution number 2.3
"Resolved that Mr Y Shaik be and is hereby elected as a director of the company."

The reason for ordinary resolution numbers 2.1 to 2.3 is to re-elect those directors of the company who retire as directors in accordance with the company's Memorandum of Incorporation.

2.4 Ms RD Watson – ordinary resolution number 2.4
To elect as director, the following director appointed by the board during the course of the year and who is required to retire in terms of the company's Memorandum of Incorporation, at the annual general meeting, and who is eligible and has offered herself for re-election:
"Resolved that Ms RD Watson be and is hereby elected as a director of the company."

2.5 Mr LW Maasdorp – ordinary resolution number 2.5
To elect as director, the following director appointed by the board during the course of the year and who is required to retire in terms of the company's Memorandum of Incorporation, at the annual general meeting, and who is eligible and has offered herself for re-election:
"Resolved that Mr LW Maasdorp be and is hereby elected as a director of the company."

The reason for ordinary resolution numbers 2.4 and 2.5 is to elect the directors of the company who were appointed during the course of the year and who retire as directors in accordance with the Companies Act of 2008, as amended.

4. Reappointment of auditor – ordinary resolution number 3

The company's audit committee has recommended that Grant Thornton Johannesburg Inc. be re-appointed as the auditors of the company, for the ensuing year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2015 is Mr Frey. Accordingly, the directors propose that the following resolution be adopted:

"Resolved that Grant Thornton (Jhb) Inc. is hereby appointed as the auditor to the company for the ensuing year."

The reason for ordinary resolution number 3 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

5. **Appointment of audit committee – ordinary resolution numbers 4.1, 4.2, 4.3**

   4.1. Appointment of audit committee – ordinary resolution number 4.1
   "Resolved that Ms B Hogan (see CV details on page 35) be appointed to the audit committee of the company for the ensuing year."

   4.2. Appointment of audit committee – ordinary resolution number 4.2
   "Resolution that Mr LW Maasdorp (see CV on details page 35) be appointed to the audit committee of the company for the ensuing year."

   4.3. Appointment of audit committee – ordinary resolution number 4.3
   "Resolved that Dr LM Molefi (see CV details on page 35) be appointed to the audit committee of the company for the ensuing year."

The reason for ordinary resolution numbers 4.1 to 4.3 is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed at each annual general meeting of a company. Under the Act, the audit committee is no longer a committee of the board but instead is a committee elected by shareholders and others entitled to exercise votes at the meeting when the election takes place.

6. **General authority over unissued shares – ordinary resolution number 5**
   "Resolved that all the unissued authorised shares in the company, be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the JSE Listings Requirements, until the next annual general meeting."

   No issue of these shares is contemplated at the present time and no issue will be made that could effectively change the control of the company without the prior approval of shareholders in a general meeting.

7. **General authority to issue shares and options for cash – ordinary resolution number 6**
   "Resolved that the directors of the company be and are hereby authorised by way of a general authority to issue (which shall for the purposes of the JSE Listings Requirements include the sale of treasury shares) for cash (as contemplated in the JSE Listings Requirements) all or any of the authorised but unissued shares in the capital of the company, including options, as and when they in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the company and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that such issues for cash may not, in the aggregate, in any 1 (one) financial year, exceed 16 148 994 shares of the relevant class of shares at date of this notice"

   in accordance with the JSE Listings Requirements:

   It is recorded that the company may only make an issue of shares for cash under the above general authority if the following JSE Listings Requirements are met:

   - the shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;

   - the general authority shall only be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
     - a paid press announcement will be published giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue was agreed in writing between the company and party/ies subscribing for such shares and the expected effect on the net asset value per share, net tangible asset value per share, earnings per share and headline earnings per

share at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5 382 998 of the number of shares at date of this notice;

- that issues in the aggregate in any 1 (one) financial year may not exceed 16 148 994 shares of the Company in issue of that class of shares at date of this notice in accordance with the JSE Listings Requirements;

- in determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the company and the party/ies subscribing for the shares; and

- any issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties.

Although this is an ordinary resolution, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

8. Advisory endorsement of remuneration report for the year ended 31 March 2014 – non-binding resolution number 7

"To endorse on an advisory basis, the company's remuneration policy on page 45 of the integrated annual report, (excluding the remuneration of the non-executive directors for their services as directors and members of board committees)."

Motivation for advisory endorsement

In terms of the King Code of Governance Principles for South Africa 2009, an advisory vote should be obtained from shareholders on the company's annual remuneration policy. The vote allows shareholders to express their views on the remuneration policies adopted and their implementation, but will not be binding on the company.

9. Approval of annual fees to be paid to non-executive directors – special resolution number 1

"To approve for the period 1 November 2014 until the date of the next annual general meeting of the company, the remuneration payable to non-executive directors of the company for their services as directors as follows"

Non-executive director	Fee R'000
VM Engel	240
BA Hogan	339,5
LW Maasdorp	339,5
MF Magugu	303
VE Mphande	240
LM Molefi	360
JG Ngcobo	360
RD Watson	240

Reason for and effect of special resolution number 1

This resolution is proposed in order to comply with the requirements of the Act. in terms of section 65(11)(h) of the Act read with sections 66(8) and 66(9) of the Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the holders within the previous 2 (two) years and, only if this is not prohibited in terms of the company's memorandum of incorporation.

The payment of remuneration to directors for their services as directors is not prohibited by the company's memorandum of incorporation. This special resolution applies only to non-executive directors, as executive directors are required to attend meetings as part of their terms of employment and do not receive remuneration for their services as directors in addition to salaries they receive by virtue of their employment by the company.

The proposed directors' remuneration payable to non-executive directors is based on best practice and aimed at ensuring fair and competitive remuneration practices. It is important for the company to attract new directors and retain directors with the relevant capabilities, skills and experience required to effectively conduct the business of the board and lead the company according to its strategic priorities.

10. General authority to repurchase company shares – special resolution number 2

"Resolved that the company hereby approves, as a general approval contemplated in JSE Listings Requirement 5.72, the acquisition by the company or any of its subsidiaries from time to time of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the provisions of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that:

- acquisitions by the company and its subsidiaries of shares in the capital of the company may not, in the aggregate, exceed in any one financial year 20% (twenty per cent) (or 10% (ten per cent) where such acquisitions relate to the acquisition by a subsidiary) of the company's issued share capital of the class of the repurchased shares from the date of the grant of this general authority;

- any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

- the company (or any subsidiary) is authorised to do so in terms of its Memorandum of Incorporation;

- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

- in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% (ten per cent) above the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;

- at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;

- the company or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the prohibited period are fixed and full details thereof have been disclosed in an announcement on SENS prior to commencement of the prohibited period;

- in the case of a derivative (as contemplated in the JSE Listings Requirements) the price of the derivative shall be subject to the limits set out in paragraph 5,84(a) of the JSE Listings Requirements;

- a paid press announcement will be published as soon as the company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis 3% (three per cent) of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the company acquires a further 3% (three per cent) of such shares thereafter, which announcement shall contain full details of such acquisitions."

Statement by the board of directors of the company

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the company hereby states that:

a. it is their intention to utilise the general authority to acquire shares in the company if at some future date the cash resources of the company are in excess of its requirements or there are good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;

b. in determining the method by which the company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if at the time of the acquisition they are of the opinion that:

   - the company and its subsidiaries would, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;

   - the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, would, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;

- the issued share capital and reserves of the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes of the company or any acquiring subsidiary for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;

- the working capital available to the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;

- the company and its subsidiaries pass the solvency and liquidity test and that from the time that the test is done, there are no material changes to the financial position of the company or any acquiring subsidiary;

c. they will not make any repurchase until such time as the company's sponsors have provided the JSE with a letter in relation to the working capital statement set out above (as required in terms of the JSE Listings Requirements).

The reason for special resolution number 2 is to grant the company a general authority in terms of the JSE Listings Requirements for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company.

The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

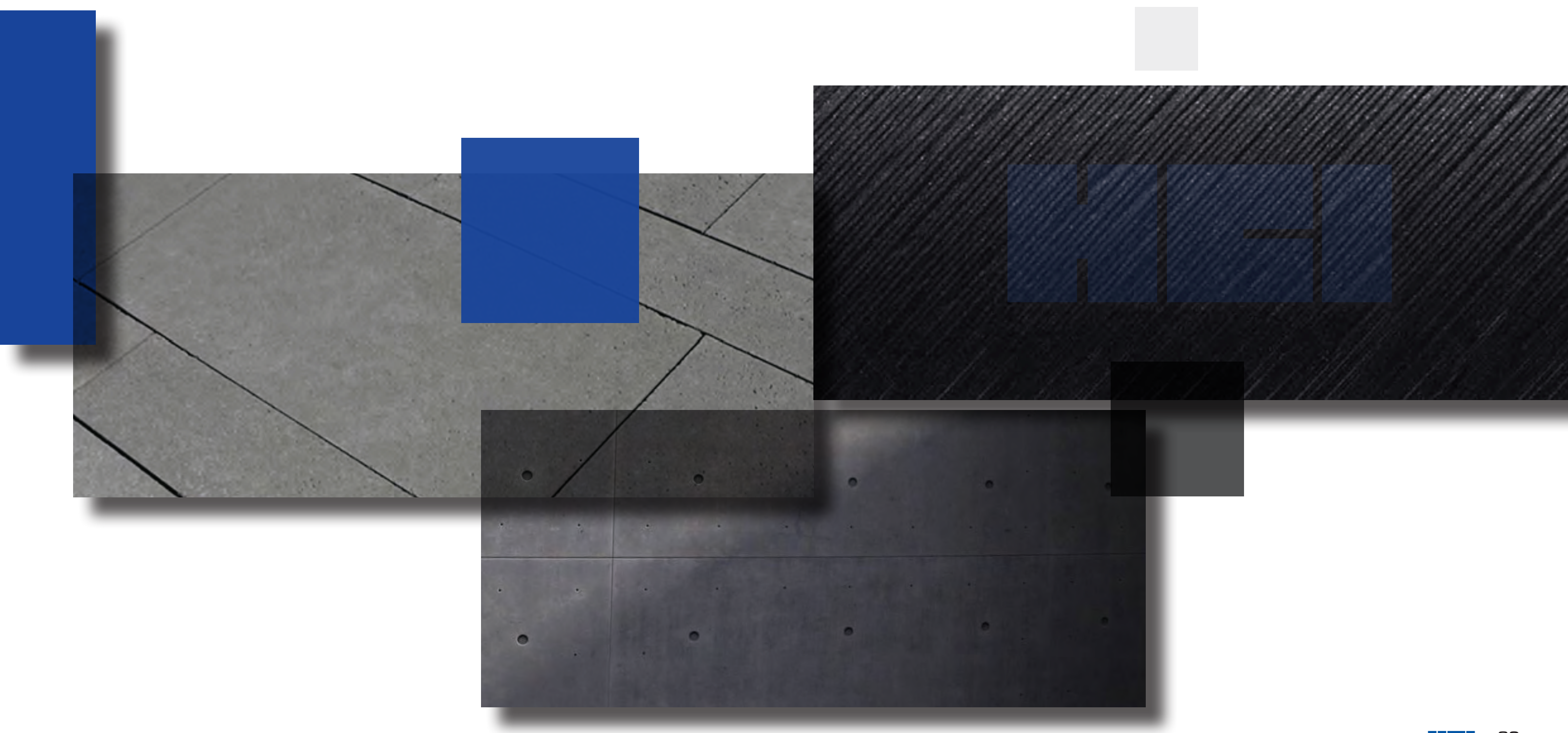
11. Authorisation of directors – ordinary resolution number 8

"Resolved that each and every director of the company be and is hereby authorised to do all such things and sign all such documents as may be necessary or incidental to the implementation of the resolutions passed at this annual general meeting."

To consider and, if approved, to pass with or without modification, the resolutions set out below, in the manner required by the Act, as read with the Listings Requirements of the exchange operated by JSE Limited ('JSE'):

12. To transact such other business which may be transacted at an annual general meeting

By order of the Board
27 August 2014
Cape Town



CORPORATE ADMINISTRATION

DIRECTORS

Executive Directors

Marcel Jonathan Anthony Golding
(Chairman)

John Anthony Copelyn
(Chief Executive Officer)

Theventheran Govindsamy Govender [Kevin]
(Financial Director)

Yunis Shaik

Non-Executive Directors

Virginia Mary Engel

Barbara Anne Hogan #

Leslie Warren Maasdorp #

Mimi Freddie Magugu #

Dr Lynette Moretlo Molefi #

Velaphi Elias Mphande #

Jabulani Geffrey Ngcobo #

Rachel Doreen Watson #

Independent

WEBSITE ADDRESS

www.hci.co.za

COMPANY REGISTRATION NUMBER
1973/007111/06

SHARE CODE
HCI ISIN: ZAE000003257

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AND REGISTERED OFFICE
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